

# Research on the Role of Strategic Knowledge Management in Policy Making

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**Abstract:** In the era of knowledge economy, the complexity and unknown risks of policy formulation continue to rise. The traditional experience-driven decision-making model is no longer able to meet the refined needs of modern public governance, let alone adapt to the development requirements of public governance modernization. Strategic knowledge management provides critical intellectual support for the entire policy formulation process through its systematic integration of explicit and tacit knowledge resources. This article is based on the dual theoretical perspectives of knowledge management and public decision-making, combined with practical government operation cases at home and abroad, to deeply analyze the core functions of strategic knowledge management in the complete chain of policy agenda establishment, program discussion, execution adjustment, evaluation feedback, etc. Research has shown that strategic knowledge management can enhance the overall effectiveness of policy formulation and help solve decision-making problems in modern public governance by improving the quality of decision-making information, compressing policy formulation cycles, and strengthening the adaptability of policies to actual needs. The research conclusion of this article can provide practical reference for the government to build a strategic knowledge management framework, enhance the scientific level of policy formulation, and provide new ideas for policy optimization in the process of modernizing public governance.

**Keywords:** Strategic knowledge management, policy formulation, decision-making effectiveness, knowledge integration, public governance.

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## 1. Introduction

Against the backdrop of the booming development of the knowledge economy, the contribution rate of knowledge intensive industries to GDP in developed countries generally exceeds 50%, and knowledge has become a core production factor in the field of public governance. As a key link for the government to fulfill its public governance functions, the scientificity of policy formulation directly affects the quality of public service supply and the overall effectiveness of social governance. At present, China's policy formulation work is facing multiple challenges such as cross-disciplinary issues, diversified social demands, and rapid technological iteration. In some regions, there are still prominent problems such as data barriers, fragmented knowledge, and inadequate inheritance of practical experience in the policy formulation process. Many local governments have extended their research cycles due to insufficient knowledge integration, which significantly affects the timeliness of policy formulation [1].

There are essential differences between strategic knowledge management and traditional information management. Its core feature is to be guided by strategic goals and achieve closed-loop management of knowledge resources from acquisition, storage, sharing to application and innovation. By reviewing existing research results, it can be seen that academic discussions on knowledge management are mostly focused on the field of enterprise management, and there is a relative lack of systematic research on public management, especially in the policy formulation process. Based on this research gap, this article takes the entire lifecycle of policy formulation as the analytical framework, deeply analyzes the functional positioning and practical path of strategic knowledge management, and verifies its application value through real cases and empirical data. It

provides theoretical reference and practical guidance for promoting the scientific and refined development of policy formulation work. This article mainly adopts the methods of literature research and case study, systematically sorting out relevant theoretical literature and policy texts at home and abroad, selecting typical cases such as local think tank practices in China and public sector applications abroad for in-depth analysis.

## 2. Theoretical Compatibility Between Strategic Knowledge Management and Policy Formulation

The core logic of strategic knowledge management and the inherent needs of policy formulation have a natural adaptability, forming an organic unity in goal orientation, process characteristics, and value pursuit. This fitting relationship provides key theoretical support and practical logic for the modernization process of public governance. From a theoretical perspective, the SECI knowledge spiral model proposed by Japanese scholar Yuzuru Nonaka clearly explains the inherent laws of the transformation between implicit and explicit knowledge [2], providing a core theoretical framework for solving the integration problem of dispersed knowledge in the policy formulation process and consolidating consensus among multiple governance entities; The rational decision-making model in public decision-making theory explicitly requires the decision-making process to rely on comprehensive and accurate information support, which is highly consistent with the core goal of strategic knowledge management. The two together form the theoretical basis for embedding strategic knowledge management into the policy formulation process.

From the perspective of core objectives, strategic knowledge management is guided by the core goal of

enhancing organizational decision-making efficiency. Through measures such as establishing knowledge-sharing mechanisms and optimizing knowledge resource allocation, it effectively reduces the problem of information asymmetry in the decision-making process; The fundamental goal of policy formulation is to maximize public interests, and it must rely on comprehensive and accurate information support to carry out scientific research and judgment. Public governance modernization emphasizes diverse collaboration and precise policy implementation, which deeply echoes the core goals of both and further strengthens their compatibility. Practice has shown that the completeness of knowledge acquisition and the smoothness of knowledge sharing directly affect the quality and efficiency of policy formulation, and there is a significant positive correlation between the two. From the perspective of process characteristics, there are differentiated knowledge needs in various stages of policy formulation, such as agenda establishment, scheme design, implementation promotion, feedback evaluation, etc. The full process coverage characteristic of strategic knowledge management can achieve comprehensive adaptation to the policy cycle [3], provide targeted knowledge support for policy work in each stage, and help systematically improve the effectiveness of public governance practices.

### **3. The Core Role of Strategic Knowledge Management in Various Stages of Policy Formulation**

Policy formulation is a dynamic and cyclical system engineering, and strategic knowledge management plays a differentiated and indispensable role in different stages of this process, building a full process knowledge support system that adapts to the needs of public governance. During the policy agenda establishment stage, strategic knowledge management plays a core role as a 'problem recognizer'. In the context of diversified collaboration in public governance, by integrating cross-departmental dispersed data, sorting out historical policy implementation experience, and exploring the core needs of the public, the crux of public problems can be accurately identified, and the priority order of policy solutions can be clarified, laying the foundation for the participation of multiple stakeholders in public governance in the analysis and evaluation of policy issues [4]. For example, local industry think tanks have significantly improved the accuracy of identifying specific industry policy issues by building industry knowledge integration platforms and systematically integrating scattered data such as business registration, tax payment, and patent applications. Relevant research results have been incorporated into provincial industrial policy formulation references.

During the policy proposal discussion stage, its functional positioning shifts to that of a "proposal optimizer". By integrating the intellectual resources of domain experts, drawing on the practical experience of similar policies at home and abroad, and simulating the expected effects of policy implementation, we aim to enhance the feasibility and adaptability of policy solutions, in line with the core requirements of precise public governance policy implementation. From the practice of public sectors in some countries, the implementation of knowledge management practices has significantly improved the professional collaboration and learning abilities of policy-related teams, providing strong support for the optimization and

improvement of policy plans. In the policy implementation stage, strategic knowledge management plays the role of a "process regulator" by building a dynamic knowledge sharing platform to collect and provide real-time feedback on various issues and grassroots practical experience in the policy implementation process, providing timely support for the dynamic adjustment of policies and ensuring the dynamic adaptability of public governance. In the policy evaluation stage, it plays the role of an "effect diagnostician", integrating policy implementation data, public feedback, and historical policy evaluation experience, scientifically assessing policy effectiveness, providing solid decision-making basis for policy continuation, adjustment, or termination, and echoing the people-centered value orientation of public governance [5].

### **4. The Practical Dilemma of Applying Strategic Knowledge Management to Policy Formulation**

Although strategic knowledge management has significant application value in the policy formulation process, its functionality is still constrained by multiple practical factors and there are many urgent challenges that need to be addressed. Firstly, the knowledge integration mechanism is not perfect, and the problem of data barriers is prominent. There are obvious information barriers between some local government departments in China, and it is difficult to achieve effective communication of core data held by different departments. The key data for policy formulation, such as enterprise operation data, talent flow data, and patent innovation data, are often scattered across different functional departments, and the data statistical standards are not unified, which directly leads to high knowledge integration costs and low efficiency. A large number of policy researchers need to spend time repeatedly coordinating with various departments to carry out data organization work [6]. Secondly, the culture of knowledge sharing has not yet formed, and there are obstacles to the transformation of tacit knowledge. Under the influence of the traditional hierarchical management structure, some government staff have a cognitive bias towards "knowledge hoarding" and lack awareness of actively sharing knowledge. More importantly, the tacit knowledge accumulated during the policy formulation process, such as core practical experience and subjective judgments of experts, is difficult to effectively transform into shareable and inheritable explicit knowledge, leading to the waste of knowledge resources.

Thirdly, the technological support system lags behind and the level of intelligence is insufficient. The construction of knowledge management platforms by some regional governments is relatively lagging behind, and advanced technologies such as big data analysis and knowledge graph construction have not been effectively introduced, making it difficult to achieve precise matching and intelligent push of knowledge resources, and unable to fully meet the differentiated knowledge needs in the policy formulation process. Fourthly, there is a lack of management system guarantee and a lack of focus in promoting work. Most government departments have not yet established specialized knowledge management coordination agencies, nor have they formulated unified standards and assessment incentive mechanisms for knowledge management work [7], resulting in knowledge management work mostly being formalistic and

difficult to form a long-term promotion mechanism. In addition, some government staff lack systematic knowledge management skills training, and their ability to acquire, integrate, and apply knowledge is insufficient, which to some extent restricts the effective application of strategic knowledge management.

## 5. Optimizing the Application Path of Strategic Knowledge Management in Policy Formulation

In response to the above practical difficulties, it is necessary to work together from multiple dimensions such as mechanism construction, technological upgrading, cultural cultivation, and institutional guarantees to build a strategic knowledge management system that is compatible with policy formulation needs. Firstly, establish a sound mechanism for cross-departmental knowledge integration. Guided by the actual needs of policy formulation, systematically sort out the core knowledge list required for policy formulation, clarify the knowledge sharing responsibilities of each functional department, and establish a unified data statistics standard and knowledge classification system. We can draw on the practical experience of local industry think tanks to establish a unified public knowledge management center, achieve centralized management of core data in the public and market fields, and fundamentally break down data barriers. Secondly, cultivate a positive culture of knowledge sharing. By conducting specialized training and building communication platforms, we aim to transform the cognitive concepts of our staff [8]. At the same time, we will establish a sound knowledge sharing incentive mechanism and incorporate the effectiveness of knowledge sharing into our personal performance evaluation system, fully mobilizing the enthusiasm of our staff to actively share knowledge.

Thirdly, upgrade the technical support system. Actively introducing advanced technologies such as big data analysis, artificial intelligence, and knowledge graphs, upgrading and transforming existing knowledge management platforms to achieve precise retrieval, intelligent push, and dynamic updates of knowledge resources. Local industry think tanks have built a specialized knowledge service system through digital transformation, achieving a shift from "passive inquiry" to "active output" of knowledge services and significantly improving the efficiency of knowledge resource application. This practical experience can serve as an important reference. Finally, improve the institutional guarantee system. Establish a specialized knowledge management coordination organization, clarify its functional positioning and work authority, develop unified knowledge management workflow and operating standards, strengthen supervision and evaluation of the entire knowledge management process, and ensure the standardized and orderly promotion of knowledge management work. At the same time, strengthen the training of knowledge management skills for staff, enhance their ability to acquire, integrate, and apply knowledge, and provide talent support for the effective application of strategic knowledge management.

## 6. Empirical Verification: Practical Effectiveness of Typical Cases

In the context of public governance, the practice of local industry think tanks in China provides a traceable local model

for empowering policy formulation with strategic knowledge management. Taking the Industry Think Tank of Zhejiang Academy of Social Sciences as an example, the think tank focuses on the pain points of regional industrial governance, and constructs a full-chain knowledge management model of "data integration knowledge transformation policy adaptation" to address practical problems such as cross-departmental knowledge dispersion and government enterprise information asymmetry [9]. By establishing a standardized data labeling system and drawing a knowledge graph of the industrial innovation chain, it systematically integrates public data from multiple departments such as industry and commerce, taxation, science and technology, and market supervision. At the same time, it connects diverse tacit knowledge such as enterprise technical experience, industry association research results, and academic insights from research institutes, forming a government-enterprise-society linkage-based knowledge-sharing mechanism. Its research results have been incorporated into provincial-level policy formulation references such as the "14th Five-Year Plan for the Development of New Energy Vehicle Industry in Zhejiang Province" and the "Action Plan for Innovative Development of Digital Economy Industry in Zhejiang Province", effectively alleviating the phenomenon of "policy suspension" in industrial governance, significantly improving the adaptability of policies to the actual needs of the industry, and providing strong support for precise policy implementation in public governance.

Foreign practices also confirm this core value. The South Korean Ministry of Administrative Security aims to break down cross-departmental governance knowledge barriers, establish a public governance knowledge sharing platform [

10], integrate core resources such as policy formulation experience, grassroots implementation cases, and public feedback data from various departments, and set up functions such as policy knowledge classification and archiving, intelligent push of grassroots needs, etc., to achieve precise docking between policy formulation and governance needs. According to the governance effectiveness report released by the South Korean Ministry of Administrative Security, the application of this system has shortened the cross-departmental policy coordination formulation cycle by 18%, reduced the policy implementation deviation rate by 21%, and increased public satisfaction with public services by 23%, effectively helping to improve the quality and efficiency of public services.

Practices in both domestic and international contexts have demonstrated that strategic knowledge management can effectively solve problems such as information asymmetry and insufficient collaboration in public governance, build an efficient bridge between policy formulation and governance needs, and significantly improve the effectiveness of policy implementation and the modernization level of public governance.

## 7. Conclusion

This article conducts a systematic study on the core issue of the role of strategic knowledge management in policy formulation, deeply analyzes the theoretical compatibility between the two, clarifies its core functions throughout the policy lifecycle, identifies practical difficulties, and proposes optimization paths. Research has shown that strategic knowledge management can effectively solve problems such as information asymmetry and insufficient collaboration by

playing key roles in problem identification, program optimization, process regulation, and effect diagnosis, significantly enhancing the scientificity and effectiveness of policy formulation. The practice of public sectors and think tanks at home and abroad further confirms that this management model has significant value in enhancing policy adaptability and optimizing implementation effectiveness.

At the same time, research has found that the application of strategic knowledge management in policy formulation still faces multiple practical obstacles: incomplete knowledge integration mechanisms, lack of shared culture, weak technical support, and lack of institutional guarantees, which constrain its functional performance. Based on this, it is necessary to establish a cross-departmental knowledge integration mechanism, cultivate a culture of knowledge sharing, strengthen intelligent technological support, and improve the institutional guarantee system, among other measures, to build a strategic knowledge management system that is suitable for policy formulation needs.

This study is based on the intersection of public management and knowledge management, filling the gap in the application research of knowledge management in the policy formulation process, enriching the research results in related fields, and providing practical references for the government to improve the scientific level of policy formulation. Future research can further broaden horizons, focus on the practical differences between government departments at different levels and fields, and explore specific models of deep integration between the two under the background of digital transformation; At the same time, we will strengthen quantitative research, construct a knowledge management efficiency evaluation index system, and carry out special explorations to address the problem of tacit knowledge transformation, providing more solid theoretical and empirical support.

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