

THE IMPORTANCE OF LEADERSHIP IN THE KNOWLEDGE ECONOMY

Currently, in economy, knowledge is the key element for the creation of value and wealth in society. Certainly, in the new economy the capital-work dichotomy has been conceptually overcome and does not constitute the central problem in the generation of wealth. In fact, both capital and work are required for the production of goods, but knowledge is the base or essence of the economy.

Therefore, the source of the competitive advantage of nations is essentially intangible and supported by the capacity to create, share and apply knowledge. To comprehend this phenomenon it is crucial to understand the manner in which to generate not only the economic but also the social and political development of society.

This comprehension assigns an undeniable role to leadership, in contrast to the school of thought that proposes the pertinence of the process of natural selection of species for organizations and nations, which implies that the environment will determine who shall survive, assigning leadership, in such perspective, a minimal impact on corporate and social development. To give leadership a preponderant role does not impede to recognize that one of most relevant evolutionary achievements of modern societies consists of the fact that trustworthiness has been transferred from the people to the institutions, achieving an abstract and impersonal trust in what Giddens calls 'expert systems'.

This is a central point. Trust in institutions is important, but clearly insufficient in the new economy. In the knowledge economy, expert systems are not enough, or it is not just a matter of assuring that the institutions function properly in order to reach the required levels of economic and social wealth creation.

It should be noted that in the first decade of the 21st century the gross domestic product of some countries was generated in close to 80% by activities based on knowledge, and the book value of some knowledge intensive organizations was less than 10% of its market value.

In consequence, the present economy is not supported by the production of objects or things, but by the production of ideas and intangibles such as innovations, trademarks, patents, organizational systems and routines, know-how and the capacity to apply knowledge in order to generate functional value and, above all, strategic value. In other words, in the new economy the task that allows for the generation of sustainable competitive advantages is knowledge management. Such task is performed through the adoption of strategic decisions at the level of organizations and through the design of public policies in countries.

A similar level of knowledge in an organization or in a country will not lead to necessarily identical decisions. Undoubtedly, in a context where knowledge is duplicated at a vertiginous rate, the strategic choices and the performance are partially predetermined by the characteristics of those who participate in the administration.

Naturally, it is people who adopt the strategic choices that will or will not create value in the present society. Larger amounts and quality of knowledge in no case imply to overcome what Simon has termed 'bounded rationality'.

After all, within a context of bounded rationality, the cognitive base and the values limit the extent of the vision, thus influencing the selective perception, the interpretation and, therefore, the perception of the administration and the selection of the strategy. In consequence, the style of leadership used to carry out the process of strategic decisions will be a structural determinant of the degree of value creation to be achieved finally in the organizations and also in the nations.

Leadership is, in the new economy, a dimension of the greatest relevance to achieve strategic success or failure.

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