

KNOWLEDGE MANAGEMENT AND INTELLECTUAL PROPERTY IN THE ORGANIZATION

Dr. Dimitrina Papagalska

University of National and World Economy

Abstract. This paper aims to demonstrate the interrelationship between knowledge management and intellectual property management in the organization as a prerequisite for achieving and maintaining competitiveness in different types of organizations. Knowledge subject to management can refer to both processes of creation of intellectual property objects and in terms of their market realization. Among the characteristics of this type of intellectual property knowledge is that it is concentrated in experts in the field, either internal or external to an organisation, and that the intellectual property legislation and market are dynamic. These are just some of the premises justifying the importance of managing this knowledge for the purpose of maintaining the competitive advantage of organisations that own intellectual property assets. The author's thesis is that the management of an organisation's intellectual assets inherently involves the management of knowledge associated with them, but knowledge management itself is not limited to that associated with intellectual property. An interdisciplinary methodology is used, the approach is from the general to the particular. Complex, systemic, and structural approaches are used as well as the methods of analysis and synthesis.

Keywords: knowledge management; intellectual property; competitiveness; protection

Introduction

The existence of knowledge management mechanisms in the organization is crucial and a prerequisite for achieving competitiveness in various aspects of its operational and strategic functioning, as well as in terms of being able to sustain various competitive advantages. The competitive advantages themselves can often be linked to the intellectual property rights held by the organisation concerned or to its various activities, such as research, development, production, and other activities, which may produce results that could also give rise to intellectual property rights from the management of which the organisation can continue to draw assets. The

existence of an organisational knowledge management system does not necessarily imply that it relates to intellectual property, but in cases where intellectual property is central to the organisation's position in the relevant sector, the existence of such a system is strongly recommended.

Knowledge management in the organization

Tom Davenport defines knowledge management as the “process of capturing, distributing, and effectively using knowledge” (Davenport 1994). Four years later Bryant Duhon extends that definition and refers to knowledge management as a “discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an enterprise's information assets” (Duhon 1998).

By introducing the concept of knowledge management as a complex system of steps preceding knowledge management itself, Duhon places emphasis on the fact that knowledge is not always in an obvious form, sometimes it needs to be extracted, then evaluated before proceeding to its eventual management. His concept also includes the need for all an organization's information assets to be covered by the discipline of knowledge management. That is, in addition to being identified or extracted, it is imperative that they be evaluated to make an informed decision as to how important these assets are to the organization and its market position. Only then could we decide whether to treat this information as knowledge and therefore whether to manage it as such. Duhon provides a non-exhaustive list of these assets. These are databases, documents, policies, procedures, and previously un-captured expertise and experience in individual workers, etc.

Duhon places special emphasis on the individual as the source of knowledge, i.e. on intellectual capital, which in turn is the basis of intellectual property. Even in an era in which artificial intelligence is gaining in popularity and raises questions relating to intellectual legal aspects and the possibility of substitutability of human resources partly or wholly with AI, Karim Lakhani, a professor at Harvard Business School who specializes in workplace technology and particularly AI, says that “AI is not going to replace humans, but humans with AI are going to replace humans without AI”¹. In this sense, regardless of the type of organization, business, NGO, innovative, creative, research, etc., intellectual capital is the basis of its existence and development and is therefore a prerequisite for the existence in the organization of knowledge and intellectual property to be managed.

Based on the presented definitions on knowledge management, knowledge management in the organization can be defined as the process of identification, systematization, use (including its transfer) of information assets acquired internally or from external sources.

For the purposes of this paper, it is important to define the term ‘knowledge’ itself. Edna Pasher and Tuvya Ronen divide the levels of knowledge as shown on figure 1.

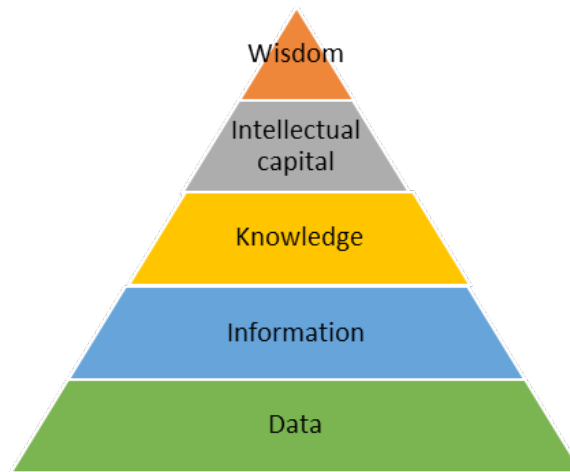


Figure 1. Levels of knowledge

Source: Pasher, E.; Ronen, T., 2011. *The Complete Guide to Knowledge Management*, John Wiley & Sons Inc.

At the very bottom of the pyramid is the **data**. This is the raw material of knowledge management. Once we process that data and clear it of errors we climb the pyramid to the next level – the **information**. Information itself does not give us guidance on what issues/cases we should address or how. To do so, we need **knowledge** – experience and expertise joined with the data and information from the levels below. Once we have the knowledge, we are capable to solve problems and create value (intellectual capital). Climbing up the pyramid we get to the **intellectual capital** – it includes the knowledge of the organization, including: the set of established work processes and policies; knowledge of customers, partners, suppliers, etc.; knowledge of intellectual property objects. At the very top of the pyramid is the **wisdom** – the ability to identify which knowledge has the potential to be turned into intellectual capital. That is where we put the knowledge into practice.

The concept of knowledge management is being recognized by more and more organizations that apply its basic principles in the organization of their activities, including through the development of strategies for its management. For example in the field of regional and international intellectual property organizations, European Patent Office conducts activities for encouraging knowledge transfer within the organization and user community – organises training for its staff, provides access to databases, resources, tools and learning opportunities, etc.² The World Intellectual Property Organization has a dedicated unit in this area – Knowledge Management and General Services Division as well as a Knowledge Management Strategy for the period 2015 – 2018³. A separate study of the author will focus on

the existence or not of such a system in organizations in Bulgaria whose subject of activity is related to the management of intellectual property rights.

Meanwhile, globally, Global strategic business report estimates the global market for knowledge management at US\$558.4 Billion in the year 2022, and it is projected to reach a revised size of US\$2.1 Trillion by 2030. According to the report among the key companies in the knowledge management market are Amazon Web Services, Inc., Atlassian Corporation Plc, Bitrix, Inc., Bloomfire, BMC Software, Inc., eGain Corporation, Ernst & Young Global Limited, eXo Platform, Freshworks Inc. and IBM. The report presents the analyses for a total of 210 featured competitors.⁴

To support organizations to develop their knowledge management systems, the International Organization for Standardization published the first edition of ISO 30401:2018 Knowledge management systems Requirement in 2018⁵. The document is currently under review and ‘sets requirements and provides guidelines for establishing, implementing, maintaining, reviewing, and improving an effective management system for knowledge management in organizations. All the requirements of this document are applicable to any organization, regardless of its type or size, or the products and services it provides’⁶. In its current edition, the standard draws attention to subjects such as context of the organisation, leadership and commitment, planning, support, performance evaluation and improvement.

Knowledge management and competitive advantage

In order for knowledge to be relevant to the organisation, and to make sense of its management, it must be one that can bring us advantage or is already bringing us one. Krushkov points out a non-exhaustive list of those parameters of an organization’s activity that can be the basis of its competitive advantages. These are “the innovativeness and security of corporate knowledge and working standards; the innovativeness and security of corporate technology; ... identification and protection of intellectual property, manufacturing and trade secrets; ... secure accessibility to corporate networks and business data” (Krushkov 2020).

Competitive advantage is defined in the Cambridge Dictionary as the “conditions that make a business more successful than the businesses it is competing with (or a particular thing that makes it more successful)”.

In practice, the definition could be extended to cover the activities of NGOs, not necessarily and exclusively those of business organisations. For example, some philanthropic organisations have specific know-how in terms of grant management that can save them time in the different stages of announcing a call for proposals through the selection of projects to be financed, and until the moment when the impact evaluation of the project activities takes place. They may also be transparent, with streamlined but well-structured funding application and reporting processes, making them a philanthropic organization preferred by beneficiaries over others.

On the other hand, among non-governmental organizations engaged in fundraising can be distinguished those that structure their project proposals more clearly, in accordance with their subject of activity and the presence of the necessary focus, expert capacity, etc., and do not fit their project proposal based on a call for proposals, and in this way risking to compromise or even low-quality performance of the activities due to the absence of the aforementioned.

What business and non-governmental organizations have in common in these cases is the presence of knowledge specific to their subject of activity, which is also their asset and as such can be managed to achieve and maintain the appropriate level of competitiveness. The presence of a knowledge management system in these organizations is a prerequisite for being able to compete successfully with others.

Very often the asset that can result in gaining that competitive advantage is in fact intellectual property, and as it came out, it is always connected with the human capital.

Intellectual property in the organisation

Intellectual property objects are an intangible asset of the organisation and always originate from the organisation's own human resources or from those external to the organisation. The management of an organisation's intellectual assets includes the management of the knowledge associated with them. From the identification of the relevant objects as those to be protected through the intellectual property system, through the processes of obtaining the relevant protection, its maintenance in operation, the exercise of the rights that flow from that protection. In addition to the owners of these assets, the rights to them may also be exercised by third parties who have acquired these rights in the manner provided for or exercise them within the limits of free use provided for by law. For some organisations, such as research ones for example, intellectual property has a recognised role and importance. The result of the activities of these organisations are often innovations that could themselves be protected as patents and utility models, for example, but also as objects of copyright or even kept as trade secrets. The role of knowledge management in these organisations regarding these intellectual products is undeniable and visible, both for their protection and for their subsequent commercialisation.

In the creative sector, knowledge management is also relevant to the processes of creation and use of various creative products, which may be protected as intellectual property objects but also contain other intellectual property objects. Take, for example, a creative sector organisation involved in the production of television series. The episodes that this organisation produces are subject to copyright and related rights. Among the necessary knowledge to be managed in this case are those on the type and content of the contracts to be concluded with the rights holders involved in its creation; with the rights holders whose works are included in the episodes themselves; the specificities of the creation, marketing and promotion processes during which other intellectual property objects are generated – trailers and

posters, for example, etc. However, in addition to copyright and related rights, it is very likely that there will also be industrial property objects in the series – a title that is registered as a trademark, for example, or there will be product placement in the episode featuring products of specific brands or with registered industrial designs and appellations of origin.

As regards the commercialisation of intellectual property, the issue of competitiveness is also a key issue in satisfying the drive for high financial performance. Nachev explores the competitiveness-financial performance relationship in the film industry and concludes that ‘in the realization of intellectual property, through the film product, in order to be financially efficient and for the sector to be relatively independent of government support, products must be created that are competitive in global markets, with the goal of maximizing financial performance’ (Nachev 2022). Another relationship, that between competitiveness and the development of digital technologies, is explored by Strijlev ‘the radio market can be in positive symbiosis with the use of radio’s contacts with social networks, with Internet search engines, with mobile technologies’ (Strjlev 2019). The ever-evolving market and digital technologies, determine the need for flexibility and adaptability in the management of intellectual property, and thus knowledge management in the organization.

However, knowledge management is also relevant for organisations that do not create such objects but manage intellectual property rights in their activities. For example, a television organisation may not be the producer of a television series that it broadcasts, but it must have the rights to broadcast the from the relevant rights holder (if those rights have not expired). The need to arrange these rights on a contractual basis is itself knowledge that the organisation must have, whether relying on internal or external expertise. Just as organisations creating intellectual property must have knowledge of whether and how they can protect intellectual property, especially where it gives them a competitive advantage.

For the purposes of this article, it is important to note that intellectual property objects are not solely relevant to the creative and innovation sectors. Most organisations in the modern economy, even those outside the creative and innovation sectors, own so-called business identifiers such as a website and domain name. In her research, Todorova presents industrial design as a means of protecting these business identifiers, stating that this particular intellectual property object ‘opens new horizons and provides robust and hard-to-circumvent protection’ (Todorova 2019). Among other business identifiers of these organizations, their products and services can also be distinguished. For example, their trade names could be protected as trademarks or service marks, and their products or components as industrial designs.

The link between an organisation’s activities and its intellectual property system implies a thorough knowledge of the field, which in turn implies linkage and synchronisation with the organisation’s knowledge management policy. If this policy implies the free sharing of knowledge, for example, it would be logical that

intellectual property objects should also be freely used. For example, some educational and research organisations have their own print and/or electronic publications which are distributed free of charge, but in which the authors of the works included in them are necessarily acknowledged and the same are not changed without their explicit consent. Similarly, many publications, as a matter of policy, only accept for publication works that have not been published elsewhere. On the one hand, to provide their audience with access to exclusive content and, on the other hand, in order to protect themselves from possible negative consequences if the act of publishing a work already published by another publication violates the contractual relationship between the author and the first publisher that published the work in question.

Conclusion

Knowledge has an increased role both in society and in the economy. According to the Global strategic business report the global market for knowledge management accounts at US\$558.4 Billion in 2022, and it is projected to reach a revised size of US\$2.1 Trillion by 2030. The economy can increasingly be categorised as knowledge-based one – it ‘uses knowledge as the primary tool to produce new economic benefits or maximize existing ones’.⁷ Knowledge-based economy focuses on the intangible assets of the organizations which include intellectual property assets which can be managed in a way that can bring competitive advantage to the organization that owns them. However, we shall never forget that as Edna Pasher and Tuvya Ronen concluded that: “Knowledge is the core competence of an organisation that can be strategically managed for organizational success. But it is wisdom (the ability to identify which knowledge has the potential to be intellectual capital) that is worth investing in and developing because there are good chances that it will generate the future’s most desired outcomes” (Pasher, Ronen 2011).

NOTES

1. Interview with professor Karim Lakhani for Harvard Business Review, 2023, available at <https://hbr.org/2023/08/ai-wont-replace-humans-but-humans-with-ai-will-replace-humans-without-ai>.
2. For more information: <https://report-archive.epo.org/about-us/annual-reports-statistics/annual-report/2018/insights/knowledge-and-expertise.html>.
3. No strategy for the next period is currently available on the official WIPO website.
4. For more information: <https://www.researchandmarkets.com/report/knowledge-management>.
5. ISO 30401:2018 Knowledge management systems, available at: <https://www.iso.org/obp/ui/en/#iso:std:68683:en>.

6. For more information: <https://www.iso.org/obp/ui/en/#iso:std:68683:en>.
7. <https://www.oxfordreference.com/display/10.1093/oi/authority.20110803100041196>.

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✉ **Dr. Dimitrina Papagalska**

Intellectual Property and Technological Transfer Department
Business Faculty
University of National and World Economy
Studentski district
19, December 8th St.
1700 Sofia, Bulgaria
E-mail: dpapagalska@unwe.bg