

Managing knowledge in a knowledge economy



Countries should develop explicit policies on how to utilise knowledge leadership to drive business innovation and competitive advantage.

By **COSMAS KEMBOI**

Think about oil and gas that has been discovered in most parts of Kenya! Oil and gas knowledge? What about the Kenyan Constitution that we adopted and enacted to ourselves and to our future generations?

President Uhuru Kenyatta while in Boston, USA, recently alluded that Kenya has one of the most progressive constitutions in the world. No doubt in 2010, we the people of Kenya succeeded after a long struggle to transform our experiences, desires and hopes into one important strategic knowledge or intellectual capital known as the Constitution of Kenya 2010. Early 2003, Kenyans were ranked the most optimistic people. However, that intangible asset quickly disappeared...what went wrong? Or maybe just because intangible assets

are highly ephemeral. The world is a dynamic place. Knowledge and innovation are crucial drivers leading to this dynamism. It influences policymaking, industry and academia. Therefore, it is important to seriously think of the ways and means to promote, develop and manage knowledge to enhance national competitiveness.

Primary factor of production

Kenya has embarked on a journey to become knowledge-based economy, having recognised that knowledge is the central component of productivity and performance. The transition from an industrial to a knowledge economy is evident in Kenya, where the primary factor of production and source of wealth is knowledge. This requires that just as it was important to invest in physical and financial resources in the industrial economy, investing in identification, creation, sharing and application of knowledge is fundamental.

Kenya is a developing country hoping to maximise the gains of becoming a middle-income economy as envisioned in Vision 2030. Kenya's vision of becoming

a knowledge-based economy aims at shifting the current industrial development path towards innovation where creation, adoption, adaptation and use of knowledge remain the key source of economic growth. Organisations must have the capability to capitalise on knowledge assets that will fuel the knowledge-based economy.

Is knowledge power?

In the industrial economy, when people thought of knowledge, obviously they were thinking of the usual equation: knowledge = power, so hoard it so that you continue enjoying the advantage. However, modern corporations, nations and even individuals have moved to the new equation: knowledge = power, so share and it increases in value. This new thinking represents the new thought in economic and business models that should find its way into employees' job descriptions, especially on collaboration and knowledge sharing. An economy powered by knowledge workers requires better use of knowledge for faster, agile and more vibrant organisational innovativeness.

Newly created knowledge is the fuel for innovation.

The knowledge economy is ushering in the acknowledgement for the importance of knowledge and attracting and retaining valuable knowledge workers. As a result, organisations should not only pursue to recruit and retain the best knowledge owners, but also create a knowledge culture where employees talk, share and trust each other in order to know who knows what and establish collaborative relationships that facilitate willingness to share knowledge for effective value creation.

Intellectual capital

The shift towards knowledge-based economy has highlighted the role of intangible assets such as employee knowledge and skills, intellectual property, customer loyalty and innovation capability. This realisation is making organisations, nations and even individuals to learn how to better identify, create, share, store and leverage these intangible assets collectively referred to as intellectual capital. This requires organisations and nations to master their intellectual capital for maximum strategic utilisation. In fact, numerous empirical studies have suggested that intangible assets are the new raw material for business value creation!

Furthermore, knowledge creation and innovativeness should become fundamental capabilities, both in public administration and private enterprises, including small and medium enterprises. This will help future strategic leaders in creating intellectual capital and shareholder wealth by transforming new as well as existing enterprise knowledge into superior products, services, solutions or call it innovativeness.

The need for learning and innovation capability will continue becoming critical for organisations, thus knowledge and intellectual capital management will require attention from all senior organisational leadership.

The urge for incremental or continuous improvement in the corporate world may have to change to innovations and breakthroughs. To achieve

innovation, the most relevant tool may no longer be quality control or quality management. It may become knowledge leadership with knowledge creation being the most appropriate. Business leaders may have to consider transformation of existing knowledge, ideas and experiences wherever it resides, to foster knowledge creation and achieve innovativeness. Therefore, strengthening the ability to transform tacit knowledge of employees and other stakeholders into tangible organisational assets will be crucial for organisations in the knowledge economy.

Managing knowledge

In a recent conference I attended in the United Kingdom, organized by British Academic of Management, one scholar presented a research paper. He concluded that business schools need to equip Master of Business Administration (MBA) candidates on organisational learning, knowledge management, innovation and change management because the study considers these subjects as sources of business sustainability. Therefore, in the knowledge economy, universities and other institutions of learning should produce engineers, accountants and doctors who are knowledgeable in managing knowledge, intellectual capital, innovation, learning and other intangible assets. Moreover, educating and training future chief knowledge officers, chief innovation officers and knowledge managers for the knowledge society is equally important.

I believe that knowledge leadership will continue becoming a key source of innovation in any organisation in the knowledge economy. Knowledge is going to be the lifeline of an organisation just like land, labour and capital were in the past. We know that soon, Kenya will become an oil and gas exporting nation. What about becoming oil and gas knowledge exporting nation? They should start by developing explicit policies on how to utilise knowledge leadership to drive business innovation and competitive advantage. ☉

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