Chapter 16
Overcoming Reticence to Aid Knowledge Creation Between Universities and Business: A Case Reviewed

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ABSTRACT
This chapter argues the case for a proactive process to facilitate knowledge creation between universities and small to medium size enterprises (SMEs). Cultural issues dictating reticence of engagement are discussed as well as the inhibitors that prevent the free interchange of knowledge. The chapter shows how reticence can be overcome by serving the needs of both parties and how knowledge created through successful interaction can be measured. The knowledge creation process itself is analysed in the context of Nonaka’s SECI model. The chapter concludes with recommendations for the reader on areas for public investment to enhance the knowledge transfer process and provides lessons learned for the measurement of knowledge transfer at these interfaces. The outcomes are of value to those interested in the continuing applicability of Nonaka’s work outside of the heavy industrial context as well as to those interested in the traditional problems associated with knowledge transfer between universities and SMEs.

INTRODUCTION
This chapter’s objectives are to convey to the reader, the current issues around culture and process relating to proposed knowledge transfer activities between universities and SMEs; to review a case of successful knowledge transfer activity and to suggest areas in which future improvement activities can be made which will help reticent parties move to a successful knowledge transfer.

In an environment where access to knowledge is promoted by government (Lambert 2003) but where senior managers in the public and private sector are encouraged to recognise and protect their tacit assets (UK Intellectual Property Office 2008), a dichotomy of reality is emerging between
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the economic needs of government and business and the needs of universities to grow and protect their tacit knowledge in order to compete amongst themselves. Kutinlahti (2005) found that the major challenge that universities face was the integration and simultaneous accomplishment of their knowledge creation, knowledge dissemination and knowledge exploitation functions.

In an environment where universities are encouraged to aspire to research excellence and thereby compete with peers, to spin out their own businesses where it is advantageous to do so and to work with small businesses to help them innovate, effective processes for selecting businesses with whom to work have never been more important.

Section 1 describes the political background to the current emphasis on business-university engagement. Section 2 describes the cultural theory that applies in this context; Section 3 describes the theory of innovation and knowledge management and how this relates to university-SME interaction. The work of Nonaka is overviewed to understand whether this existing model of knowledge creation is apt for this circumstance. Section 4 describes a real case of successful university – SME engagement and proposes a model for successful university – SME interaction that can be used to maximise the benefits of sharing tacit knowledge while retaining and growing independent competitive position. Section 5 concludes with a discussion of lessons learned from a three year project which has attempted to reconcile the views and working practices of universities working together – each exhibiting its own culture and priorities – and that of SMEs wishing to both access and benefit from tacit knowledge of academics. Conclusions are drawn on the appropriateness of using Nonaka’s framework in this juxtaposed cultural context, and anomalies are discussed.

BACKGROUND

In 2003 the United Kingdom (UK) Government’s Lambert report purported:

“It is clear that much more needs to be done to persuade business of the economic benefits to be gained from innovation, and of working in collaboration with university departments to achieve this goal. This applies especially to [Small to medium sized Enterprises] (SMEs), which have few resources to risk on reaching out to find new ways of developing products and services.” (Lambert 2003, 142)

The UK Department of Trade and Industry (DTI) responded to Lambert describing how companies had reported that support for innovation was patchy and inconsistent; confusing; lacking in specialist advice (innovation, design and marketing); bureaucratic and long-winded; and remote. This represented a challenge to the author. Firstly to overcome the perceived level of existing service; secondly to identify companies that could benefit from university help, and thirdly the engagement process – access - itself.

It was clear from the outset that both sides had reservations in working together. Career academics were often adverse to entrepreneurial opportunities preferring to engage with other academics and students as opposed to business. There was an errant scepticism around what Duberley, Cohen et al. (2007) describe as the ‘triple helix’ of university-industry-government in that it had been associated with significant reductions in government funding and an increased emphasis on adopting a more ‘entrepreneurial’ approach. Duberley, Cohen et al. explain that this approach emphasises the generation of research income, greater collaboration with industry and a strong