

KNOWLEDGE SOCIETY AND MANAGEMENT EDUCATION

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“Every few hundred years in Western History there occurs a sharp transformation. Within a few short decades, society rearranges itself, its worldview (paradigm), its basic values, its social and political structures, its arts, its key institutions. Fifty years later there is a new world.”

(Drucker, 1993, p.1)

Today's world is a world of change. Change is happening in every single aspect of our lives. We should be able to adjust our behavior to changes rapidly. The need for change including the way we lead business arises as a result of globalization, the transformation of societies from one system to another as well as from the whole revolution in the techniques and technologies that bombard us every single moment with new sources of “the unknown”. That being so, we should be able to shift our minds and learn new patterns of behavior continuously; we should be able to teach people around us to change their mindsets according to the environment, even as we teach them not to forget their authenticity and to follow their needs until they reach the highest level, their level of self-actualization. We should build organizations of people that are able to learn and share the knowledge and to develop all of the potential that they possess.

Transformation to Trans-modern

The label “knowledge society” or “knowledgeable society” was first used in the 1960s debate on the structures of the post-industrial society, i.e. the society that should follow the industrial society, in which an economic transition occurs from a manufacturing-based economy to a service-based economy, with a diffusion of national and global capital, and mass privatization. The values needed in the capitalist industrial society are freedom, initiative and creativity and the knowledge is described as a new productive force beside the classical social forces such as labor and property. On a general level, the label “knowledge society” represents a new and separate culture, where knowledge leaves its mark on all areas of society, changing and at the same time modernizing them.

It is still hard to foresee the traits of the post-capitalist world. We know, however, that it will be “both a non-socialist and a post-capitalist society”. We also know that “its primary source will be knowledge” and therefore it will be “a society of

organizations." The 21st century conflicts most likely will not be between religions or cultures, but within them. The conflicts will occur among pre-modern, modern, and trans-modern worldviews. The turn of the 21st century has climaxed with the global crisis of wars, terrorism, and climate changes, the increasing gap between the rich and the poor, social alienation, and individual feelings of pressure, anxiety, chaos and powerlessness world-wide. These processes have raised a whole range of futuristic scenarios from the 'softest' questions of environmental sustainability to the radical argument that humanity is in danger of a collective death (Brown, 2006; Ghisi, 2006; Ray, 2002; Rooney, 2005).

Administrations and politicians are slow to understand and accept the changes. Business is sometimes more quick to grasp the changes, and that is why perhaps it has a crucial role in warning politicians. According to Scott Peck, author of *The Road Less Travelled*, confronting problems is painful. Many people are either unwilling or unable to suffer this pain, so they cling to their old patterns of thinking and behaving. When we hold on to the same modes of thinking and acting, we usually fail to work through crises, and therefore, fail to learn and grow. On the other hand, a 'silent revolution' against the existing global socio-economic system is led by the so-called 'creative individuals' who are currently going through personal transformation of their own societal values towards greater spirituality and concerns for the environment, community and overall humanity. The move from industrial rationality to trans-modernity and knowledge society has been politically recognized and researched, in order to make possible trans-modern entities. This transition is characterized by holistic approaches to post-patriarchic values of interdependence between women and men, West and East, human nature, mind, body and soul (Ghisi, 2001).

The new, transformed society is now termed as "**Information Society**", a society in which low-cost information and ICT are in general use. In the "**Knowledge-based Society**", the most valuable assets are investment in intangible, human and social capital, and the key factors are knowledge and creativity. This new society presents great opportunities such as new employment possibilities, more fulfilling jobs, new tools for education and training, easier access to public services and increased inclusion of disadvantaged people or regions.

The new world economy is post-capitalist because capital becomes less important than knowledge in the value creation process. Value creation is linked to knowledge applied to knowledge, and this new tool of production is more important than capital and technology. This new society is beyond trade. It is a society of data, information and knowledge. The data - mainly facts regarding things or records, and

information - the data already sorted by some entity, are the key elements of knowledge, which represents all the data and information processed by the human cognitive system, and are passed out. The knowledge is produced by the human brain which digests data and information and it is increased only by sharing in a network. That is why the human brain and networks are the new tools of production. Here is an example: when I exchange an object against money, I am losing the object. This is trade, win-lose logic. If I exchange knowledge, I do not lose my knowledge. I win and you win. I am not trading anymore. I share. This is the win-win logic of sharing. In this new economy, quality of knowledge is more important than quantity, and progress becomes more qualitative, because the knowledge society is about knowledge which is immaterial, intangible and qualitative. In the knowledge-based economy, intellectual property (IP) is an essential element as well as a significant asset. The World Trade Organization contemplates to provide a platform for creating a uniform and globalized IP protection regulatory environment.

Learning organization in the Knowledge-based Society

Living in times of exponential increase in information, the growth of knowledge outlines the growth of tomorrow. Knowledge becomes the core resource of the economy; the last and ultimate source of power (Toffler, 1995). According to Drucker (2002), the fact that developed countries are into the knowledge-based society, represents the biggest change in the modern world. For the first time since the industrial era, the organizations are truly dependent on their staff, on the knowledge of the employees, their formal skills, education as well as their experience and social ability. Furthermore the learning organization is introduced. The learning organization is an organization skilled at creating, acquiring and transferring knowledge and at modifying its behavior to reflect new knowledge and insights (Garvin, 1993). Additionally, it is an organization that facilitates the learning of all its members and continuously transforms itself (Pedler, Bourgoyne & Boydell, 1991). Learning ability is becoming the only permanent source of competitive advantage, side by side with successive change management and effective leadership. In this context two types of knowledge should be taken into consideration:

- Professional knowledge - The essence of the business idea from which the organization receives its revenues (the knowledge of experts); and
- Managerial knowledge - Marketing, administration and management itself. Consequently, a new terminology is introduced to business:
 - Information instead of revenue;
 - Human being instead of machines;

- Education for human being instead of maintenance for machines;
- Recruitment instead of investment;
- Time instead of raw material.

The learning organization requires that everyone takes responsibility for the organization's objectives, contributions, and for its behavior as well. The industries that have moved to the center of the economy in the last forty years have as their business the production and distribution of knowledge and information, rather than production and distribution of things. Today's knowledge is highly specialized and focused on details. Its description "as an economic resource" sheds interesting light from a different angle. For example, every organization of today has to build into its very structure the management of change in order to be able to answer to the demands of the post -industrial society. If modern countries do not learn how to increase the productivity of knowledge workers and service workers, they will face economic stagnation and severe social tension.

Knowledge-based society triggers transition of the industrial organizations to learning organizations. The leaders in all spheres of the new era society foster success through the growth and effective application of knowledge. Employees in the learning organization are managed by two or even three managers, who are formal as well as informal leaders who must know how to steer the forces in the organization and increase the value of the organizational capital. The core of the organization is made of few people – visionaries, who are willing to continuously develop their skills so as to arrive at new insights.

According to the latest research on leadership and risk identification in massive economic and social systems, adaptive learning should cover the whole organization. This is precisely explained in a *Swarm theory* that investigates a large number of individual organisms that move together in the pursuit of a goal. As individuals, ants may be tiny dummies, but as colonies they respond quickly and effectively to their environment. They do it with something called swarm intelligence. Swarm intelligence means that the single ant or bee is not smart, but their colonies are (Gordon, 2005). Individuals collaborate with each other and are able to pursue goals that cannot be achieved individually.

Collaboration in the organization is a structured, recursive process where two or more people work together towards a common goal, typically an intellectual endeavor that is creative in nature, by sharing knowledge, learning and building consensus. Collaboration does not require leadership and can even bring better results through decentralization and egalitarianism. In particular, teams that work

collaboratively can obtain greater resources, recognition and rewards when facing competition for finite resources.

Individuals share their thoughts and create intersection of ideas. It is a Medici effect, where ideas from different fields and cultures meet, leading to an explosion of ideas and possibilities. It also explains the forces that are creating it and why it is growing in importance. The Medici effect is implemented in the advanced ICT and the concept of Web 2.0. It empowers ways of communication and collaboration between people. People share personal and public data and information, thus increasing the world data base through a process of repeated fact and data evaluation, analysis and recycling.

Management Education

If we know how to manage knowledge, then we know how to manage people. Rapid globalization is one of the most significant aspects of the new millennium (Brown, 1999). The world transforms itself dramatically affecting all areas of economic, political and social life. Deep demographic changes and “lightning speed” transformation in technology, science and economy drastically influence people’s lifestyles and the state of society. People of today and of tomorrow have to process more information, cope with social developments and critical situations and make more decisions (UNESCO). The next decades will make unprecedented demands on political courage, political imagination, political innovation and political leadership. The educated person will have to be prepared to live and work simultaneously in two cultures: the one of the intellectual, which focuses on words and ideas, and the other, of the manager, which focuses on people and work.

We are in transition to a trans-modern way of thinking that combines intuition and spirituality with rational brainwork. Some years ago, higher education was a great national asset. Its contribution to the economic and social well-being of the nation was of vital importance. Today it is a world asset and has a global importance. Researchers are pushing forward the frontiers of human knowledge and the foundations of human progress. Teaching educates and skills the world for a knowledge-dominated age. Obtained knowledge gives to graduates both personal and intellectual fulfillment.

Generally, the main role of future education is to make sure people have the skills and training they need to develop a career. One reason for that is the fact that the 10 jobs that will be the most wanted in 2011, did not even exist in 2006. The amount of new technical information is doubling every two years. For students starting a four year technical or college degree, this means that half of what they learn

in their first year of study will be outdated by their third year of study. It is predicted that by 2010 the information will double every 72 hours. The U.S. Department of Labor estimates that today's learner will have 10 to 14 jobs by age 38 (Barlow, 2005).

According to the futurist Ed Barlow, the following are some of the compelling facts about the future:

- 30% of one's knowledge will be obsolete in four to five years;
- 70% of today's technology will be obsolete in six years;
- The Internet doubles in size every 120 days;
- 80% of jobs that today's children under age of five will have, do not exist yet;
- Children of 18 years of age or younger will get 70 % of information from the Internet;
- 40% of the information from the Internet will come from blogs;
- By 2040, China will be the largest economic and military power in the world.

The new demands of the emerging knowledge-based society make imperative the need for reforms in the educational system. The goal of the system will be to impart a small, but fixed body of knowledge at one time. Furthermore, education should emphasize preparation of the up-coming generations to face the challenges of this enormous inflow of information. It should help young people to not only acquire knowledge and information, but also to develop the resources and skills necessary for continual learning. The basic characteristics of the educational system should be the same as those of society. Therefore, the basic skills that one should acquire are collaboration, contribution, diplomacy and critical and creative thinking. Universities in the future should manage education, combining a liberal arts education with business, engineering and scientific expertise to equip graduates for life-long learning and creating the next cohort of leaders (Munroe-Blum, 2000).

The students in the future should be able to make effective transfer of technology and knowledge across sectors by creative analysis and solving problems. They should be oriented towards finding new, creative solutions to problems, and develop promising and interesting new ideas, technologies, products and practices. They should be able to build the society in which knowledge is the true valuable asset. The innovation in that society results from knowledge applied to knowledge; therefore it needs highly educated individuals with wide social skills, technical expertise and business virtues.

The Vision

Nowadays, there is impressive evidence that traditional business schools and management education have proven deficient in many ways. Such education has even been blamed for much of the corporate crime that has burst into public awareness with the collapse of Enron, Arthur Andersen, World Com, Tyco, and Parmalat. The root of this criticism points to the narrowly-focused, over-specialized, efficiency-driven approaches to short-term profit-maximization (Henderson, 2006).

The time has come when we need to ask ourselves: “Are we ready for the future and do we all share the same definitions of the future?” There are three futures that we have to contend with: the “contemporary” future, the “visible and the predictable” one, and the “distant and unpredictable” future.

When thinking of education as a crucial component of human development, one must be constantly alert to the ubiquitous phenomenon of change. We must prepare ourselves not only to respond to the inevitable and imperative changes, but also to engineer an instrumental change. Only this way we can achieve the multi-faceted growth of a social order (Berlia, 2004).

Universities and colleges are considering new ways of using technology to improve their teaching and bring the content to wider audiences. It is a broader issue exploring how technology can change the way teaching is performed, how learning can be extended beyond the college gates (Ranger, 2006).

The manager of the future should know how to use information and contextualize it into knowledge on how to support the industry level. The shift requires remodeling our well-known concepts. Hence we have Web 2.0 and Enterprise 2.0 – why cannot we talk of Education 2.0? We have to adapt quickly to new ideas and concepts and start contributing to the new global society.

What do we need to know when most of recorded knowledge is a mouse-click away? The Education 2.0 is based on the Medici Effect. The effect means intersection. It also explains the forces that are creating it and why it is growing in importance. Intersection tends to yield an exponential increase in ideas and concepts. Only through creating intersections between scientific disciplines, we can master the world’s knowledge. We must be able to use the differences as a creative propeller. Intersectional ideas must be found and we must profit from them. Thus, the true knowledge of successful business management lies within the points of business – cooperation of commercial, sociological and technological science disciplines (see Figure 1). These disciplines would need to be the foundation of the new Management Education Curriculum.

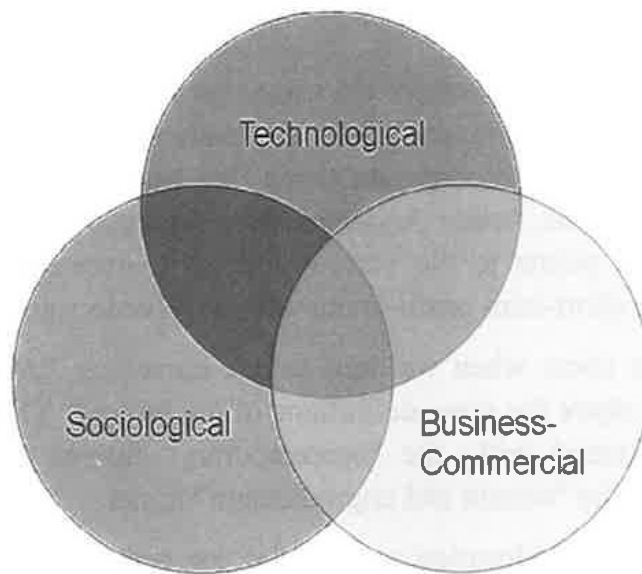


Figure 1. Intersection of Technological, Sociological and Business – Commercial scientific disciplines

We are talking about an information and communication technologies revolution. Is the business education part of it? We are in constant need of highly educated professionals who are capable of managing changes. Invest in research. Build research teams. Research brings innovation. And finally, innovation brings success.

Conclusion

The global flow of information, technology, capital, goods, services and people has never been greater. Challenges and opportunities facing businesses today include unprecedented growth in the developing world, as well as the increased need for consistency, standards, controls, compliance and governance and the cost, risk and management needs associated with evolving supply chain issues. Improving performance has become a persistent need for companies striving to remain competitive and effective in this environment.

There are several important premises that are highlighted in this article. One is the need of transformation; a fluid state that is open and continually adapting to change. Another is an emphasis on self-directed learning, yet within the context of a community of learners. Finally, the learning organization concept is highlighted in the following statements:

- Learning is as natural as breathing, and should be acknowledged as such;
- Learning should be an embedded part of the organization's culture (values and beliefs);

- Continuous adaptation and improvement can only happen through continuous learning;
- The spectrum of learning goes through data, information, knowledge, understanding and wisdom.

The author discussed how important it is to know how to manage the learning experience. Nowadays, there is a need to move away from internal competition to cooperation, collaboration, and networking because we cannot do it alone anymore. Therefore, we need to link ourselves to a larger business and social community and be socially responsible to the larger society.

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