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## Editorial

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**Biographical notes:** Eduardo Tomé received his PhD in Economics in 2001, with a thesis on the European social fund. Since then, he has worked in several Portuguese private universities. He has published more than 20 papers in peer-reviewed journals and attended more than 40 international conferences presenting papers. He runs MSKE 2009, ECKM 2010, MSKE 2011 and UFHRD Europe 2012 at Lusiada University in Famalicão (North of Portugal). His main interests are HRD, KM, IC and intangible analysis, if needed with an international or a social policy scope. In September 2013, he joined Universidade Europeia in Lisbon.

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The special issue of the *International Journal of Knowledge-Based Development* on managing services in the knowledge economy, a challenge for the 21st century, is based in the Second Edition of the MSKE Conference that took place at Universidade Lusiada de Famalicão, Portugal, in July of 2011. The idea behind MSKE 2011 was that in the 21st century, services are the main sector of activity in advanced societies and that knowledge is the main asset in those service-based organisations and countries. MSKE 2011 was a special conference because world reputed specialists from areas that do not usually get together met: mainly human resource development (HRD), knowledge management (KM), intellectual capital (IC) but also international economics, social policy and law. Furthermore, all those very respected scientists analysed the knowledge economy in relation with a multitude of sectors (logistics, banking, public sector, social media, and retailing) and social problems (ageing, innovation and entrepreneurship, consumer ethics, sustainability, and national cases) which are not usually brought together for the same conference. The precedent edition of MSKE, in 2009 had generated a special issue on *Journal of European and Industrial Training*. This special issue is therefore the second to be derived from MSKE Conferences and it helps to define the quality of MSKE 2009 and MSKE 2011. For this special issue, authors were invited to contribute, even if they had not been present in Famalicão. Thirty abstracts were received, which resulted, after much work in 18 finished papers. Of those seven papers were selected to this special issue.

The topic of managing services in the knowledge economy has become fundamental in science and in practice in the last two decades. Most of the analysis on KM, IC and HRD research effectively are based and related to applications in services (Tomé, 2011). The transformation from a 20th century organised industry-based economy in a chaotic, global and services driven one is a fact. The big problem however is how to make sense of that chaos. Several perspectives complementary perspectives may be used (Tomé and Gonzales-Loureiro, 2012). Nobody, however, discusses the dominance of services. But

more and more of us feel the need to join forces in a truly multidisciplinary effort to understand the phenomenon of services in the knowledge economy and to manage better the world we live in.

The special issue begins with Robert B. Mellor's article on the knowledge valley theory (KVT). Dr. Mellor is a former biologist that nowadays works in the Computing and Systems Department of Kingston University in London. His paper builds on his keynote speech in MSKE 2011. Dr. Mellor's paper starts from the known that that the service sector is characterised firstly by being over-proportionally based on small and medium-sized enterprises (SMEs) and secondly where these SMEs rarely possess formal intellectual property (IPR) in the sense of patents, etc. These organisations compete intensively and reap relatively short-term Schumpeterian profits by means of incremental innovation. In this high-churn environment, managing internal knowledge networks for 'mutual inspiration' can give rise to significant competitive advantages, however estimates as to the best timing, how much benefit could be reaped and considerations of the organisations knowledge framework for future development are, at best, vague. To answer this question, the Dr. Mellor's paper presents a three dimensions model-based growth, value and innovation called KVT as a novel knowledge-based view of SME development by using calibrated axes of innovation potential. This KVT appears to match and explain classical views of SME development. By attaching concrete values to growth stages, KVT may have many practical uses and be of value to consultants, as well as academics.

The second paper is from Fernando Belfo, from the Higher Institute of Accounting and Administration of Coimbra, Politecnical Institute of Coimbra, in Portugal. Dr. Belfo's work is important because it deals with the most important side of the knowledge economy, namely human capital. According to the author, organisations which are competing in a knowledge-based economy (KBE) will need professionals with singular qualifications and motivation. Furthermore, individuals should be on the centre of the conception of knowledge-based firms. The development of the KBE depends on the progress of knowledge careers and accordingly, the planning of adequate incentives especially oriented to knowledge workers. Therefore, the paper proposes a four steps virtuous cycle, composed of enhancing workers incentives, enhancing knowledge transfer and use, improving alignment and investing in organisational development. The virtuous cycle enhances organisational performance by one side and the development of knowledge careers, potentiating its opportunities, by another side.

The third paper which ends the theoretical part of the SI, is from Patrick Amadasun, from the University of Maryland University College, in the USA. Dr. Amadasun starts from the idea that "essentially, global managers have to develop extraordinary sensitivity to the significance of knowledge as a wealth generator and the fact that this construct is rapidly becoming the most crucial core competency for any organization." In this context, the author compares the current framework on KM based on inputs, processes and outputs, with an alternative framework centred in organisational homeostasis. This new paradigm is centred in the learning/knowledge actors, the receptors and the effectors. The application of the paradigm may generate swift adaptation to the environment, expanded working memory, superfast processing of information, and creation and sharing of intelligent knowledge. And fundamentally, this new construct can enhance organisational performance, prosperity, and survival through the effective management of its knowledge competency via a novel conceptual model which creates 'intelligent knowledge'.

The fourth paper was made by Susanne Durst and Stefan Wilhelm from the University of Liechtenstein in the Liechtenstein. The topic is not success, but failure. Durst and Wilhelm analyse the case study of a medium-sized firm in Germany and analyse how the company's managing directors responded to and behaved during an event that threatened the firm's existence. The study is based on social capital and organisational failure literature, discussed from a small firm perspective and illustrates the fragility of social capital. More precisely, it displays the issue of trust in times of financial distress. The findings indicate that discrepancies between the main actors were not very significant, as long as the organisation was successful. However, the true face of some of the organisation members came forth as soon as the performance declined and the firm faced the danger of organisational failure. Defences were put in place in order to 'save face' or maintain self-esteem. The individual concerned thus helped manage his own personal image and standing both internally and externally by blaming others. For Durst and Wilhelm, the case may be taken as a warning signal for other SMEs facing similar occurrences, particularly those firms that place a strong emphasis on the notion of solidarity, which is often found in small firms characterised by shared norms, beliefs and strong ties, respectively. The case also underlines that SMEs need to balance their investments in internal and external social capital. Both forms of social capital are important in order to reach business goals, yet need to be tackled differently. Finally, Durst and Wilhelm state that managers should recognise failure as a necessary prerequisite for organisational success; particular mistakes (and lessons learned from them) may give organisations the opportunity for improvement and organisational development.

The fifth paper of the special issue is by Carlos Fernández-Jardón, Ricardo V. Costa and Pedro Figueroa Dorrego, from the University of Vigo in Spain, and the High Institute da Maia (Portugal). The idea of the paper is to test the impact of structural capital on product innovation performance. After basing the hypothesis theoretically, the authors performed an empirical study in Portuguese SMEs. As a basic result, the authors found that product innovation management and strategy has a positive impact in innovative performance of SMEs. The same could not be said about the top management role or the corporate culture. Given the crisis Europe is going through, and the difficulties SMEs are facing, this is a rather important result.

The sixth paper is from John N. Walsh from Limerick University in Ireland. Dr. Walsh starting point is that service firms possess deeper expert knowledge which they co-produce and share with clients and which in turn tends to result in context specific knowledge. In this context, a key knowledge development capability of companies is codifying that knowledge to enable its efficient transfer without losing the specialisation and context specific nature from which its value derives. The paper presents a case study of a knowledge intensive service company providing product support for business clients' technical hardware and software problems through codification of solution procedures within their applicable contexts. Effects of codification on how service work is performed and how the client relationship is structured are examined. Dr. Walsh finds that increased codification resulted in workers engaging in a number of informal work practices which in turn improved the reuse of codified service procedures, increased their problem-solving capabilities and made the service provision function more efficient for the firm.

The SI ends with a paper by Anna-Maija Nisula and Aino Kianto from the Lappeeranta University of Technology, in Finland. The topic is renewal of knowledge in

the public sector. Nisuka and Kianto's starting point is the idea that the continuous change is an imperative that public and private organisations face alike and therefore, it is increasingly important to understand the capability of the public sector to renew itself. Therefore, Nisula and Kianto examine the need and challenge of a knowledge-based approach for development of renewal capability in the public sector context. Renewal capability is defined as the multiple organisational capacities for recreating and modifying intangibles through mechanisms of continuous learning and innovation and is here based on the model developed for private organisations. However, it is not clear if the model for private organisations is suitable for a public organisation context. The paper provides understanding of the assessment and development of renewal capability of public sector organisations, leading to the conclusion that, the model developed for private organisations context seems to be suitable for public context as well and also that it can increase the understanding of the development and management of public organisations renewal.

As a whole, the SI gives the reader a very updated and fresh view on the main issues on services management. First, we have a new theoretical model on innovation, and the analysis of the human factor and of KM, in what we may call the theoretical part, composed by the three main papers. Secondly, we have interesting analysis on failure, innovation in SMEs, specific knowledge and the public sector, with empirical data to support them. It is certainly not the end of the road, but we hope this SI will be a nice step in the right direction.

## References

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