

Knowledge Management and Lifelong Learning

– Intellectual Capital for a Healthy and Successful Future

“Knowledge management” and “lifelong learning” are terms which characterize the ever more important role of production and propagation of knowledge in developed economies. It is estimated that in future as many as 30 percent of employees in Europe will work directly in the production and propagation of knowledge, both in goods production and in the service sector. There is no doubt that the level of expenditure for research and development – a major aspect of the knowledge-based economies – has a crucial effect on the growth in productivity. Studies show that up to 40 percent of work productivity depends on research and development expenditure.

Discussions of the “knowledge society”, “information society” or “post-industrial economy” indicate changes in the basic elements of competitiveness of companies. They are increasingly no longer determined by material and financial assets, but by non-financial, intangible assets.

The production processes in our economies have changed fundamentally: traditional production factors such as natural resources, labour and finance capital have declined in significance, while at the same time intangible factors such as knowledge and information become steadily more important. The traditional accounting and controlling procedures have to date not taken account of these changes, which has led to the declining significance of financial accounting and macro-economic analyses.

What does knowledge management mean in practice?

Intellectual capital incorporates the intangible assets of an organisation. It is the product of interactions between three components: human capital, organisation-related capital (structural capital), (processes, procedures, culture, databases) and relationship capital (customer relationships, supplier relationships, other external stakeholder relationships).

In corporate practice three fields of action emerge for which knowledge management and lifelong learning can offer useful concepts:

- ▶ the management of information and communication technologies,
- ▶ the research and development domain, and
- ▶ competence management (including initial occupational training and corporate continuous training).

These three fields of action will in future determine the competitiveness of companies, and national and supranational economic regions, both in terms of national economics and business economics. One driving force is the quality of the utilization of new information technologies and the general profile of the research and development investments. The second driving force is the quality of **all** employees’ competencies, not just those of the key experts in the crucial new technologies.

EfH Guideline – Watchpoints

1

Intangible factors such as information and communication technologies, research and development and competence profiles will in future become steadily more important for competitiveness and the value creation process. They must be made a core element of the management process.

2

The components of intellectual capital – human, structural and relationship capital (employees, organisation and external stakeholders) can be improved continuously using methods and procedures of knowledge management and lifelong learning.

3

A healthy work and organisation design based on a corporate culture based on partnership is the crucial starting point for the value creation of intangible factors and for making possible the use of latent potential.

4

Without healthy living and working conditions the enduring, continuous renewal of corporate resources is not possible. Corporate principles and a management which proactively implements this paradigm change, create access to concealed potential and the conditions for innovation.



“The discussion on basic and continuous training in the world of work is full of myths. For example, the half-life for skills and knowledge is not decreasing, as is always being asserted. Most of the general skills such as languages and mathematical skills endure for a whole lifetime.”

Prof. Dr. Gerhard Bosch,
Institut Arbeit und Technik, Germany

Top quality in research and development assumes that researchers and developers can utilize attractive framework conditions. An extremely intensive competition for researchers and developers has emerged, both between companies and between whole economic regions. In this competition it is in particular the professional, income-related development possibilities and the quality of the working conditions that are decisive.

The effects of the introduction and propagation of new information technologies in the world of work on the quality of working conditions do not appear as a uniform phenomenon. Although there has been an overall improvement in the general competence level of employees, there are areas in which there has been a reduction or devaluation of existing competencies.

High quality workplaces are often restricted to highly qualified personnel. Furthermore the labour markets are breaking down increasingly into sub-markets for well paid and poorly paid personnel, new forms of work are spreading, often involving greater social risks with respect to qualifications, health, income and old-age provision. The growing significance of employee competencies is also reflected in the approaches and endeavours to develop a lifelong learning culture.

Lifelong learning: Concept and implementation

Repeated reference is made to the large number of adults without any formal educational qualification – early school leavers – as a warning with regard to the deficiencies of current learning quality. Both those directly affected and the family households that are subsequently established are exposed to considerable risks. On the one hand this reduces, in business management terms, the quality of the labour market and, on the other, it creates a cost to the national economy for the necessary support measures.

The concept of lifelong learning encompasses the totality of all formal, non-formal and informal learning over the whole life-cycle of an individual. Ideally lifelong learning proceeds along permeable and interconnected education routes and is learning on one's personal responsibility. Lifelong learning is seen as individual, corporate and social investment.

Lifelong learning in the corporate environment begins with initial occupational training, includes continuous occupational training and encompasses all informal learning processes within the framework of day-to-day work organisation. In corporate practice there are great differences with regard to the conceptual basis of the practice in continuous training and its financing formalities. Participation in continuous training varies from sector to sector and depends on the size of company – the smaller the workforce, the weaker the participation in training.

Learning time accounts currently constitute an important instrument for ensuring that the time-related conditions for lifelong learning after initial training can be created. This means that time quotas for continuous training can be created, reserved or guaranteed. Companies which introduce learning time accounts are characterized by a higher level of participation in training and they also more fully integrate employees with lower qualifications in continuous training.

The employment rates are influenced to a major extent by the individual level of education; the higher the educational qualification, the higher the employment rate. Furthermore the actual average working time is also influenced by the level of education; the higher the level, the longer the average weekly working time. Reductions in personnel and the loss of competence this involves are normally made up for by an intensification of the working time and its extension.

A study recently drawn up on behalf of the European Commission quantifies the individual benefit of formal education as on average 6.5 percent income increase per additional year spent at school and the macro-economic benefit as a 5 percent increase in productivity.

Knowledge and learning can then unfold effectively and efficiently in the corporate environment if they are part of the general management process, are thus aligned with the corporate goals and are promoted by a co-operative and healthy organisational structure. The principles that apply here are the same as those in a work design that promotes personality. Participation, adequate, transparent and accepted scopes for action and working requirements which contain planning and co-ordinating elements which go beyond pure implementation are important characteristics of a work culture that promotes learning and prevents work-related premature ageing.

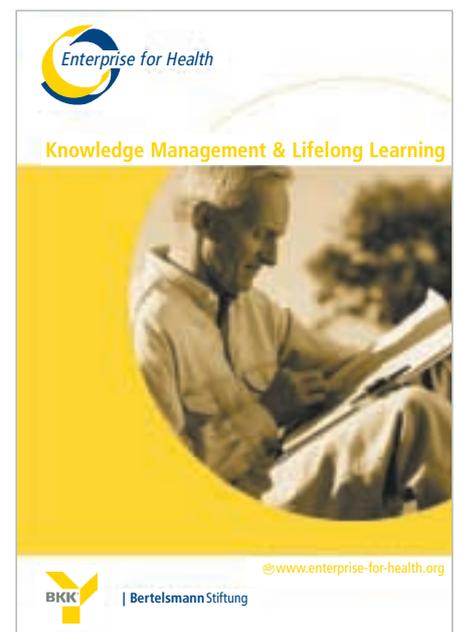
Knowledge management and lifelong learning create values

The recognition of intangible factors in the value creation process demands new thinking in strategy development and management, whether corporate or extra-corporate. In terms of management, new methods of analysis and measurement are required which can fully assess the current and potential assets of organisations. Such procedures have already been developed and their use should be increased. A policy of increasing value through the planned cultivation of intellectual capital geared to corporate goals can make use of existing procedures for the design of a healthy corporate culture based on partnership.

The varied facets of such an organisation design enhance the value of the human capital and in particular structural capital. They create the personal and organisational conditions for continuous renewal and innovation. This increase in value will then have a positive effect on the relationship capital.

“One major challenge is to shape the balance between intelligence and ignorance. We concern ourselves almost exclusively with what we know, and not with what we don’t know. Companies should, in an intelligent way, exploit concealed or unknown resources and abilities. This is something different from traditional knowledge management; I call it knowledge navigation.”

Prof. Leif Edvinsson,
Universal Networking Intellectual Capital,
UNIC; University of Lund, Sweden



The EfH brochure
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is available for downloading at
www.enterprise-for-health.org