Chapter 7.19
Knowledge Assets, E-Networks and Trust

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ABSTRACT

Development of knowledge assets and protection of knowledge assets are both complementary and competing concerns for the contemporary business. Each has specific issues related to trust that need to be understood and addressed before an individual firm launches a knowledge management initiative. Further, with important contemporary trends such as enterprise systems, external knowledge management networks, and aggressive competitive intelligence efforts, decision-makers must increasingly evaluate their circumstances and establish the appropriate levels of trust between individuals and the organization and between cooperating organizations. This chapter reviews and elaborates on such issues. It then passes to a consideration of how these concerns might vary by industry, presenting selected data on knowledge development and knowledge protection conditions in a variety of industries.

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BACKGROUND: KNOWLEDGE ASSETS AND E-NETWORKS

A number of components constitute the knowledge assets of the firm. Although the field of knowledge management generally limits itself to intellectual property and the now fairly well-understood and well-accepted concept of intellectual capital, the basic framework can be easily extended to information and raw data with potential to become intellectual capital. This view is important, as both knowledge management systems and enterprise systems for Enterprise Resource Planning (ERP), Supply Chain Management (SCM), and Customer Relationship Management (CRM) typically extend throughout a firm and reach outward to all the members of its e-network. All aspects of intellectual property, knowledge, information, and data are routinely shared through these extended networks, a practice raising important questions about trust between organizations and among the individuals within them.

Table 1. Definition of terms

Data	**"Observations or facts out of context" (Zack, 1999b, p.46)**
Information	"Data within some meaningful context" (Zack, 1999b, p. 46)
Knowledge	"That which we come to believe and value on the basis of the meaningfully organized accumulation of information (messages) through experience, communication, or inference" (Zack, 1999b, p. 46). Also sometimes termed know-how, learning that takes place leading to individual expertise (Zander & Kogut, 1995).
Knowledge assets	Valuable, intangible assets of the firm. Personal knowledge, corporate culture, intellectual property or any other valuable organizational knowledge.
Intellectual property	Formalized knowledge assets, qualifying for a patent, copyright, trademark or other institutionalized protection mechanism.
Intellectual capital (IC)	Identified knowledge assets of the firm. The field of intellectual capital focuses on the identification, measurement, and management of these intangible assets. Includes IP and less formalized knowledge (Edvinsson & Malone, 1997).
Knowledge management	The practice of managing knowledge assets, focused on identification, capture, organization, sharing, and analysis. Closely related to IC, the differences are more in emphasis on measurement (IC) and management (KM).
Tacit knowledge	Knowledge assets that are personalized and hard (perhaps impossible) to communicate (Nonaka & Takeuchi, 1995; Polanyi, 1967).
Explicit knowledge	Knowledge assets that are captured by the organization, more easily communicated, perhaps stored in a formalized manner in an IT system or elsewhere (Choi & Lee, 2003).

Source: Erickson & Rothberg, 2008b

The discipline of knowledge management (KM) arose out of an increasing recognition that often the most critical source of competitive advantage is found in the people of an organization and what they know (Zack, 1999a, Grant, 1996). Intellectual property such as patents, copyrights, and trademarks is formalized knowledge and has been recognized for quite some time as being of value to an organization. KM developed as scholars and practitioners realized that firms possess countless examples of less formal knowledge assets that are also of value. Just because an innovative product or process isn't protectable by a patent doesn't mean it isn't worth something to the owner. From this basis came the related fields of knowledge management and intellectual capital (IC). IC is largely concerned with categorizing and measuring knowledge assets while KM focuses more on their identification, use, and sharing. These concepts and other definitions are summarized in Table 1 (Erickson & Rothberg, 2008b).

In the literature of the fields, several themes have been developed which are central to this paper. Initially, a well-known distinction exists between tacit and explicit knowledge (Nonaka & Takeuchi, 1995; Polanyi, 1967). Tacit knowledge is more personal, harder to express, and harder to share. Explicit knowledge is more structured, easier to express, and easier to share. In general terms, these distinctions have important implications for knowledge management systems as the processes for identifying critical knowledge, encouraging individuals to reveal it, expressing it, storing it, and distributing it can be quite different (Choi & Lee, 2003; Boisot, 1995). Although purely tacit and purely explicit pieces of knowledge are rare extremes, all of the variations of knowledge along a continuum anchored by these descriptors need management appropriate to their type. Generally, more explicit knowledge assets can be captured in digital form and stored in the KM systems run by information technology (IT) departments. Knowledge assets more tacit in nature are more likely to be identified by less structured means and are better shared person to person, when possible.