An Investigation of the Relationship Between Intellectual Capital and Knowledge Transfer: An Exploratory Case Study of Taiwanese Bands

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ABSTRACT

In this newly competitive and dynamic knowledge economic era, knowledge becomes the most important capability for enterprises. As a part of the cultural enterprises, the music industry produces cultural products that are nonmaterial, aesthetic and expressive for audiences and consumers. The report on the artistic and cultural fields from the European Union illustrates that the importance of the creative industry increases day by day in recent years. However, the studies of intellectual capital and knowledge transfer mostly focused on the high-tech industries. In this study, the researchers adopted a case study to explore how the knowledge transfer among music band members and intellectual capital's effect bands. Based on the interviews, the researchers found that human capital is the fundamental of a music band and organizational capital, and it influenced the transfer of human capital. The authors further discuss the implications for bands and the for music industry to promote knowledge transfer and build their intellectual capital.

Keywords: Bands, Intellectual Capital, Knowledge Transfer, Music Industry, Taiwanese Bands

INTRODUCTION

In the era of Knowledge-based economy and highly competitive and diversified society, knowledge has become the most important core competence. It is believed that knowledge has replaced Labor, Natural Resource and Capital as the major factor in business today (Drucker, 1993). Many international enterprises (e.g., TSMC, Winbond, and Microsoft) implement knowledge management to create and maintain...
their competitive advantage (Shen, Lee, Tsai, & Chen, 2009a). Includes knowledge sharing and organizational learning (Kumar & Thondikulam, 2006). The processes of knowledge management were classified into four steps: knowledge creation, knowledge storage/retrieval, knowledge transfer, and knowledge application (Alavi & Leidner, 2001). Among the four processes, knowledge transfer is the competitive resources of the organizations. Senge (1999) indicate that “Without sharing, knowledge will fade away quickly.” In order to apply knowledge to cope in the rapidly changing environment, employees should share and transfer their own knowledge to further cooperation.

Music is a kind of cultural product, which is nonmaterial (Hirsch, 1972). In the music industry, skills and knowledge are mostly tacit and not easy to be discovered or recorded. Since 1920, revolutionary recording technology caused the music industry to be commercialized and to produce the most dazzling and important products in the arts or culture industry. Because of material affluence, people look for a higher level of spiritual life, so the arts and culture industry has become a part of modern life. Different from the traditional large-scale orchestras (e.g., symphony orchestra) of more than 40 members, people today may choose to perform with a band (three persons or so) or individually. In the steep competition of the music market, hundreds of underground bands exist in each country, each hoping to obtain the audiences’ affirmation for their style and music characteristics. Over the years, these bands have been the object of youthful affection. However, it is a universal phenomenon that a band’s life cycles have become shorter. Many excellent young musicians are emerging year by year. Many bands choose to disband finally. Facing new challenges and sustainable development in the music industry is a problem in this field. Composing representative songs uninterruptedly is the consistent goal of the band members. Band members have to keep on learning and sharing constantly then continuously develop their own style and infect the audiences.

The previous research on intellectual capital and knowledge transfer has been most concerned about the knowledge transfer in high-tech industries (Shen, Lee, Tsai, & Chen, 2009b), and has rarely explored tacit knowledge, such as culture and arts industry. In addition, many researchers have raised the issue of knowledge transfer; however, they focus more on how knowledge transfer that may lead to value creation, rather than the factors facilitating knowledge transfer per se (Haspeslagh & Jemison, 1991; Bresman et al., 2010). Due to the lack of research on knowledge transfer in the music industry, the authors in this study adopted case study to explore how knowledge transfer among music bands members and intellectual capital’s effect on bands.

**INTELLECTUAL CAPITAL**

Intellectual capital is the source of creating an organization’s distinctiveness. Steward (1997) proposed that intellectual capital is knowledge, information, intellectual property, experiences, and any material which may create fortune. That is, the intellectual capital is the sum of knowledge and ability which brings the competitive advantage from employees and work teams. Intellectual capital is a kind of knowledge, practical experience, organizational technology, customer relationship, professional and technical mastery (Edvinsson & Malone, 1997). It leads to enterprises having competitive advantages in the market. They take Skandia (Sweden’s insurance and financial company) as an example; this company has noted the value of its intangible assets for a period of time. Edvinsson and Malone mentioned that intellectual capital is divided in to human capital and structural capital. Human capital comprises the integration of the company employees’ knowledge, technology, innovation and ability to control their own tasks; structural capital includes hardware, software, databases, organizational structure, patents, trademarks, and all the things that support the staff to maintain the organizational capacity of the productive forces.
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