



Sandra Higgison talks to Christian Rangen, managing partner at Knowledge Management Consulting, about the evolution of knowledge management in Norway.

When it comes to issues of knowledge management, intellectual capital and measuring intangibles, Scandinavian countries are often the leaders of the pack. Some of the industry's sharpest minds come from this region, such as Leif Edvinsson and Karl-Erik Sveiby have made a huge impact on knowledge management around the world. As recent case studies in *Knowledge Management* and presentations at Ark Group conferences demonstrate, Norway is no exception as it boasts a plethora of companies that have become successful knowledge-focused organisations. Although only 29, Christian Rangen, managing partner at Knowledge Management Consulting, has a vast understanding of the evolution of KM within his country. Based on his research project on intelligent organisations for his second degree, his work co-running the Norwegian Leadership Forum and Consortium for Intellectual Capital, and time spent writing his forthcoming book on leadership in Norway, Rangen has tapped into the core issues of KM's development in his country.

Rangen believes that KM has evolved along two distinct avenues in Norway. "The primary track was a technology-based view, where document and information storing and sharing were the main priorities," he says. "Supported by information-management specialists, technology firms, and IT departments at universities and business schools, this perspective was applied heavily at companies such as Telenor, Ernst & Young and Oracle, among others." The second track he describes has grown at a subtler pace and has been influenced by pioneering writers on intellectual capital, such as Thomas Stewart, Sveiby and Edvinsson. "While this track did not receive its fair share of attention early on, academics, consultants, industry forums and Norwegian companies have gradually picked it up," he says. With a heavier focus on organisational learning, intangible assets and the people-side of KM, early adopters were paper supplier Norske Skog, technology company Kongsberg Gruppen, and oil and gas firm Statoil. "Over time, these tracks have grown, expanded and merged," he says. "In addition, they have incorporated a financial perspective, and received support from government and research, which have helped create a healthy ecosystem for the ongoing development of a knowledge-based economy in Norway."

The current status of knowledge management in Norway is, according to Rangen, defined by the variety of approaches being taken. "Compared to many of my European counterparts, I find Norway has developed quite a *smorgasbord* of KM practices in both the theoretical and practical sides," he says. "Ideas, concepts and research flow easily across industry lines and academic fields in Norway, which is probably because we are a small nation. It gives us significant competitive advantage." To illustrate the variety of approaches taken, Rangen describes the schools of KM thought currently pursued. The IT perspective sees KM as explicit knowledge sharing through IT systems and still exists in some firms. "Merete Berg, CKO at Ernst & Young is helping to

build this field," says Rangen. "The technology viewpoint remains strong and has enabled the growth of the Norwegian KM Forum that focuses on technology and the impact of KM on the IT industry." The people-and-leadership or people-first perspective continues to gain ground and is supported in Norway by global leadership research from pioneers such as Jeffrey Pfeffer, professor of organisational behaviour at Stanford, Jim Collins, co-author of *Built to Last*,¹ and guru Karl Wiig.

Another important approach to KM in Norway is in the valuation of intangibles; much of the development here builds on the work of Baruch Lev, professor at Stern business school. In 2003, for example, the Norwegian Financial Analyst Association published guidelines for reporting intangible assets. "The guidelines have helped Norway's financial community take a leading role in Scandinavian intangible-asset management," says Rangen. Although much remains to be done, a number of companies have already published intellectual-capital reports, including industrial giant Kongsberg Gruppen and insurance firm Gjensidige Nor. Knowledge-intensive firms, such as professional-services companies, form another group that are adopting a strategic-management approach to understanding how knowledge management relates to their value-creation processes. Media companies, such as Schibsted and Dagbladet have made considerable progress in this area. Finally, Rangen describes the activation school of thought that focuses on the flow of knowledge rather than the stock held at any given time. "This perspective looks at how a company can increase the flow of knowledge between its structural, customer and human capital," he says. "Human capital and leadership are at the core of this school of thought. Over 45 Norwegian companies have started working with the BusinessIQ framework developed by the Norwegian Leadership Forum for Intellectual Capital."

Despite the differences among these schools of thought they are gradually coming together. For example, at BI – The Norwegian School of Management, the Institute of Organisation and Leadership was formed following the recent merger of the Institute of Technology Management and the Institute of Knowledge Management. Its aim is to increase the understanding of the knowledge-based economy in Norway. There is also a fusion of technology and people. As Rangen says, "The

Factfile: Norway

Area: 324,220 sq km
Capital: Oslo
Population: 4,546,123
Currency: Norwegian krone (NOK)
GDP: \$149.1bn (2002 est.)
Av. annual growth in real GDP: 1%
Structure of employment:
Agriculture 1.9%
Industry 30.8%
Services 67.3%

Forums:

- Knowledge Management Forum
<http://dataforeningen.no/ostlandet/km/>
- HR Norway (Forum for intellectual capital)
www.hrmorge.no
- Kunne (a knowledge-management research centre)
www.kunne.no
- Kunnskapstinget (A knowledge management conference in 2004)
<http://dataforeningen.no/ostlandet/arr/20040902.php>
- Enterprise KM 2004 - Europe (A study tour organised by Computas AS in co-operation with the Norwegian Computer Society, DND through the KM Forum)
www.computas.com

Business schools offering KM programmes:

- BI - Norwegian School of Management
www.bi.no
- Norwegian University of Science and Technology
www.ntnu.no

- Nord-Trøndelag University College
www.hint.no

Consultancies:

Most consultancies have some sort of IC and KM perspective. It is worth nothing that KPMG recently closed down its IC-consulting practice, due a lack of profitability

- Accenture
www.accenture.no
- Econman
www.econman.no
- Hartmark Consulting
www.hartmark.no
- IC future
www.icfuture.no
- The Human Capital Group
www.humankapitalgruppen.no
- Knowledge Management Consulting
www.kmconsulting.no

Norwegian Leadership Forum for Intellectual Capital and the Norwegian Consortium for Intellectual Capital are run as a joint venture between management consultants and the member-based organisation Human Resources Norway. This has helped us focus on the people side of KM."

Although knowledge-management and intellectual-capital initiatives have been taken up by the private sector, the Norwegian government has long been a champion of knowledge-based ideas through its funding of research projects, internally within its own operations and externally in its policies. "Interestingly, intellectual capital shows up in speeches and political programmes across the ministries," says Rangen. "For example, the minister of industry, Ansgar Gabrielsen, his secretary of state, Helle Hammer, the former minister of work and administration and even the minister of fishing have all been vocal ambassadors for knowledge management." Indeed, a speech given in March 2003 was entitled, 'Fish and intellectual capital - two sides of the same issue'. "Furthermore, a recent TV debate between the CEOs of Norks Hydro and Telenor, and representatives from government and national work unions, concluded that Norway's future is heavily dependent on developing and strengthening knowledge-based industries," Rangen says. "Due to the high costs of living and with one of Europe's highest tax rates, Norway needs to compete not on price, but on complexity and advanced methods of production, which includes knowledge-based industries, such as fish farming, telecoms and energy."

KM strategies are in place in public offices, both nationally and locally. Much of this has been through the implementation of IT-based KM systems for document-sharing and communications. The foreign ministry has even established a solution to extend knowledge management to Norwegian embassies around the world. On another level, the people side of KM is receiving much attention. "Many public-sector bodies are initiating learning forums, knowledge-transfer programmes between junior and senior employees, and organisational-development programmes focused on intangible elements such as trust, user engagement and knowledge sharing," says Rangen.

Cultural issues affect all knowledge-management initiatives and as a nation, Norway has its own quirks that in most cases help the development of its knowledge economy. As Rangen says, Norway is no different to other Scandinavian countries in its tradition of strongly democratic workplace cultures. "Extremely flat hierarchical structures

and open communications are essential for enabling a knowledge-sharing culture," he says.

"Numerous research projects have found that these environments foster an open dialogue and enable formal and informal knowledge management to take place." The media also have a role to play here and regularly discuss knowledge management and intangibles. However, as Rangen finds, the many different schools of thought and lack of clear definitions have resulted in confusing and often contradictory articles being published. "This aside," he says, "when looking at the bigger picture of the knowledge-based economy in Norway, the media frequently contribute to the debate in a very satisfactory manner and add to the shared understanding of what it means for us to develop into a knowledge-based economy."

Rangen believes that the development of KM in his country

has differed to other nations. "The main area I would highlight is the variety of perspectives adopted for KM, which include IT, finance, human resources and strategy, all working together," he says. "Second, we benefit from the government's strong and visible support." Rangen also acknowledges the hundreds of managers that grapple with knowledge-management and intellectual-capital issues on a daily basis in their organisations. "These people, at the sharp end of the process, are the true pioneers making academic research come alive through their engagement and intellectual curiosity," he says. "Without them we would remain locked in heated debates in our ivory towers."

Rangen is unsurprisingly upbeat about the future of knowledge management in Norway. "Not only is the concept of the knowledge-based economy gaining ground in the media, but it is also at the core of the country's future economic development and has the government as one of its strongest supporters," he says. Research is well funded and enjoys strong links with practice, which enables forums and conferences to thrive, and speeds up the application of new knowledge about intangible assets. One of the challenges facing KM raised by Rangen is not exclusive to Norway. "We call this the knowledge paradox," he says. "Companies need to balance their strategies based on industrial logic, but at the same time manage and grow their intangibles." Industry groups are however beginning to address this issue. Finally, Rangen says that organisations and academic institutions need to be aware that the overall field of knowledge management is still in its infancy. "At present we have a glimpse of how we can run knowledge-intensive organisations, which include knowledge sharing, intangibles reporting and making optimal use of your talent pool," he says. Compared to many nations, Norway is streets ahead with its development of knowledge management; however the country, its businesses and organisations face years of work across all functions and industries before they can claim to be a truly knowledge-focused economy. ■



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