

# Knowledge Society – Quo vadis?

## An Orwell'istic Time Journey to the Year 2020

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**20 years after the Lisbon Conference the European Council met once more. The topic was the analysis, why the goals stated by March 2000 were not reached so far. At that time the council raised a strategy to make Europe to the leading knowledge society within 10 years.**

**As keynote speaker acted Prof. Samoht Reua, Indian minister for knowledge work. India has grown over the past years to the leading economic nation. Prof. Reua sees this success in a context with a governmental decision in the year 2007, to accept consequently the challenges of the knowledge society. What did India in a different way than all the other knowledge-driven countries? And what can we learn out of that? The copy of Prof. Reua's speech doesn't explain everything, but it may give some input.**

Dear ladies and gentlemen,

When I was nominated as minister for knowledge work, I didn't expect that I would be 13 years later in the position to report an Indian success story. However, first of all I would like to announce that some of my statements might occur provocative or even exotic at first view. But please keep in mind, they were and still are the fundamentals of our success story.

In our initiatives, we had the courage to put question marks behind everything published at that time. We didn't look for "Best-Practices", since the moderate success of the established procedures didn't invite us to copy something that wouldn't match our ambitious goals. First of all we determined, how the cluster of an efficient knowledge society looks like. We identified four action fields, for which we created individual incentives, frameworks and, where appropriate, regulations:

- The educational system
- The manufacturers of knowledge-based products
- The demographic development
- Immaterial assets and financial markets

It's a pleasure for me to share the details about our initiatives and results with you.

### **The Educational System**

We realised, that our educational system clings on the industrial epoch by keeping on the rules of closed lessons, while the challenges of the knowledge society required, that functional and vocational oriented organisations revise their conventional and vertically integrated performance profiles (\*1). In the working environment, technical specialisation of specific occupational qualifications lost its importance. Required was a Meta competence that allows to raise and use the available knowledge task-related and to reflect those proceedings. The educational challenges were consolidated basic skills about knowledge work for all decision-makers. This includes instrumental, organisational and social aspects. Thus, the question "*which curricula shall include fundamentals, tools & processes of knowledge work*" was obsolete. The only question was at what education level this would be a necessity. Today, the workmen cluster in our knowledge society consists of the following groups (\*2):

- 20% of employees are true knowledge workers. They can be described as highly professional, highly competent with an excellent education, globally mobile and even as independent from specific national restrictions. Those are populations, that manner somehow like global “knowledge players” with a main function to act as “knowledge broker”.
- 60% of the employees can be described as being increasingly professional. This group owns qualifications on a high level too and is capable to welcome constantly new working tasks. This population doesn’t stay life long at the same employer too and is rather mobile. However, this group is less virtuous and qualified than the above mentioned.
- 20% of the employees are overcharged by the requirements of the knowledge society. This group is barely able to qualify and may be even not willing to qualify. It has no chances to sustainable adapt the requirements of the modern society. Despite of full time work they are not capable to secure their existences.

### **The manufacturers of knowledge-based products**

In industry and services more and more products carried built-in intelligence. Thus, they were products manufactured, distributed and sold in knowledge based processes. To be able to produce such non-trivial products, the enterprises converted to knowledge based organisations. That means, they made it happen, that knowledge became independent of individuals by externalising it into more or less anonymised cybernetic systems and handbooks. To optimise these process, the enterprises implemented systematic knowledge work. Today, processes and communication technologies are established allowing generating, transferring, preserving and developing knowledge. The processes are defined in an approach, that knowledge and skills of all involved can be grasped and systemised. Finally we adapted the development of the human resources in a way, that the organisations are able to systematically use their knowledge potentials for the production of goods and services.

### **The demographic development**

In 2007, we observed in India the same juvenile delusion as seen in Europe, not only in context with job vacancies. Stating the continuously decreasing life cycles of products, hints about potential losses of experience and expertise were ignored. But on the one hand all possible scenario showed us, the “pill-gap” will reduce the number of qualified employees faster, as it might be compensated by increasing the productivity and efficiency. On the other hand the real demographic time bomb was the simultaneous starting retreat of the babyboomer generation from employment: it was obvious, that over the coming 15 years the number of retirements will increase dramatically, while the rising generation will remain stable on a low level.

In addition at the beginning of the new century we were faced with the fact, that several western countries tried to entice away our software engineers. In review this was an opportunity: We were the first nation, that needed to develop creative proceedings for retention of knowledge hosts to avoid the migration of our intellectual elite. We reached this by using different incentive systems, which offered extrinsic or intrinsic added values according to the individual’s motivation preference.

The real big challenge was the sensibilisation of the decision-makers about the importance of the tacit knowledge, which is relevant for the organisational innovation competence. We needed a lot of persuading work to demonstrate, that tacit knowledge shall be transferred, as long as the knowledge hosts are within the organisation (\*3). The sustainable goal was accordingly “timely knowledge preservation”. It was and is still in these days undisputed, that tacit knowledge can only be transferred by interactions. To do so, occasions for interactions (Coffee corners, sports clubs, company journeys etc.) were provided everywhere and for a long time ago. For a systematic transfer of tacit knowledge we created process models to set up knowledge networks in the organisation and operations.

Those consists of identified knowledge hosts (seniors) and selected young talents (juniors): Organisational-specific tacit knowledge goes from the senior to the junior, actual technical knowledge goes from the junior to the senior. Such models have an additional influence to management development: The involved parties experience a new working quality in the project proceedings. The success of such new organisational depended on the evidence of a knowledge-driven enterprise culture: Functional and hierarchical barriers needed to be eliminated and replaced by a “High-Trust-Atmosphere”. Thus, the primary challenge was not the control of the knowledge transfer but the elimination of resistances and goal conflicts.

### **Immaterial assets and financial markets**

At the latest, when *Basle II* was implemented (2007), financial professionals acknowledged, that the true organisational cannot be evaluated by judging financial figures only! *Basle II* prescribes, that financial institutions need to take “a closer look” when executing credit-worthy checks: Besides financial figures (hard factors), they are obliged to include qualitative (soft) factors in their research framework too. We were somehow astonished to see, that our European colleagues answered this requirement by using a key of 70% (hard factors) vs. 30% (soft factors).

We were persuaded that the survival and innovation capacity of a credit-taking organisation depends mainly on its immaterial assets. Thus, we adopted for the “Indian approach” of *Basle II* the formula radically: The rating of credit-worthy was dominated by weighting soft factors up to 80%. Today, we are in a relaxed position, since our credit institutions belong in a global comparison of risk management to the top group, while we were able to reduce the number of (extremely expensive) recovery cases significantly. This is an outcome, which we dedicate not only, but mainly to the influence of immaterial assets in the financial world.

A tough challenge was the search for a practicable rating tool, which produces comparable reports at adequate costs and time consumption. At that time several approaches of *Intangibles Reports* (\*5) were popular in Europe. Some of them have had individual advantages indeed, but a common disadvantage: The reports were not harmonised and even not standardised; that means useless for an IC rating. We were looking for an evaluation framework, that works for all knowledge based organisations and doesn't depend on individually defined indicators. Once more we were obliged to think cross-grained in a constructive sense and we found a simple, but sustainable working solution: Using a management system, we investigated how organisations treat their “most important resources” (\*4).

This includes an evaluation of implemented tools and processes, where a reference-taxonomy serves to raise harmonised IC reports of completely different organisations. Compared with an indicator metric system this approach has the additional advantage, that the results aren't based on retrospective data, but they reflect the prospective minded management of immaterial assets.

## Discussion

Besides the described initiatives we were faced with some additional subordinate fields of action, where we needed to find individual solutions. The success of our initiatives depended on the willingness of all involved parties to adopt new thinking: Other than with customary restruictions it wasn't possible to measure the effects of the "Operation Knowledge Society" in quarter periods. Accordingly important was the communication of the strategic perspective of such initiatives. The most heard objection was "*It's all fine and good, but we cannot afford this actually*". Ladies and Gentlemen, as a closing remark of my speech I would like to give you my response to this objection: "*Are you sure, you can afford it, to not afford this?*"

## Literature:

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