

## Chapter 26

# Knowledge Economy: The Implications of Intellectual Capital Management for the Library and Information Professions

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### ABSTRACT

*Intellectual capital is now widely recognized as key factor in organization success and as such is of relevance to libraries. Intellectual capital management, therefore, is of great relevance to library and information professions. However, the wider ramification of the relationship between intellectual capital management (ICM), knowledge management (KM), and library and information science (LIS) is yet to be properly exploited by LIS professionals. Without doubt, there is a dynamic and multi-faceted relationship. This chapter introduces key aspects of this relationship, and in particular potential synergies, conflicts in literature, pre-requisites for ICM implementation in libraries and challenges faced by the library and information professions. In the light of this, the author concluded that LIS professionals must see KM and ICM as an integral part of librarianship. More so, in order for LIS professionals to properly implement ICM practices, there is the need to acquire new management skills, strategic and policy-making skills, and have in-depth experience in the management of information. Finally, from the author's perspective, the success of ICM and KM in library organizations would require strong leadership and vision from top administration, which will influence the organization's sharing efforts as a culture.*

### INTRODUCTION

In this present age, knowledge and management of knowledge appear to be regarded as increasingly important features for organizational survival (Martesson, 2000). Hence, knowledge is a factor, whose successful application helps organizations deliver creative products and services. Today, organizations are fundamentally different as compared to organizations that existed in one or more decades ago in terms of functions, structure and style of management (Maponya, 2004). Emphasizing on this difference,

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it had been pointed out by Yu (2002) that these new organizations put more emphasis on understanding, adapting and managing changes and also focuses on capturing and utilizing knowledge to better serve their clienteles. It is obvious then that libraries and information profession is not left out in this scenario. The central argument around which knowledge management (KM) and intellectual capital management (ICM) is that people hold a wealth of knowledge and experience that are significant resources for an organization. Most of these knowledge is represented in a wide variety of organizational processes, best practices and know-how. However, knowledge is diffused and mostly unrecognized. It is important, therefore, for organizations such as libraries to know how such knowledge can be tapped and shared throughout the organization. This is the focus of this KM and ICM.

## **BACKGROUND**

The world has witnessed several revolutions. First, the green revolutions, which is as agro-centric. This was followed by the industrial revolution, where manufacturing was the order of the day. After this revolution, followed the information revolution where information was used as competitive edge among competitors<sup>1</sup> (Yomere, 2004). Today, we are in the era of knowledge revolution. In this era, knowledge is been accepted as wealth and intellectual asset used as competitive edge among competing organizations. This knowledge revolution gave birth to the knowledge economy in which we are experiencing changes or structural capital. According to an intellectual capital theorist, Adelman (2010) in his article explained that intellectual capital is customer capital and is composed of three main components: human, relational and organizational. Human capital represents employees' knowledge, competency and brain power. Relational capital refers to relations with customers, supplies, distributors, users and other related parties while organizational capital designates the organizational systems, culture, practices and processes (Adelman, 2010).

In the present knowledge economy (k-economy), knowledge dominates the society in all types of business pursuits as well as in their everyday lives. In the knowledge economy, knowledge is regarded as intellectual assets and the fulcrum of a nation's economy. Knowledge has become the preeminent economic resource replacing physical and financial capitals. It is a vital commodity to countries, businesses and individuals in the Twenty-First Century – age of the knowledge-based economies. Tangible evidence suggests that knowledge and information are capable of helping nations to achieve developmental goals (Kefela, 2010). The exponential growth of information in the new economy emphasizes attention on the relevance of managing knowledge- based assets in organization. In the new economic organizations knowledge-based assets such as knowledge embedded in individuals and organizations are considered as the internal capabilities of majority of organizations. Therefore, organization's performance and success depends largely on how well the organization manages its knowledge-based assets (Yomere, 2004).

One distinctive feature of the new economy has been its revolving nature around knowledge. As emphasized by Hadad (2017), in the new economy, intangible assets such as knowledge become the new core of competencies. According to Hadad, we are in a world where we are dealing with “cognitive domains”, where ideas are worth billions, while products cost less. No wonder Tapscott (2014) gave a detailed account of knowledge economy to include production of knowledge (both research and education), its use and diffusion, as well as the macroeconomic consequences of growth and social sharing of knowledge.

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