

SOCIETY FOR KNOWLEDGE ECONOMICS

PRODUCTIVITY AND PERFORMANCE THROUGH KNOWLEDGE AND INNOVATION

The Opportunity and Challenge

Fundamental changes have occurred in the world economy over the past ten years, redefining how economic value is and will be generated. Increasingly, knowledge based resources or human capital drive growth in economic and organisational value.

Economies around the world have become increasingly global, connected and technology-driven. Manufacturing and several services industries, no longer locality-dependent, have steadily moved to cheaper labour markets leaving developed nations increasingly to focus on the management of their knowledge-intensive capabilities.

Emerging markets, in particular India and China are building Industrial capability and at the same time the capabilities required by knowledge economies.

As Australia and other nations come to rely more and more on knowledge-based resources and technology to improve productivity and drive economic growth, it is clear that a nation's ability to develop and leverage the knowledge of its people and their capacity to innovate will be the key to future success.

However, economic management and measurement systems in most industrialised economies are still largely rooted in the industrial age approaches from which they have developed, and fail to take into account knowledge based assets and other "intangibles".

Consider that in 1980, the book value of the S&P 500 was 80% of market capitalisation. Today, book values account for less than one third of the market capitalisation of the S&P 500.

It is clear that traditional measurement processes represented by the Financial Accounts (P&L and Balance Sheet) don't adequately tell the story of where knowledge and human capital based value is, how it is created and nurtured for future sustainability. This situation reflects the underlying fact that management approaches are also lacking in this area.

The Society for Knowledge Economics Incorporated
ABN: 91 598 531 428 Incorporation Number: INC9883905
Locked Bag 23 Grosvenor Place NSW 1220
Website: www.ske.org.au

SOCIETY FOR KNOWLEDGE ECONOMICS

PRODUCTIVITY AND PERFORMANCE THROUGH KNOWLEDGE AND INNOVATION

As a result new management and measurement approaches are needed and effort needs to be applied to answer questions such as;

- How does Government implement the right policies to ensure the development and leverage of a nation's knowledge based resources, in particular their human capital?
- How do investors know that the organisations they invest in have the right management processes in place to sustain and improve the contribution of knowledge based resources to financial performance?
- What should leaders of public and private sector organisations do to ensure they extract the best value from their knowledge based resources?

Australia must explore and address the challenge of understanding value in this new knowledge-based era.

Managing a business, government agency or an economy in this time requires new disciplines in management and measurement systems.

The Society for Knowledge Economics Incorporated
ABN: 91 598 531 428 Incorporation Number: INC9883905
Locked Bag 23 Grosvenor Place NSW 1220
Website: www.ske.org.au

SOCIETY FOR KNOWLEDGE ECONOMICS

PRODUCTIVITY AND PERFORMANCE THROUGH KNOWLEDGE AND INNOVATION

Our recommendations are:

- **Increase focus and apply resources in Australia to understand and address the challenges, opportunities and new capabilities required to grow and develop a Knowledge Based economy.**

To this end we would welcome involvement and participation by Government in the activities being undertaken by the Society for Knowledge Economics, such as the development of global best practice in managing and measuring knowledge based resources.

Our Guiding Principles are available for download at our web site www.SKE.org.au. These principles are broadly recognised as a landmark and require further testing and development.

- **Recognition that prosperity and productivity in a knowledge based economy is a direct reflection of the environments we create to enable people to innovate, do their best work and make the greatest contribution possible in the workplace.**

We support the development of new, broader and more holistic view of Innovation in Australia and are collaborating with the Business Council of Australia to develop a statement to this end with associated broad recommendation of areas for focus.

- **Invest to build leadership competencies of Australian managers and workers. In doing so, revisit and selectively implement the recommendations of the Karpin report.**

The quality and leadership capability of Australia's management is a key driver of productivity and innovation in our economy. The Karpin report was a landmark study that foresaw many of the changes to our global and domestic economy that have or continue to take place. The SKE believes that building leadership competencies in all Australians is a critical priority for National investment and development.

The Society for Knowledge Economics Incorporated
ABN: 91 598 531 428 Incorporation Number: INC9883905
Locked Bag 23 Grosvenor Place NSW 1220
Website: www.ske.org.au

SOCIETY FOR KNOWLEDGE ECONOMICS

PRODUCTIVITY AND PERFORMANCE THROUGH KNOWLEDGE AND INNOVATION

Background: The Society for Knowledge Economics, (SKE).

Microsoft Australia, Westpac, CPA Australia, The institute of Actuaries and the Australian Government Information Management Office have founded The *Society for Knowledge Economics (SKE)*.

The SKE has been created to provide best practice tools and guidelines, and by doing so, make Australia a leader in driving productivity and performance through knowledge and innovation.

The goal of the SKE is to show that managing knowledge intensive resources is the key to productivity in the post industrial age, and to encourage the adoption of best practices.

Our vision for Australia

Economic growth and prosperity for Australia through leadership in Government Policy formulation and Private and Public sector management capability as it relates to;

- Managing and measuring knowledge based resources, including relationships with all key stakeholders that are important to sustainable growth and performance
- Creating productive and fulfilling workplace environments that enable people to lead and contribute to their full potential no matter where and in what capacity they work

The Society for Knowledge Economics Incorporated
ABN: 91 598 531 428 Incorporation Number: INC9883905
Locked Bag 23 Grosvenor Place NSW 1220
Website: www.ske.org.au

SOCIETY FOR KNOWLEDGE ECONOMICS

PRODUCTIVITY AND PERFORMANCE THROUGH KNOWLEDGE AND INNOVATION

Our charter

[Increase Understanding](#)

To engage relevant stakeholders in the development of frameworks and guiding principles through discussion forums, leading to the establishment of Australia as an international leader in innovative organisational management.

[Collaborate to create best practices](#)

To partner with key stakeholders in understanding and developing best practice in the management, measurement and reporting of knowledge-intensive resources for increased productivity and performance in Australia.

[Partnering and promoting](#)

To work with Business, Governments and Industry Associations in articulating and promoting the value and benefits of the management, measurement and development, of knowledge and innovation to national and organisational economic growth.

[Research, training and accreditation](#)

To support and facilitate research in knowledge and innovation management practices and the establishment of knowledge sharing forums and awareness raising events for practitioners involved in the fields of knowledge capital and extended performance management.

The Society for Knowledge Economics Incorporated
ABN: 91 598 531 428 Incorporation Number: INC9883905
Locked Bag 23 Grosvenor Place NSW 1220
Website: www.ske.org.au

SOCIETY FOR KNOWLEDGE ECONOMICS

PRODUCTIVITY AND PERFORMANCE THROUGH KNOWLEDGE AND INNOVATION

Our value proposition

- Increase innovation, productivity and prosperity, and build better workplaces through improved management of knowledge intensive resources
- Track and leverage international developments and connect with thought leaders around the world
- Develop measurement and reporting guiding principles to better communicate levels of productivity derived from the management of knowledge-intensive resources
- Advance research that provides insights into the conditions that create the best environment for optimising innovation and knowledge in the Australian economy, and the value that accrues from the better management of knowledge intensive resources
- Focus, align and coordinate investment in knowledge and innovation
- Assist the development and understanding of evaluation techniques for investment into intangibles including ICT, human capital, research and development, brands, etc
- Support, feedback and participation in pilot projects related to knowledge capital and extended performance management

The Society for Knowledge Economics Incorporated
ABN: 91 598 531 428 Incorporation Number: INC9883905
Locked Bag 23 Grosvenor Place NSW 1220
Website: www.ske.org.au

SOCIETY FOR KNOWLEDGE ECONOMICS

PRODUCTIVITY AND PERFORMANCE THROUGH KNOWLEDGE AND INNOVATION

Background to our foundation

In 2003, the Australian Government Information Management Office and the Department of Finance and Administration established a committee with the mandate to explore and develop opportunities for the strategic development of the Australian economy in the area of knowledge economics.

This culminated in the national Congress on Knowledge Capital held on the 3rd & 4th of November, 2005, in Melbourne and the launch of the Society for Knowledge Economics. The primary aim of the Society is to show that managing knowledge-intensive resources holds a key to innovation, productivity and performance in the post-industrial age.

Founding Members

- The Australian Government Consultative Committee on Knowledge Capital
- Microsoft Australia
- Westpac Banking Corporation
- CPA Australia
- The Institute of Actuaries of Australia

Committee of Management

Steve Vamos
President

Alex Malley
Vice-President

Chris Liell-Cock
Director

Sarah Hatcher
Executive Director

Patrick Callioni
Director

Tamara Plakalo
Director

Mark Bezzina
Director

Christina Boedker
Director

Andrew Gale
Director

The Society for Knowledge Economics Incorporated
ABN: 91 598 531 428 Incorporation Number: INC9883905
Locked Bag 23 Grosvenor Place NSW 1220
Website: www.ske.org.au