Chapter 12

Educating and Training Organizational Knowledge Workers in Evaluating and Managing Intangible and Knowledge-Based Assets in the Knowledge Economy

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ABSTRACT

This chapter discusses the importance of training workers about the intangible assets in a knowledge economy, the nature of intangible assets, how they are different from other assets, and the concepts of a knowledge workforce in a knowledge economy. It is apparent that many organizations are engaging the services of knowledge workers, but such organizations do not provide enabling environments for these workers to be fully productive. This chapter looks at the relevance of training knowledge workers in identifying intangible assets for creating value and enhancing competitiveness and innovation in a knowledge economy. Given that it has always been difficult to gather the prerequisite information to manage such assets and create value from them, the chapter discusses the nature of intangible assets, the characteristics of a knowledge economy, and the role of knowledge workers in a knowledge economy. Training and education of knowledge workers must not be taken for granted. The chapter also discusses how training and education of knowledge workers may enhance their ability in identifying intangible assets in relation to capturing the value of such assets, the transfer of intangible assets to other owners, and the challenges of managing organizational intangible assets. In a knowledge economy, knowledge workers play a central role in managing and evaluating intangible and knowledge-based assets.

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INTRODUCTION

With the rapid transition to the knowledge economy, workers categorized as knowledge workers are increasingly assuming crucial roles. In the knowledge economy, knowledge workers constitute an important part of a firm’s intangible assets and form key sources of competitive advantages. Many are those who work as knowledge workers but have not been specifically trained as knowledge workers. The central issue is how organizations may develop appropriate training and education programmes and strategies for knowledge workers so as to attract and retain them, maximize their performance, and therefore enhance the intellectual capital of profit and nonprofit organizations in the knowledge economy. The section which follows discusses the concept of a “knowledge economy” and how such an economy differs from other economies such the industrial economy and the agricultural economy.

The Concept of a Knowledge Economy

What constitutes a “knowledge economy” and how different is it from other types of economies? The “knowledge economy” is a recent phrase in management literature that denotes the importance of knowledge management in economic growth and sustainability. To understand why knowledge management has grown in importance in recent years, it is necessary to look at the economic context within which it is developing (Morrow, 2001). The knowledge economy involves consideration of networked economy and the role of information and knowledge in economic performance. According to Morrow, networked and/or knowledge economy share common themes: (1) that developments in technology, especially information and communication technologies, are altering the economic bases of, at least developed countries; (2) that the key industries in this new economy are knowledge-intensive and heavily dependent on knowledge workers; (3) as a consequence of globalization, competitive advantage between nations rests on the extent to which they can develop their knowledge industries and knowledge workers; and (4) that the knowledge component of all industries is increasing and value added comes from the substitution of physical resources for intangibles.

Davenport and Prusak (1998) emphasize that production of ideas and not goods is the source of economic growth. Morrow (2001) credits technology with facilitating growth in that it allows ideas in the form of techniques, research results, protocols, etc. to be globally distributed. Technology has also enabled industries to globalize and relocate to take advantage of low-cost, low-skilled labour elsewhere, while still coordinating and controlling operations from home base. Technology has further facilitated the development of a new range of industries based primarily on the production of information and knowledge.

Skyrme (1999) identifies some characteristics of a knowledge economy: every industry is becoming more knowledge intensive; industries are using knowledge to produce “smart products and services” which command premium prices; the market value of most business organizations is several times higher than the value of their physical assets as recorded in their balance sheets; and that trade in intangibles has come to mean that there is a growing range of intangibles that are traded in their own right.

Tissen, Andriessen, and Deprez (1998) identify certain signs of the presence of a knowledge economy as:

- Growth of technology-driven companies, with a major knowledge component are outgrowing almost every other company
- Many traditionally industrial companies—those designed and built to produce physical products—are being forced to knowledge products and services
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