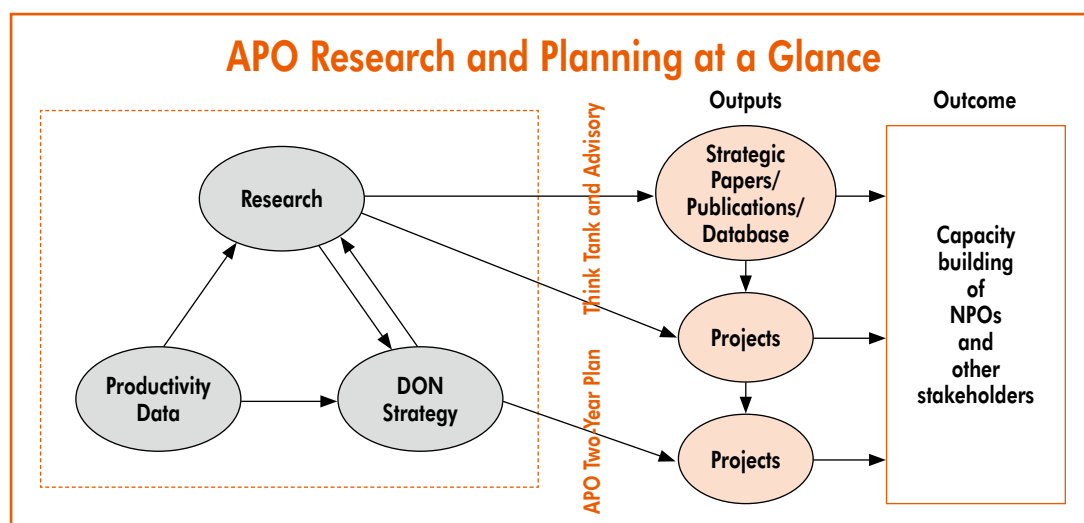




# APO news

## APO fact-finding missions

The Secretariat has redesigned its research activities to give the APO's think tank role more scope and depth. With the revamped role of the Research and Planning Department (see figure), it will undertake three major steps. The first was an in-house exercise to identify areas of interest to member countries based on primary and secondary sources. This generated a list of numerous topic areas, which will be narrowed to a short list of priority areas for further exploration. The second is the organization of fact-finding missions to gain in-depth understanding of specific topics. The third is convening expert meetings to generate strategic papers on areas of concern to the APO membership, receive input on the planning of projects, identify possible collaborative partners and networks of expertise, and obtain inputs for forums, conferences, and study meetings.



**U**nder the new research strategy, the Secretariat will track emerging concepts, ideas, and experiences affecting productivity both within the region and beyond. The knowledge gained will then be utilized to plan future projects and to advise member countries. Therefore the Secretariat has recently dispatched three fact-finding missions focusing on knowledge management (KM), innovation, and competitiveness. The first two-member mission visited OECD headquarters in France, met Managing Director of Teleos Dr. Rory Chase in the UK, and visited the Svensk Industriförening (Swedish Industrial Association; SINF) in Stockholm. The second mission, comprising five members, attended the annual conference on KM organized by the American Productivity and Quality Center (APQC) in Houston, Texas. Following the APQC conference, that mission went on to the UK for discussions with the Teleos Managing Director and to observe two Most Admired Knowledge Enterprise award winners of 2006, Ernest & Young and IBM, London. The third five-member mission visited France to attend the OECD Forum 2007 on Innovation, Growth, and Equity and then met representatives of the Global Competitiveness Network of the World Economic Forum and IMD in Switzerland. Key results of the fact-finding missions which are likely to affect APO member countries in the near future are summarized below.

### KM mission to the APQC and Teleos

In the USA and Europe, KM has reached maturity, and currently collaboration is seen as the key enabler of both KM and innovation. The number of people writing and reading blogs is increasing, along with facilities like e-rooms, MySpace

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**"Thrift means that you should always have the best you can possibly afford, when the thing has any reference to your physical and mental health, to your growth in efficiency and power."**

**Orison Swett Marden**

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and similar sites, Web casts, podcasts, voice/text messaging, etc. for knowledge sharing, learning, and the development of formal and informal networks. The Wikipedia phenomenon is radically altering the concept of knowledge sharing and already influencing KM practices.

In advanced countries, the baby boomer generations are retiring, and the focus of KM efforts in those countries has recently been to capture the institutional memory of those soon to retire. At the same time, faced with the need to adapt to a younger workforce, particularly in knowledge-intensive sectors, those countries are also concerned about how to perpetuate and transmit knowledge, as there is a fear that the new generation with changed lifestyles and learning behavior may not use the legacy KM systems of the past.

Another clear trend seen is the changing profile of future knowledge workers, 60% of whom are expected to be less than 40 years of age by 2010, who will rely on “interactive stimuli” and be inclined to learn and live virtually. This implies that in the future, there will be almost no distinction between the home and work environment, and future knowledge workers will be very mobile, have strong social networks, trust in virtual communities, be ambitious and competitive, consider hierarchies slow and outdated, and will always be connected to the Internet through a variety of devices.

Based on those trends, intellectual capital (IC) could be one area for the APO to become involved in. IC management is a challenging task but at the same time a very important one as further progress is made along the path to the knowledge economy. The more knowledge is the source of economic activity, and thus of socioeconomic development, the more crucial the management of IC becomes. Another area that will be important for the APO to focus on is the application of KM in SMEs, since KM globally is mainly practiced in large companies. Thus developing a suitable KM implementation model for SMEs could be an area in which the APO could make a major contribution to the regional productivity movement. This will be critical, as by 2010 it is forecast that there will be only three to five global companies in each industry and sector. The issues of the inevitable mergers and acquisitions, how SMEs can find their niches to survive in the changed economy, and how current SME employees can be trained in KM are vital.



OECD Forum 2007 on Innovation, Growth, and Equity

### ***Innovation and Competitiveness***

The OECD Forum 2007 on Innovation, Growth, and Equity affirmed that innovation is a driver of growth and will continue to be so. It contributes to boosting per capita income not only from its direct effects on welfare, but also through its indirect effects. As the pressure to innovate increases and the means of doing so become more complex, there is a growing tendency to outsource knowledge inputs for innovation. This has sped up the change of the innovation process from a closed to an open model. Business services can play several “supporting” roles in innovation: they can be a source of innovation if they play a role in initiating and developing innovative activities in client organizations. Alternatively, they may be facilitators of innovation if they support an organization during the innovation process. Similarly, business service firms can be carriers of innovation, playing a role in transferring existing knowledge among or within organizations, industries, or networks, so that it can be applied in a new context.

The different country experiences presented at the forum showed that a substantial amount of economic growth can be attributed to investments in science, technology, and innovation. Although the pace of growth has differed among the main OECD countries, the basic drives for innovation have been fairly uniform and depended substantially on the financing of R&D in both the public and private sectors.

Policymakers require a better understanding of some of the major forces that are changing OECD

economies. The service sector is an area of particular interest. Issues of human resources are also important, as the demand for manpower in science and technology has increased in the OECD membership. Licensing has become an important channel for diffusing inventions and facilitating follow-on innovation. Licensing can increase the efficiency of innovation processes by putting inventions in the hands of those best capable of commercializing them and adapting them for future uses.

In addition to participation in the OECD Forum 2007, the mission later held discussions with representatives of the Global Competitiveness Network of the World Economic Forum as well as the IMD in Switzerland. The main topics were related to innovation and competitiveness, and in particular the methodology for compilation of the *Global Competitiveness Report* of the World Economic Forum and *World Competitiveness Yearbook* of the IMD. The mission also explored the possibility of collaboration on joint initiatives with the Global Competitiveness Network and the IMD.

### ***Mission to the OECD***

The establishment of a productivity database has been identified as one of the main pillars of the activities of the Secretariat’s Research and Planning Department to enhance the quality of APO projects. It is envisioned that such a database will be the cornerstone of information on productivity trends and developments in each member country. A project to develop a labor productivity database

is already underway, which will be published as a print volume. At the same time, it is believed that comprehensive productivity analysis of member countries should be undertaken as part of the APO's think tank role. Hence, a project on the development of an in-depth productivity database will be undertaken. The visit to France explored the possibility of partnering with the OECD on the productivity database. It was agreed that the APO and OECD would enter a collaborative relationship through the exchange of a memorandum of understanding.

Among international organizations, the OECD was identified as a good partner for the APO, as it also has a solid focus on productivity and economic growth in its activities. More importantly, it has considerable long-term experience and expertise in studying the methodology for productivity measurement in relation to its endeavors to spur

economic growth in its member countries. The OECD Productivity Database is currently considered to be one of the most advanced productivity measurement systems.

The APO can learn much from the OECD's experiences and expertise in setting up its productivity database, as well as from its ideas for its further development. At the same time, since the APO's productivity database will cover its member countries in the Asia-Pacific region, most of which are non-OECD countries with the exceptions of the Republic of Korea and Japan, there will be synergistic effects from international coordination in developing comparable databases across the regions.

#### *Visit to SINF*

The SINF is a national organization of small and medium-sized Swedish industries with more than

1,500 members, divided into 20 branch associations by sector. The SINF assists its member companies in all essential business matters, including labor law. During the mission, SINF representatives noted that the Swedish business community has keen interest in Asia and that its members would like to explore the possibility of collaborations with Asian enterprises. It is hoped that both the sides could benefit from APO-SINF collaboration. It was agreed that the SINF will help the APO to organize a study meeting on Eco-innovation in Stockholm. During the discussions, the SINF also agreed to assist the APO as much as possible in organizing similar programs and study missions in future, not only on eco-innovation but also in other areas such as technology and innovation, sustainable entrepreneurship, and supply chain management from the SME perspectives. 