Commentary on the Main Article “Knowledge 2010 – Intellectual Capital as Driver of Wealth”

Some Key Quizzics for the Future Intellectual Capital

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Are we already on our way towards another Economy beyond Knowledge Economy?

What kind of thinking development is supporting us for the Future of Intellectual Capital?

What kind of Intelligence is assisting us in the Navigation for Wealth, for Future Generations and how to learn to navigate with the unexpected and unknown?

It is evident that the drama during 2010 of ash clouds, flooding, and heat fire are very serious ecological signals. But we also have similar serious signals in our economy, especially the European economies. The economical signals from Greece, Portugal might be early predictors of forthcoming societal and social erosion signals of wealth creation…?

1 The Concept of Intellectual Capital (IC)

The deeper simplistic meaning of the concept of IC is roots for the fruits. A more refined distinction is the derived insights of head value/meaning, as capital has its roots in Latin, meaning Head. Still another one is the future earnings capabilities or potential.

Given these distinctions we need to look at the systemic view of the so called crises, especially in the Western economies. Could it be that the navigation for Wealth creation has lost its bearings? For the IC it is essential to have a focus on the future as well as the intangible drivers for the value creation and Innovation. Therefore as stated already in 1968 by J.K Galbraith; Intellectual Capital can be seen as a process of Value Creation….

The Asian perspective is highlighting that knowledge is more than an object, it is a relation. So I am more and more seeing that the value drivers for future Wealth might be in the space of Relationships, Networking or the in-between space. This has also in Asia been given the specific Chinese term Guanxi.
2 Productivity Quest

This is another serious dimension of the Knowledge Economy. How do we develop the value of knowledge, innovation and science investments? In the traditional economy it might have been easier to see the metrics of productivity. But how to we score and measure the speed of thinking, or the time to market for an innovation, or the life science impact of medical knowledge? Therefore for the Wealth metrics on macro level it is essential to develop the micro metrics on Enterprise level.

Major initiatives have been taken of many nations. Just to mention a few pioneering ones, they are among others Sweden, Denmark, Norway, Finland, Israel, Austria and Italy. However the major milestone might be Germany and the BMWA initiative on Wissenskapital. This was the pioneering work among SME on application of the process thinking and systems dynamics. Later it expanded through European Commission into 5 countries, as well as to METI in Japan (cf. www.incas-europe.org).

Recently this has also resulted in another focus on the inter firm development of IC, or as mentioned above the Networking and In-between value creation (cf. www.cadic-europe.org).

Another metrics development with focus on the Accounting is WICI, a global framework for measuring and reporting on IC (cf. www.worldici.com). The WICI, this business reporting network, was formed on November 7, 2007. The Promoting Parties of WICI are Enhanced Business Reporting Consortium, European Federation of Financial Analyst Societies, Japan Ministry of Economy, Trade and Industry, Organization for Economic Development and Cooperation, the Society for Knowledge Economics, University of Ferrara and Waseda University. The European Commission participates in the WICI as an Observer.

3 Some Macro IC Mapping

In the taxonomy of IC there are the following 3 major drivers, Human Capital, the Relational Capital and Organizational Capital. These components can for the purpose of National IC be visualized in this emerging model as statistics for Human Capital, Market Capital, Process Capital and Renewal Capital, as well as Financial Capital, as done in the recently published book – National IC (cf. www.NIC40.org). It is an investigation of the development of these intangible dimensions shaping Wealth between 1995-2008, in 40 countries, by looking into 28 indicators, 7 for each category.

By looking at this unique database shaped by Dr Carol Yeh-Yun Lin, at the Taiwan IC Research Center, we can develop a number of different IC maps on National level. As all navigation is about position, direction and speed we can now start to see patterns of IC developments. This research is an invitation to ask more deepening, powerful questions for the Renewal and Societal Innovation of IC of Nations, to the benefit of future Wealth and Well-being of its citizens.