

Knowledge Management Practices for Development - Slovak Model

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Abstract

Knowledge and its management, innovation and technology are key elements for economic growth and sustainable development in technology and globalization era. The purpose of this paper is to study the effects of best practices of knowledge management in Slovakia, attempting to present a model that may serve to improve access to knowledge management and technology in Albania. This paper analyses practices of research & development, intellectual capital, the link between knowledge, innovation and technology transfer and trends of economic development in Slovakia. This study has used the qualitative method, supported on secondary source of data. From the assessment perspective, the findings are believable that investing on intellectual capital and managing knowledge properly, stable effects on the development of economy, industry and other fields is reached. Knowledge is managed by higher scientific institutions supported by the state. Today, in Slovakia are operating the most powerful companies. Albanians possess human capital that may face the difficult technological challenges and innovations. Both, Albania and Kosovo governments need to create a more coherent and national access to knowledge management and innovation through the establishment of National Council of Science, Knowledge and Technology Transfer.

Keywords: innovation, intellectual capital, technology transfer, knowledge management, competitive advantage.

Introduction

Knowledge is considered one of most valuable assets, thus knowledge, its management and creation of innovation are strategic sources in today's era. Knowledge management today is an imperative for modern business, economic development and competitive advantage. Companies are continuously working hard to be differentiated by products or services. Main purpose of Knowledge Management (hereinafter: KM) is the maximal exploration of organization's intellectual capital and knowledge in order to increase efficiency. Drucker (1999) assessed the knowledge as an essential resource. He points out that the most important contribution management in the 21st century is to increase the productivity of knowledge work and the knowledge worker (Drucker, 1999). It changes, fundamentally, the structure of society. It creates new social dynamics. It creates new economic dynamics. It creates new politics (Drucker, 1993).

Nonaka and Takeuchi (1995), have analysed and synthesized perfectly the importance of knowledge management and innovation practices: How Japanese companies create dynamic innovations (Nonaka and Takeuchi, 1995). Japanese people value tacit knowledge. It is believed that Japan's sustainable competitive advantage and dynamism is based on its talent for innovation, on working hard, willing to break

with the past, dissolve fond attachments and invent the next great thing. KM is best described in the research of global network of professional companies from KPMG Consulting, "Knowledge Management Research Report 2000". While Stewart, editor of 'Fortuna' analyzes that "Intellectual capital is something that cannot be touched, but slowly makes you rich". The specific of knowledge is that, it cannot be spend, felt, touched, tested or seen (Banjamin, 2005). Knowledge is then transferred through channels to goods, to services and to production factors (workforce, technology, capital).

Kosovo and Albania economies may use the Slovak economic model for developing countries. Slovakia has 5,4 million inhabitants (July 2014) with an average age of 39, that is much older compared to the average population of Kosovo, which is 26.7 years old while in Albania the average age is 33.1 years old (Worldstat info, 2006). The country has skilled and cheap labour force, applies low taxes and no dividend taxes, it offers very friendly investment climate and other facilities and has a very favourable geographic location. The Slovak government has done a good of work on business friendly investment policies and it has facilitated the Foreign direct investments (FDI) to develop the economy and welfare of citizens. Foreign direct investments (FDI) with concentration in electronic, energetic and automotive industry, contributed to the economic growth of Slovakia. During the governance of Fico, pro-growth reforms were forced in order to support public finances. The biggest part of main privatisations of enterprises is already done. The creation of key institutions of capital market, offering services related to market development level is observed to be a positive consequence of privatisation. The services offered are the level of developed markets in accordance with the rules of the G-30. However corruption is one of the factors that impedes the economic growth, followed by another factor that is, slow resolution of disputes. The banking sector is mainly held by foreign banks, from Austria, Slovenia, Belgium, Italy and other countries.

In Slovakia, particular importance is given to the development of knowledge management application in practice. Managing with knowledge cannot be carried out with people who have no knowledge to deal with this complex process. For this purpose certain universities are linked with businesses to develop study programs according to production and market needs.

The implementation of knowledge management in practice and its link with industry and main economic development fields, for the businesses and organizations/institutions may include: return of investment to human capital. The proper evaluation, motivation and respect to people is of great importance as it creates a strong bond with staff members to jointly contribute to fulfill the objectives and remain in line with the mission completeness of organization or institution. This also enables the fulfillment of philosophy and achievement of goals of organization or institution. In today's globalization era, investing in knowledge and technology is the foundation for knowledge society and sustainable development concentrated in innovation and knowledge for gaining competitive advantages. But, the level of knowledge and technology depends on the technology infrastructure and capable resources and finances. The state policies are also important to enable people getting involved in technology but of most importance is the economic level of development

as it implies offering conditions and business as well as attractive environment to develop and upgrade skills and qualities.

In Albania, the youth is well equipped with the information technology knowledge, followed by different IT certifications. Kosovo Association of Information and Communication Technology, is established in 2008 by six founding member companies and supported by the Norwegian Ministry of Foreign Affairs, Crimson Capital and IKT Norge. Its purpose is to promote the converging interests of businesses and individuals in ICT field. In the field of higher education, UBT – a private university is a leader on robotics and industrial systems, computer sciences with mecatronics.

Purpose and objectives of the research

Main objective of the study is to point out the importance of Research & Development towards country development and economy advancement using Slovak model. Further objectives are:

- To define the framework of creation of successful program for knowledge management as one of the main factors for competitive advantage and country development;
- To define key holders and supporters of knowledge management, technology transfer and innovation programs or projects in Slovakia;
- To define key factors that have impact on successful KM programs based on the analysis of literature with practical cases implemented in Slovakia.

Analysis of findings - Slovak model

Slovakia transformed in the free market economy in 1989 and on 1st January 1993 achieved independence. Slovakia is a young country with a surface of 49,035 km² and is considered one of the economies with the highest increase in the EU and OECD. In the first part of 90's Slovakia had a slow recovery from communism, but with the new reforms on taxes, pensions, health and social welfare services it expanded further. Slovakia is one of the emerging markets in Europe and is a member of many international organizations including EU, NATO, OECD, UNESCO, WTO and INTERPOL. Slovakia has a high average of GDP growth. Because of this it is called the Central European Tiger. The cheaper, well-educated labor force, low tax rates (20% flat rate tax) and stable economy has attracted many foreign investors. Gabriel (2002), has studied experiences of Central and Eastern European countries, including Slovakia, in relation to innovation and technology transfer policies during economic transition taking into consideration the challenges faced in relation to EU enlargement.

During the transition process in Slovakia, the Constitutional Court had a key role. Long term objectives of the state called "Phoenix Strategy" are implemented through projects. Main financing agency is the Slovak Research and Development Agency. Other agencies were established with the aim of distributing funds and supporting scientific research and education, such as: Agency for Scientific Grants – VEGA (No

1/0047/11) - Conception of European Marketing and Segmentation of Common Market that is focused in the selection and implementation of marketing strategies to improve competition of Slovak companies.

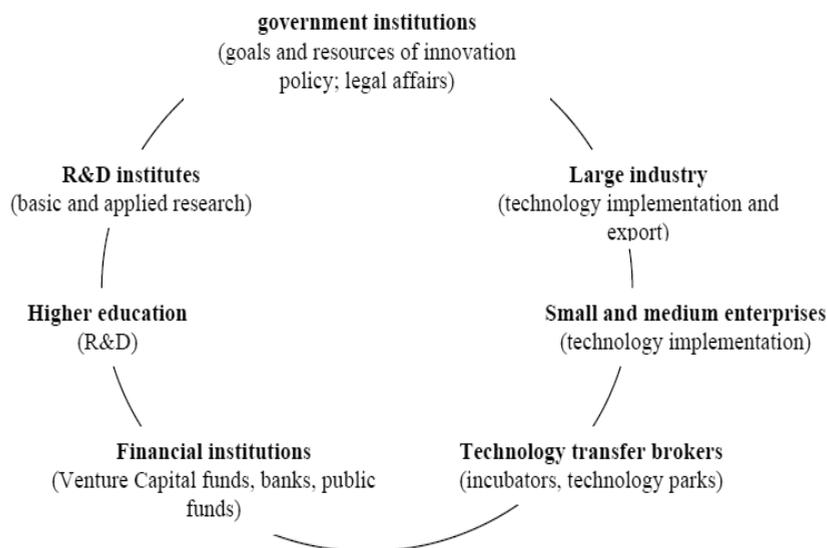


Fig.1. Technology transfer and innovation system participants (Gabriel, 2002)

Grant Agency KEGA–Cultural and Educational Grant Agency of Slovak Ministry of Education, is the internal grant system aimed at funding projects of applied research in the fields of education, teaching, creative and performing arts, which are initiated by investigators from public universities or the Ministry of Education, Science, Research and Sports of Slovakia. GAVV – Grant Agency of the Ministry of Education for Applied Research, and APVV – Agency for Research and Development, aiming to fund Research & Development with a co-financing coming from private sources. This Agency supports the establishment of private educational centers of excellence, in cooperation with universities and institutions.

The national technology system in Slovakia operates in a way in which the public universities, scientific and research institutions, including industrial research organizations and other participants (industry, small and medium enterprises, other stakeholders) provide the specific support services settled by clearly specified terms and led by the Ministry of Education, Science, Research and Sport in close cooperation with the Slovak Academy of Science. Technology Transfer Centre or SCSTI is the institution responsible for the implementation of agreed terms, requirements, obligation fulfilments and control of services provided within the framework of transfer technology supported by state policies. In Slovakia today operate the biggest companies, such as: Volkswagen, Peugeot-Citroen, Kia Motors, Siemens, IBM, Samsung, Sony, Matsushita, Dell, Albatel, Molex, Oracle, HP, SAP and many others. This enabled Slovakia to export cars, electronic equipment, iron, steel,

chemicals and other goods and services. Slovakia is ranked in the 23rd position in the world for achievements in technology. According to the Slovak Academy of Science, Slovakia is a leader in the region with 1706 engineers and scientists/in one million of inhabitants.

Conclusions

Knowledge economy in Slovakia is developed gradually on national and transnational level. KM development is supported by the state with policies, projects, financing and through the Slovak Agency for Research & Development. Today, Slovakia is fascinating the world with trends of development. The state offers a very friendly and stable business environment with property transfers of 0%, attractive crediting system and creating the legal conditions to encourage the private sector to raise expenses on Research & Development. Slovakia has established the Agency for implementing the financing of industrial research, experimental development and industrial innovations. The biggest companies today are situated in Slovakia offering jobs, programmes and scholarships for innovators and specialists in the industrial, electronics, IT, automotive, energy sector. In Kosovo and Albania knowledge is not enough evaluated, because intellectual capital is often closely connected with family, political parties and relatives. "Brain gain" programs in Kosovo and Albania have not shown desirable results until now also as a consequence of low salaries in the public sector. Albania and Kosovo need to reform the education system from the primary to the university level, creating vocational directions.

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