

The World Customs Organization as a knowledge-based organisation

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Abstract

The world of international organisations may soon be different from the one that we now know. Knowledge management is an appropriate driver of such a transition because it provides a process-based method to support a shift towards a knowledge economy.

This article explores the nature of the World Customs Organization (WCO) as a knowledge-based organisation. It analyses how the WCO has embraced knowledge management by embedding knowledge fostering, knowledge co-creation and knowledge sharing into its processes, programs and activities. This article then argues that the WCO has paved the way to leverage customs knowledge into action and should extend its tools and practices in a transformation from a knowledge-based organisation towards a knowledge organisation.

1. Introduction

'A world without international organisations as we know them now is not a pure fiction'

— Dupont, 2020

This conclusion was made in an article published in February 2020. Within just three weeks the World Health Organisation (WHO) announced the COVID-19 outbreak a pandemic.

The global customs community is looking for new, more agile forms of global cooperation; for redesigned customs procedures and controls; and new, more flexible and agile forms of intergovernmental and global cooperation and collaboration. How can the WCO best adapt to modern challenges among measures of border closures, ever rising trade and transport restrictions, and gloomy economic forecasts?

This article considers the role of knowledge management in the transformation of the WCO in an emerging international governance. It explores the nature of the WCO as a knowledge-based organisation and then traces its transformation into a knowledge organisation.

First, it explores the nature of the WCO as an international organisation. It then reflects on the nature of knowledge and data and their role for the customs community, before considering the role of knowledge sharing for the WCO. Later, it notes the trends and perspectives that deepen this experience and transform the WCO into a knowledge organisation based on a knowledge-driven ability to act. This article argues that the WCO should become a true knowledge organisation with a knowledge strategy and vision, and developed knowledge management practices.

2. WCO as an international organisation

2.1 Evolution of the WCO

The origins of the WCO date back to 1952 when the Customs Co-operation Council was established. At the time, this was a process-oriented technical body tasked with unifying customs procedures. Sixty-eight years later, the competencies of the organisation have developed in terms of substantive scope and process as well as in terms of project management.

Customs is a major border authority. As such, it is entrusted with significant enforcement powers. The growth of global trade brought with it new challenges for border management. Customs assumed new non-fiscal responsibilities, which affected the scope of its activities and demanded the cooperation with other border agencies and other economic actors.

The mission of the WCO today is based on a vision of a standard setting, decision-making body. It unifies the legal framework for customs activities and streamlines processes and projects that enable customs cooperation. The WCO is the forum of the global customs community and fosters innovation and collaboration among a diverse group of internal and external stakeholders.

2.2 Competencies

The proposal for the 2019–2022 strategic plan of the WCO underlines ‘the *continuity* of the WCO’s role as *the only international organisation completely focused on setting international standards* for Customs procedures, fostering Customs-to-Customs cooperation and providing its Members with Customs Capacity Building’ (WCO, 2019a, p. 2). This mission statement underlines the standard-setting function of the organisation. It also traces the WCO intermediary function in connecting and supporting customs administrations.

The scope of the WCO competencies extends beyond process management, unification of customs procedures, and unification of technical customs matters such as tariff, customs origin and customs valuation. There has been a shift in priorities and allocation of resources towards a different fundamental role, namely the role to foster global joint efforts to:

- facilitate legal trade
- secure fair revenue collection
- protect society.

While providing leadership, guidance and support to customs administrations, the WCO uses performance measurements and organisational development strategies that encourage crosscutting issues (WCO, 2019a, p. 3). This strategic approach stimulates stakeholder analysis, extended collaboration and multi-disciplinary views on issues, with a shift towards collaborative scientific research methods. The expansion and linkages of competencies at the WCO encourages the scope of application for process governance and knowledge-based methods to ensure the smooth implementation of business processes.

2.3 Process perspective

The cross-cutting layer in the competence of the WCO has been translated into three types of interrelated processes (WCO, 2019, p. 3):

- International standards for: 1) the Economic Competitiveness Package; 2) the Revenue Package; and 3) Compliance and Enforcement Package

- Cooperation for: 1) the Organisational Development Package; 2) Joint Operations and Exchange of Information; and 3) Sharing of knowledge and best practices
- Capacity building for: 1) technical assistance and capacity building for implementation of international standards; and 2) technical assistance and training on people development.

These processes build on an extensive data ecosystem. The creation of a data ecosystem is a consequence of the intensive data needs to ensure the unifying of customs procedures and the data exchanges related to them. It is also an enabler for building databases, compendiums and creating global data models, such as the SAFE Framework of Standards to Secure and Facilitate Global Trade as adopted by the WCO Council (WCO, 2018b). The WCO data ecosystem goes hand in hand with its technology enablers related to the digitalisation of customs and the extended use of data analytics, as well as the growing customs cooperation based on exchange of information.

The impact of the links between customs processes and supply chain, the role of new non-technical issues—such as corporate social responsibility, fair trade, human rights in customs controls and border management—would further increase the links between substantive issues and processes that govern their implementation.

2.4 Stakeholders

The main internal stakeholders of the WCO are its members—the governments of 183 sovereign states. They work together in the institutional bodies of the WCO, or in the framework of customs cooperation or capacity building.

The evolution of the WCO has witnessed strong cooperation with external stakeholders, in particular:

- other international organisations
- representatives of industry
- the academic community.

External stakeholders are involved in consultancy activities as part of the standard-setting groups. In addition, there is a growing trend for mixed partnerships between academia and practitioners. The Partnership in Customs Academic Research and Development (PICARD) movement and its research networks also form part of this development.

2.5 Global governance organisation

Throughout its 68-year history, the WCO has seen a widening and deepening of its competence as well as an increase in the number of stakeholders. Now it is ‘a global centre of Customs excellence’ (WCO, 2019a, p. 6). It is truly an innovation and standard-setting hub for the customs community around the world.

The role of the WCO has grown from one of a traditional international organisation, with hierarchical and centralised decision-making at its core, towards a centre that generates, operates and creates linkages among diverse networks of varied stakeholders.

The WCO is a pioneer and leader in strategic global dialogue on initiatives that shape the customs agenda, in particular on the issues of e-commerce, data analysis and digital customs, capacity-building strategy and integrated border management. Moreover, these issues are among the strategic priorities and emerging initiatives for the period until 2022 (WCO, 2019a, p. 14).

Furthermore, the WCO provides a forum for cooperation so that customs authorities can become responsively involved and pro-actively contribute to global challenges, such as fighting pandemics, contributing to sustainable development or being part of the circular economy.

This evolution of the WCO, therefore, marks the transformation of the organisation into a global governance organisation that sets priorities and agendas for international cooperation. It further builds and fosters customs communities around programs, processes and region-specific issues. To answer these challenges the WCO develops data governance and uses agility, knowledge capture and knowledge sharing. These processes bring the organisation closer to the knowledge organisations as we know them today.

3. Knowledge as a capital for the customs community

In 1959, Professor Peter Drucker first discussed the idea of the ‘knowledge work’ in his book *Landmarks of Tomorrow* (Drucker, 1959). His followers observe that, at least as early as the 1980s, he was convinced that knowledge was a crucial economic resource that leads to a ‘post-capitalist society’ (Wartzman, 2014). For those who believe in the knowledge society, the time of a societal shift has come. The world is living through a transformation from an economy where individuals are considered as a ‘cost’ for their organisation, to an economy driven by knowledge capital.

3.1 Knowledge as a capital: the knowledge organisation

The European Commission, in its *Communication on data, information and knowledge management*, considers knowledge ‘to be acquired through analysis and aggregation of data and information, supported by expert opinion, skills and expertise, and also to be provided as a valuable resource to help the decision-making’ (European Commission, 2016, p. 2). Knowledge can be tacit, in which case it resides in a person and it is difficult to articulate, or explicit, in which case it is easier to articulate, codify or access (European Commission, 2016, p. 2).

Data for knowledge could be organisational data assets, meaning data that has already shown value for the organisation. It could also be other data. However, knowledge is always related to the human mind.

Knowledge could become an asset once it acquires value by any possible means, for instance:

- ‘network effect’ (Sumbal et al., 2019), where knowledge generates social value when it passes by or is exchanged over a network, including people, data, computers,
- ‘collective intelligence’ (EU Science Hub, 2019), where knowledge is generated thanks to diversity of views, backgrounds and variety of interactions in teams,
- fostering knowledge in different forms of collaboration,
- leveraging knowledge in order to foster organisational capability to act.

In this way, knowledge becomes a self-fulfilling prophecy because once captured, generated, fostered, traced or shared by people and/or machines, knowledge could create more knowledge.

Leveraging knowledge, knowledge capability and the use of knowledge assets moves an organisation from a knowledge-management organisation to its next level: knowledge organisation. ‘Knowledge capacity building, knowledge capabilities, and knowledge capital are the critical success factors for a transition from an industrial into a knowledge economy’ (Ceruti et al., 2019, p. 10). Furthermore,

a knowledge organization actively and deliberately cultivates its knowledge capital, supports fundamental knowledge capabilities as organization-level functions, and consciously and deliberately leverages knowledge in every aspect of its business operations and processes. (Ceruti et al., 2019, p. 25)

The WCO's practices stimulate an extended collaboration among stakeholders and multi-disciplinary views on issues. Collaboration with academia suggests a shift towards collaborative scientific research methods. The combined use of these practices has the potential to foster a more transformative role of knowledge in the organisation. And that is the place from which to leverage customs knowledge through a knowledge-based ability to act.

3.2 Knowledge management for Customs

Knowledge management in an organisation is about setting up a holistic system to use data and to create and stimulate collaborative, multidisciplinary interventions among people. It relies on a specific mixture of knowledge, technology, data and the specific organisational culture.

Knowledge management covers the interaction between the:

- data ecosystem of Customs
- collaborative and cooperation culture of customs administrations
- tools and technology that facilitate and enables these processes.

While the data ecosystem captures and develops data assets, collaboration adds knowledge and optimises the value of knowledge. Organisational culture is important in bringing the digital and technological and collaborative sides together. That is why modern organisations recognise the power of 'collective intelligence' (EU Science Hub, 2019) where the knowledge generated by teams is enriched through the team variety, the trust and the interactions among team members.

Entrusted with multiple border management functions and facing the challenge of balancing the effectiveness of controls with the interests of legitimate trade, Customs deals with both structured and unstructured data—with data from various sources—often generated in technologically empowered global supply and value chains.

To perform these roles, Customs needs digitalisation with sophisticated IT governance programs with embedded IT portfolio management as well as project governance and benefits management programs. Knowledge-management programs, with their inherent link to business processes, could be a useful tool to stimulate customs digitalisation.

3.3 Data governance and knowledge management

To perform their functions, Customs is enabled by a rich data ecosystem that involves national and regional authorities, WCO-enabled digital environments, and digital and non-digital forms of knowledge sharing. Customs needs data governance programs to harness the power of data and digitalisation.

Collaboration is the main link between knowledge management and data governance programs. According to established data governance standards (Dama International, 2018), collaborative readiness is a typical part of an organisation's performance readiness assessment, which tests the information management capabilities, maturity and effectiveness of data governance programs. The absence of proper collaborative practices and collaborative culture in an organisation affects the performance of key data roles, impedes the generation of knowledge assets and ultimately affects an organisation's ability to act.

In addition, there is a link between data modelling (a critical component of data governance) and data analysis, on the one hand, and customs risk management and knowledge retention on the other.

Metadata is crucial both for data governance and for knowledge management. Managing metadata has been recognised as a knowledge management challenge but also a risk management necessity (Dama International, 2018’).

Cooperation between border agencies, exchange of information between the customs office of first entry and subsequent customs offices, and data sharing between Customs and economic operators, requires access to national data repositories, data re-use, and access to data created by the public sector or by economic operators.

Knowledge accumulation happens more easily in digitally enabled trade. It is, however, challenging to find the relevant knowledge, use it as evidence and measure the impact of its use continuously. Measurement of impacts is ever more difficult when data from different sources, provided by different actors and organisations, is used, as is the case with integrated border management.

Finally, the availability of big data stimulates the co-existence of knowledge from different sources. It is necessary for Customs to be able to establish the source and relevance of such information and knowledge.

4. Knowledge management at the WCO

We are a knowledge-based and action-oriented organization (WCO, 2019a).

4.1 WCO: mission and values

A ‘knowledge-based’ and ‘action-oriented’ organisation describes a primary value for the WCO. It addresses a policy and an objective for the organisation. In policy terms, ‘knowledge sharing’ has already been implemented as a strategic priority and is embedded in its collaborative practices. As an objective, the value statement sets the ambition to leverage knowledge into the capability to act for the WCO as an organisation, for its members and for the global customs community. These are also the values of the knowledge-management community and the practices of knowledge-management.

The mission of the WCO is further supported by the values of:

- transparent, honest and auditable governance procedures
- responsiveness to WCO members, stakeholders in trade, and society
- capitalisation on technology and innovation.

4.2 WCO data ecosystem and digital environment

The WCO has developed a rich ecosystem of data and knowledge sources designed for its diverse stakeholders from customs authorities, other international organisations, trade, and academia. Their involvement and collaborative interactions indicate the increasing importance of the external dimension of knowledge management. Such examples are:

- the use of digital platforms to share knowledge in the framework of the WCO Customs Knowledge Academy
- the extended collaboration during the elaboration of the WCO Cross-Border E-Commerce Framework of Standards (WCO, 2018a).

The data ecosystem extends to the WCO’s external relations with its stakeholders. For instance, it was noted in 2015, with the advance of the internet of things, that ‘customs would need to create an operating model that captures big data from across the industry ecosystem’ (WCO, 2015).

Digital platforms and other knowledge-adapted technological innovations allow customs organisations to tap into the potential of digitalisation and use it for knowledge cocreation and knowledge sharing. Data, knowledge, technology and culture do not individually shape a knowledge-management strategy; it is the right combination of those elements, as adjusted to the needs of Customs, that does.

4.3 Collaboration

Collaboration is an integral part of the WCO's culture as it nurtures relationships with its members and partners and is responsive in its decision-making processes.

Collaboration in the framework of WCO processes and activities evolved both vertically and horizontally. The political dimension of the WCO decision-making bodies is the main example of vertical collaboration. Horizontal collaboration, on the other hand, develops in the framework of capacity-building and Customs-to-Customs cooperation.

Apart from more traditional forms of cooperation, new ways of working may gain ground in the framework of the WCO. The regional workshops of WCO members to discuss organisational development is an example of such practices.

Working groups and various discussion forums with external stakeholders from trade and academia foster knowledge. The results of their activities could be used for innovative knowledge cocreation, as could the collaborative research among the WCO Research Unit, academia and the private practitioners.

The variety of collaborative practices among diverse combinations of stakeholders is a useful ground for innovative methods of discussions, working together and collective knowledge generation. The more they become inherent in the culture of the global customs community, the easier it would be to use innovative forms of decision-making in the WCO's decision-making.

5. The future of the WCO as a knowledge organisation

We need to move from 'need to know' to 'need to share'.

—Ursula Von der Leyen, President of the European Commission

5.1 From 'need to know' to 'need to share'

To paraphrase the statement of the EU Commission's president, digitalisation and knowledge management are two sides of the same coin. This starts with a different mindset: we need to move from 'need to know' to 'need to share'.

Sharing knowledge and best practices is a strategic objective of the WCO. The number of missions, events and workshops are key performance indicators for its measurement (WCO, 2019a, p. 10). In addition, programs for technical assistance for capacity building and customs cooperation processes and programs suggest a significant demand for knowledge sharing. Sharing best practices and benchmarking creates a favourable environment for knowledge capture, knowledge fostering and knowledge co-creation.

By being open to the research community and to private practitioners, the WCO creates an environment for external knowledge sharing. Examples can be found in the WCO activities that support the learning and development strategic objectives of WCO processes (WCO, 2019b, p. 5):

- the prevalence of IT solutions and use of technology and data and development of the data analysis and IT tools of customs organisations
- raise the profile of WCO and promote Customs' role through reaching out to other international organisations and partners.

5.2 Global knowledge and external knowledge management

The key performance indicators for sharing knowledge and best practices for the WCO are (WCO, 2019b, p. 5):

- compendiums, such as the AEO Compendium or the Single Window Compendium
- number of missions, meetings, events and workshops organised by the WCO
- exchange of best practices, particularly in relation to customs procedures.

The WCO's ambition is to build on these activities, to improve 'global knowledge' and extend good practices 'to a larger number of Customs administrations in many areas'. This process also has a qualitative dimension. Knowledge sharing requires an environment that creates trust among participants, in relation to both data and information security and the way in which collective thinking is nurtured and used to foster knowledge.

As is the case with other international organisations, the WCO would face a stronger demand for a wider knowledge sharing in an external dimension. This external dimension involves members as well as other stakeholders.

5.3 Partnership and network management

Cross-cutting issues have a specific place in the WCO policy and actions. So are cooperation, Customs-to-Customs cooperation, benchmarking, exchange of best practices and cooperation in the form of technical assistance and capacity building.

The WCO's activities are organised in interlinked processes and this paves the way for a transformation, which Dupont (2020) calls 'a multi-layered system of partnerships or networks, yielding an open problem-solving transnational cooperation', where these partnerships or networks are 'either providing scale or resilience, but some may be oriented toward some specific, and time limited, tasks'.

Through collaboration and partnership, the WCO would develop the knowledge-management action and foster its knowledge-based capability to act as a centre of the global customs community.

5.4 Role of communities of practice

Communities of practice, also known as competence centres, are widely accepted as a key knowledge management enabler. They are described as groups of people 'informally bound together by shared expertise and passion for a joint enterprise' (Wenger & Snyder, 2000). Such communities provide 'a rich locus for the creation and sharing of knowledge both within and between organisations' (Usuro, et al., 2007, p. 200).

Communities of practice and network communities, created through partnership and collaboration, increase the dynamic capabilities of the WCO. If used and established, they would enable the leverage of customs knowledge into an infinitely renewable knowledge capital.

6. Conclusion

The world of international organisations may soon be different from the one that we know. Under unprecedented challenges for global intergovernmental cooperation, the international legal order may give way to a new form of international governance.

Knowledge management is a suitable instrument to drive such a transition. In the minds of knowledge practitioners and believers in collaboration and cooperation, it has championed a decade-long transformation towards a knowledge society and a knowledge-driven economy.

The WCO has embraced the knowledge management change by embedding knowledge fostering, knowledge co-creation and knowledge sharing into its processes, programs and activities. Knowledge sharing is at the heart of its mission and values.

By nurturing dynamic and diverse forms of external knowledge sharing and collaboration, the WCO has paved the way to leverage customs knowledge into actions to the benefit of the global customs community. It is the knowledge-enabled ability to act that transforms the role of the WCO in an emerging new governance for the global customs community. If the WCO embraces this challenge with a wide variety of tools, such as communities of practice, it could make the best use of knowledge assets and leverage them for future actions.

And that is what knowledge organisations do.

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