

Unleashing Intellectual Capital

Introduction: Time for Unmanagement

Courage is not simply one of the virtues, but the form of every virtue at the testing point.

C. S. Lewis, *The Screwtape Letters*

Increasing intellectual capital cannot be *managed* in the traditional sense. Therefore, *Unleashing Intellectual Capital* is not another book about how to “manage” knowledge in our organizations with all sorts of new-age technologies and associated elaborate methodologies, although intellectual capital creation is one of its major themes. Its intent is also not to prescribe another novel way to manage people in our collective endeavors, although the development of highly sustained levels of social capital is the other principle topic of the work. Rather, this book is about the power of “unmanagement.” It is grounded on the *inherent* genetic tendencies of human beings, which have so far been almost totally ignored by business and our other social institutions. Thus, the work is based on common sense that, regrettably, seems to be quite uncommon at times.

We are all aware that hundreds of millions of dollars can be saved by companies with the development and use of advanced processes and technologies. Those dollars can also be wasted, as we witnessed in the overzealous drive to automate processes in the automobile industry in the 1980s, and in the unthinking reengineering that drove much of the *Fortune 500*'s present and future talent to the *.Com 500* that is now coming to the fore. Innovation still provides the best means to increase profit margins, however, through the creation of leading-edge products and services. Yet, before any organization aspires to generate highly sustained levels of intellectual capital for competitive advantage, it must first gain a thorough understanding of what constitutes human nature. Essentially, we need to fully grasp who we are before we can develop appropriate social settings capable of leveraging the creative and innovative potential contained within all of us.

Success in the Knowledge Age demands that we have the foresight and courage to let go of the Newtonian clockwork or machine metaphor on which most of our organizations are still founded and embrace the logic of the biological and quantum physics world based on the principles of self-organization or unmanagement. After all, we humans are (at least by the latest account that I am aware of) *fully* developed biological beings functioning 24 hours a day in a self-organizing mode down to the level of individual molecules. Therefore, managing humans makes little sense, even if it was actually possible. Unmanagement is clearly a much more appropriate option.

Beginning with the dawn of agriculture and extending through the Industrial Age, civilizations *may* have been well served control and dissemination of explicit knowledge—facts, instructions, rules, and procedures—by the privileged few. In the Knowledge Age, however,

societies are primarily dependent on tacit knowledge—expertise, reasoning, judgment, and insight. As a result, organizations that once prospered or failed on the basis of machine and muscle power now can only succeed or vanish on the basis of collective brain power—the extent to which they can attain *voluntary* collaboration among their members, permitting the selfless sharing of ideas, thus making tacit knowledge explicit for competitive advantage. Again, we must remember that knowledge, especially tacit knowledge, cannot be forced or supervised out of people.

The first and most critical step toward making this knowledge happen is to accommodate the vital role of human nature in organizational life. We all come into this world with both innate self-centered drives (e.g., concern for control, rank, status, territory, possessions) and other-centered innate drives (e.g., concern for attachment, affiliation, altruism, care-giving, care-receiving). Unfortunately, most current organizations with their prevailing top-down, command-and-control administrative systems are unknowingly mainly impacting their people's self-centered drives. At the same time, their leaders are asking these people to be good team players and committed to institutional goals. Obviously, this style is not the most effective way to run knowledge-intensive businesses and, therefore, the other-centered drives need to have an opportunity to be expressed.

We must keep in mind that we have the capacity to be both the most savage creatures on Earth, as well as the most compassionate. Having survived World War II as a refugee and a displaced person, I can vividly attest to these two inherent human qualities. I believe the major determining factor as to which side of our genetic makeup is expressed more than the other (in normal people) is the environmental context in which individuals find themselves. Consequently, if organizations are serious about increasing their knowledge assets to achieve increased competitiveness, they must first place primary emphasis on developing a solid social capital base. That is, they must create a social foundation that will facilitate the *balanced* expression of both sides of human nature necessary before voluntary sharing of tacit knowledge takes place. Thus, the rudimentary goal of organizations should be to try to narrow the differences between our unchanging human nature and the demands of the work context.

Accordingly, the purpose of *Unleashing Intellectual Capital* is threefold: First, to provide a fundamental interdisciplinary understanding of human nature, a subject currently lacking in organizational literature. Second, to show how this knowledge of human nature can be put to practical use in developing highly sustained levels of voluntary collaborative behavior, which is indispensable for the creation of knowledge assets in the third millennium. Finally, to render a comprehensive framework for generating, capturing, and leveraging intellectual capital founded on the balanced expression of our innate drives. In order to achieve that end, I have included short business examples and summarized key organizational considerations at the end of each chapter for those readers who may be a little “queasy” when confronted, at times, with extensive interdisciplinary theoretical deliberations.

Although the information contained within this book places an emphasis on the conduct of business firms, the ideas put forth apply equally to any organization interested in maximizing its social and intellectual capital. For instance, I believe that all educational institutions, from kindergarten to colleges and universities, can benefit from this work both from an academic as well as a practical perspective.