"Ethical labyrinth in the period of knowledge acquisition and sharing of knowledge management systems"

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Abstract

To create a knowledge management system within a company is a very demanding goal. Organizations have to satisfy a lot of demands and prerequisites to make an operable system which can support management and which can realize business success. Knowledge management is influenced by organizational culture, by leadership and by people's attitudes – and this can obstruct knowledge acquisition and sharing, or can facilitate business success. It means that the business's ethical questions have to be managed and problems in this area have to be solved. Most companies do not deal with ethical questions. If they do deal with them, ethical problems will be the center of attention only in the external relationships of companies.

According to a famous management slogan, "first we have to make order inside the company" (Oakley & Krug, 1997). Internal order will bring along order in external relationships, too. This means that you should make order first in your internal processes, systems and human relationships from the point of view of ethical problems. This paper approaches ethical problems theoretically, which can help in coming up with the creation and actuation of a knowledge management system to continue empirical surveys. These questions will be created at the end of this theoretical paper. On the basis of these questions it will be conducted an empirical survey at some companies.

Keywords: trust, ethics, knowledge, knowledge management, business success.
JEL Classification: M00.

Introduction

The twenty-first century is the age of the knowledge-based economy, where real value resides in human knowledge and related skills.

A current question in most countries of the world is how we can become a knowledge-based economy? What is needed to realize a knowledge-based society, to create a culture which is suitable to support the expectations of this new behavior?

One of the critical questions, with each type of knowledge acquisition, is how and from whom we can get it. The other critical question is what kind of willingness we have to have to share this knowledge with other people, and what kind of willingness we should have to make it a common value, to form and expand organizational memory. These features of our behavior are noticeable from our early lives and will change depending on the changing of culture, the effect of our environment and the characteristics of different ages.

The economy of the knowledge age offers limitless resources because the human skill to create knowledge is limitless as well. Human production can be seen as knowledge creation and sharing can be seen as knowledge creation together with customers.

Nowadays the knowledge management system is the most often mentioned management system. The foundation and operation of the management system at an organizational level makes it possible to create, share and use knowledge for individuals and teams, and allows them to reach their business purposes. This system has the primary aim of bringing up tacit knowledge. To put it in a different way: it is a management tool which handles the different types of knowledge to create business results and advantages in competition in the market. This view stems from the approach that human knowledge and experience are the most valuable resources.

The intention to share knowledge is not without problems as nowadays employees can be uncooperative and encourage rivalry. What can restrain this natural rivalry among employees? First of all, common aims and a cooperative atmosphere can help considerably. Furthermore, the pursuit of making a name for ourselves, the awakening of participation or the realization of mutual advantages, are all sources of change. All in all the organizational culture supports knowledge sharing.

From the point of view of knowledge management the most important elements of organizational culture are **trust**, **communication** and **learning** (Davenport & Prusak, 1998).

These basics can be summarized in a pyramid which shows the expected qualitative features of organizational culture (Figure 1).

Without trust the above mentioned knowledge sharing is just an illusion. It can be seen that if the basis is missing, the peak cannot be built anywhere, namely business success will not occur (Barta & Tóth, 2000).
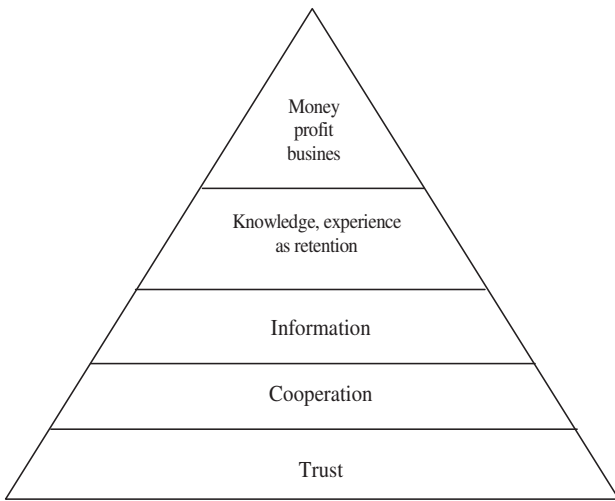
Fig. 1. Expected qualitative features of organizational culture

Trust is rewarding for everyone. It is the same in every area of business life. If I trust my partners and I believe that they will not play me false, if I trust my employees and I believe that they work hard and fairly, I can relax and sleep peacefully, and in this way I can save money and time. As we know, there are two types of contracts. One of them is a formal document with signatures and the other is confirmed morally by a handshake only. The document will be important only if somebody behaves in a different way from what is written in the contract. If things run in the right direction, oral agreements are important and the partners' aim is to keep agreements. As long as everybody keeps the agreements, there are no problems. Everybody is satisfied and can sleep peacefully. Of course problems might arise alongside with the fairness of partners' behavior, but as long as everybody works towards a common purpose and wants to make sacrifices, nobody will be concerned about minor issues. If a cultural background is available as a prerequisite, the system building can be started. The knowledge management system consists of some steps which are in close connection with each other. It is shown in the next figure (Figure 2).
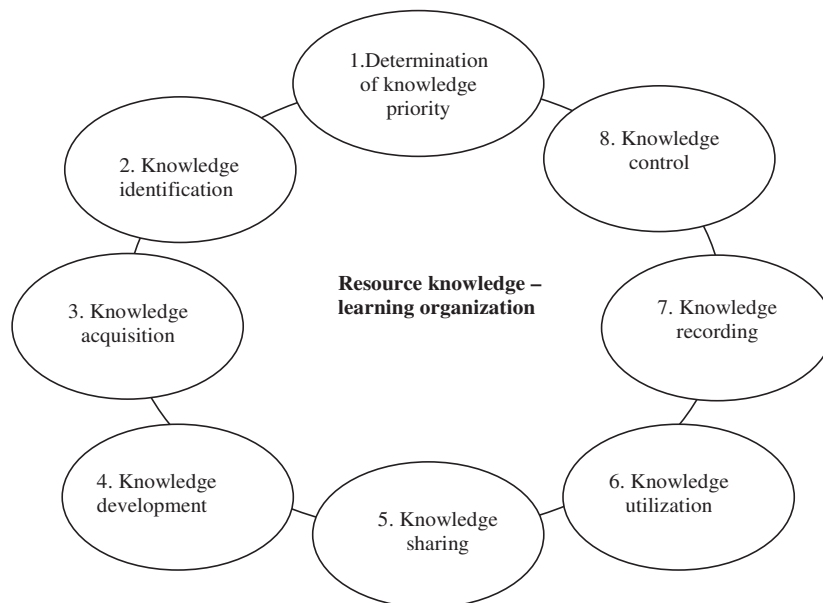

Fig. 2. Steps of knowledge management system

This system consists of elements which are linked to each other, but to build a suitable organizational culture is a critical background and two steps away from the most critical phases of this system, which are knowledge acquisition and sharing (Davenport & Prusak, 1998).

1. Two sides of the most critical step: knowledge acquisition and knowledge sharing

Knowledge sharing has a prerequisite that participants should talk the same language. It is indispensable to create a mutual understanding and trust. This does not mean traditional language only, but professional language and competencies, too. Personal communication is very important as well. Physical closeness, having the same field of interest and shared experiences contribute to employees getting closer to each other. They can then put themselves into others' trust, and can show more willingness to share their knowledge and advice. It might occur in some cases that written documents are not enough to share information because there is a lot of knowledge which cannot be written down or told in the same way as it operates in real life (this is especially true in the case of tacit knowledge).

Knowledge transfer can reach its aim if it motivates a change in behavior and induces new ideas. It often happens that a person who receives information will not use it. This may happen if he/she does not have the trust, time or opportunity, he/she is too proud or self-willed

or he/she shows stout resistance to picking up knowledge. Those things which are knowledge acquisition for one person can be knowledge sharing for the other. These two actions are not separable (Bencsik, 2009).

In scientific literature (Tomka, 2009) can be found a lot of different methods and types of knowledge acquisition and sharing. They are:

♦ Personal experience.
♦ Study.
♦ Training.
♦ Mentoring.
♦ A new colleague.
♦ Cooperation with partners.
♦ Research, journals.
♦ Cooperation with suppliers.
♦ Conferences, forums.
♦ Market research.
♦ Comparing analyses.
♦ Advisors.
♦ Cooperation with universities.
♦ Organizations in network.
♦ Storytelling.
♦ Acquisition of companies.
♦ Renting employees.
♦ Stealing knowledge.
♦ Communication.
♦ Mixing knowledge.
♦ Adaptation.
♦ Objective oriented resources.
♦ Whispering, gossip, etc.

You can see there are a lot of different tools at hand that can be chosen from by managers.

If all the conditions are available to build a knowledge management system for organizations, can it be said that the organizations are ready to operate such a system at the expected level? Since human nature, habits, routines, culture, attitude and atmosphere are very different at different organizations, knowledge management systems can be created in different ways. Results and success will also be different. If we dig deep into the causes of differences, a very neglected area will emerge, especially in internal relationships. It is business ethics. To operate a knowledge management system raises a lot of ethical questions just as much as the operation of other internal processes at companies. To keep, to interpret, to understand and to control rules can cause some ethical problems.

2. The company as an ethical center of crisis

To understand how companies operate, we do not need to analyze flowcharts, but human relationships. Namely, a company is not a totality of individuals who work to reach a maximum profit, but a group of people with different motivations who cooperate.

Ethical questions at companies are very chaotic for managers and leaders (Beran, 2002).

Ethical problems are:

♦ inside the company (operatational processes, human questions, etc.);
♦ with customers;
♦ with suppliers; and
♦ with society (CSR).

They are individual, separated areas, but they all refer to employees (what and how is needed to be done inside and outside).

These rules appear in the elements of organizational culture (in written rules or as a daily routine), for example: standards of communication, how to handle conflicts, expectation of behavior, dress code, etc.

The others require special norms of behavior according to legal rules, or the values of our own personal morals set a limit to our behavior.

On the basis of the above mentioned ideas it can be said that there are two different things that can obstruct the society of economic life from stealing, cheating or lying. One of them is the law and the other is morals. The law prevents people from stealing by daylight and morals do at night. People can evade the law but morality is our own conscience that cannot be evaded.

People have to live, behave and work in the everyday life of a company in such a way that nobody suspects anyone, or stamps other people into the ground, and at the same time the chance has to be given to everyone to work hard and to perform well. In this case everybody will win (McGregor's theory operates in these situations, too.)

The above mentioned organizational culture, the confidential atmosphere, creates conditions of an ethical behavior. Taking all good intentions into account, it often results in misty, untraceable practice (Barta & Tóth, 2000).

There are some cultural questions which are prerequisites to operating a knowledge management system. If these questions are linked mentally to methods of knowledge acquisition and sharing and to ethical expectations, we should have a question: which and what kind of measure will predominate from the view of ethical principles in any situation at a company?

Hereinafter some methods of knowledge acquisition and sharing are listed without being all-inclusive. Questions are associated with the methods which anticipate the emergence of ethical principles or the possibility of not keeping them in advance (of course, in each case of knowledge acquisition and

sharing, questions can be put, and we can have questions in the other steps of the knowledge management system, too). See Table 1.

Table 1. Connections between methods of knowledge acquisition and sharing and ethical questions

Methods of knowledge acquisition and sharing	Ethical questions
Training	Who, where, why, how much?
Mentoring	Who, on what level, authenticity?
New colleague	What will we say? What will he say? Will they reveal secrets?
Cooperation with partners	Limits of trust and sincerity
Cooperation with suppliers	Limits of trust and sincerity
Advisors	Who, what, what kind of information, what kind of agent? Privacy contra reference?
Cooperation with universities	With which one, wherein, where are the limits?
Storytelling, whispering, gossip	Correct tale? What about – to whom? Truth content?
Acquisition of companies	Can we get limitless knowledge for our money? Is it an effective knowledge acquisition?
Stealing knowledge	Where are the limits, with what kind of tools? What is allowed by current culture?

Here are some points which can motivate us to think about the above written connexions:

1. What kind of ethical principles will serve as a basis for making a decision on sending a colleague to training? How will we pick out the most suitable one? How can we decide upon the venue, length, institution, price, offset of training? Is this investigation worth it? For whom and why?

2. Who can decide about the process of mentoring? Who can be a mentor? Is he/she an adequate person? Is this person a genuine? And who can him/her help? What kind of relationship is there between the mentor and the apprentice? How long can a mentoring process be and how deep is its level? Where are the limits in cases of teaching, supporting, promotion and favouritism?

3. How will the new colleagues be selected? What will the candidate report about herself/himself? What needs to be asked or what is allowed? How deeply can the applicant be asked about his/her former workplace or privacy? What can be told about the company to an outsider?

4. In case of cooperation with partners and suppliers there is a question of where the limit of trust is. What can be allowed and what is tolerated by business? What needs to be written down and when are the given words enough? Is it ethical to keep problems back or reject claims?

5. To choose advisors raises a lot of questions. What can be or needs to be reported about the company in a situation? (for example about tasks, managers, leaders, processes, technologies, strategy, human resources, etc.) How will this information and knowledge be used independently from publicly?

6. What kind of roles do participants have in a cooperative relationship? How can they work together with or without trust? Where are the limits and what are the contributions and profits for them?

7. Stories and gossip (whispers) are in close connection with each other sometimes. But they can be independent from each other. What is allowed to be told and to whom? Should those who are concerned know about these stories? Who can use this information and how?

8. In the case of acquisition, can real knowledge be received? What can be received, why and how much? Where are the limits in prices? What can be sold and to whom? Will we receive what was paid for? Can tacit knowledge be possessed too in these cases?

9. To steal knowledge is an ethical crisis. Who can use this method and why? Where are the limits? Who steals and what does stealing mean in business life? Where are the limits which can be tolerated in business in different national cultures?

The above mentioned questions derive from some theoretical ideas and from experiences. To sum up their importance and seriousness, their consideration depends on the organizational culture or values of leadership. To decide about the necessity of intervention, and about a common basis for the right methods or behavior, it is worth reviewing ethical principles.

2.1. The operational principles of a "crisis center" − ethical theories. For it to be possible to give answers to the above mentioned questions, the roots of ethical thinking and rules of ethical behavior have to be seen through (Barta & Tóth, 2000).

Anyone dealing with business sciences, sooner or later will meet the ethical problems of profit-oriented economic thinking. There are hard and serious social expectations from companies and demands to manage businesses with responsibility. It seems less and less true that companies can do everything in business life.

Economic ethics analyzes the relationship between economics and morals in the widest meaning. It deals with the question of how moral norms can prevail in the conditions of a modern economy (Szegedi, 2006).

Business ethics is not a collection of irrevocable and definitive truths. It knows its own limits, so it cannot and does not want to offer valid behavioral rules which are true in each situation. It tries to broaden the view of economical participants who are in a

decision situation. It attracts attention to making a rational decision. We do not have holistic information and knowledge every time. In these situations it is necessary to use approaches of ethical dimensions, too, beside the scheme of rational decisions. Business ethics can help us to use this approach.

Conversion of ethical expectations to business life has to start from the basis that was formed during the composition of moral ethics in the past centuries. As jurisprudence studies the internal principles of human actions, philosophical ethics examines external principles.

An overview of ethical theories forms the basis of the following trains of thought (Mill, 1963).

Normative ethics: a form of ethical rules, to find the rules of ethically right behavior. It consists of:

♦ Virtue ethics: At the heart of ancient teaching, the main virtue which a person should have to take his/her actions in the right direction can be found.

Deontological ethics: specifies obligations of ethical rules. According to this, an action is moral if it is taken on the basis of a fixed rule or sense of duty (not by reason of inclination or compassion).

Consequentialism has two key questions:

1. What is the good which has to be done at the highest level by moral actions?
2. Who must this good to be done for at the highest level?

Inside of this *utilitarianism* there is a question: What is right?

To the question: "Who must this good to be done for?" – there are two extreme answers.

According to ethical egoism a person has to do the most good for their own self. But according to the principles of utilitarianism, "we simply need to give the greatest happiness to the greatest number of people" (Mill, 2002).

♦ Cognition theory, ontological and motivation theories.

According to *intellectualism* the morally right action follows the rules of brain.

On the basis of *rationalism*, principles of morality can be known by means of deduction and intellectually direct discretion.

Emotivism distinguishes ethical verdicts from the verdicts which formulate truth on the basis of human senses.

According to *scepticism* moral principles cannot be verified, or they have absolutely different bases from the tests of verification.

2.2. Ethical principles as elements which support knowledge management

If the possibilities of knowledge acquisition and sharing can be seen to be connected from the above summarized table, ethical principles can be indentified which have to be followed or verified to create ethical knowledge acquisition and sharing in a given situation. This identification can be managed by the above mentioned theories. Table 2 completes the shown possibilities of knowledge acquisition and knowledge sharing with ethical principles.

Table 2. Methods of knowledge acquisition and sharing in connection with ethical questions and principles

Methods of knowledge acquisition and sharing	Ethical questions	Ethical principles
Training	Who, where, why, how much?	**Intellectualism** (the morally right action follows the rules of brain)
Mentoring	Who, on what level, authenticity?	**Intellectualism** (the morally right action follows the rules of brain)
New colleague	What will we reveal?	**Utilitarianism** (the greatest happiness to the greatest number of people)
Cooperation with partners	Limit of trust and sincerity	**Utilitarianism** (the greatest happiness to the greatest number of people)
Cooperation with suppliers	Limit of trust and sincerity	**Utilitarianism** (the greatest happiness to the greatest number of people)
Advisors	Who, what, what kind of information, what kind of agent? Privacy?	**Intellectualism** (the morally right action follows the rules of brain)
Cooperation with universities	With which, wherein, where are the limits?	**Intellectualism** (the morally right action follows the rules of brain)
Storytelling, whispering, gossip	Correct tale? What about – to whom? Truth content?	**Emotivism** (expresses a person's moral emotions, who gives a verdict)
Acquisition of companies	Can we get limitless knowledge for our money? Is it an effective knowledge acquisition?	**Scepticism** ("a man is a man's wolf". It forms in a social standing, not in a natural state)
Stealing knowledge	Where are the limits, with what kind of tools? What is allowed by current culture?	**Scepticism** ("a man is a man's wolf". It forms in a social standing, not in a natural state.)

3. Obligation or consequence?

It was mentioned earlier that knowledge acquisition and sharing appear in the internal operation of companies and in external relationships, too. If they are focused on them, ethical theories can give hints or help to manage them in the above written cases, as well.

Where and what kind of ethical questions can come up in the case of internal problems at a company?

Deontological ethics orders the ethical rules for people. According to this theory an action is moral if it is done on the basis of a fixed rule or sense of duty (not by reason of inclination or compassion).

Critical and characteristic areas and processes of a company: portals of knowledge sharing, mail, rules, organizational programs, etc. In these cases employees have to act according to the compulsory principles of organizational rules. Is ethics enough to manage expectations completely? Who acts and how? Why do they do that? For example: how many sent or received e-mails are ethical in an activity? Where is the limit? What kind of information has to be shared and with whom? Who can come by the fixed information (explicit knowledge) and when? Why is it them? Are IT data enough, as explicit knowledge to solve a problem or a task?

Two questions of consequentialism:

♦ What is the good which has to be done at the highest level by moral actions? The most characteristic organizational areas where problems arise are: teamwork, cooperation, composition of strategy, etc.

♦ Who has this good to be done for at the highest level? This question appears while trying to create harmony between different parts of a company and between individuals and organization.

Ethical problems in connections between organizations and their environments (Varian, 2004) can be originated from basic principles of obligation and consequence ethics (same as above) in the following areas:

♦ Market (customers, competitors, suppliers, institutions, etc.).
♦ Investors.
♦ Owners.
♦ Bank.
♦ Government.
♦ Prospective employees, etc.

If there are problems in these areas, the following questions might arise:

1. Who can obtain and use mail lists, customers' information, relationships which derive from different sources?

2. To whom and to what extent can the information about processes, technology, strategy, products be given out?
3. To whom, in what kind of form, and how often is it necessary or possible to send e-mails?
4. Where can a limit to elements of quantity and content be set?

3.1. Rival or supporter? The possibilities of ethical problems and solutions can be seen from different points of view. During this survey it has been realized that human behavior together with Hungarian cultural features lead to a rather rivalrous behavior more than to cooperation at companies (Bentham, 1988).

Earlier results of research verify the success of the game theory. In organizational cases a situation of prisoners' dilemmas will prevail. These cases are influenced by employees or colleagues (Fenyvesi, 2005). From the point of view of ethics this means that the consequences of actions will influence decisions much more than other effects. Namely, consequentialism overwrites any other ethical ways of thinking. An action can be considered unethical or reprehensible in vain; human behavior is more influenced by the consequences of actions than by our other values or by our ethical norms.

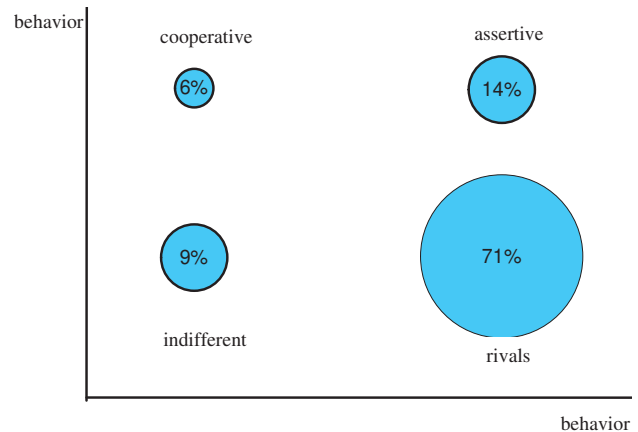Behavioral types of knowledge sharing in practice at companies can be seen in Figure 3.

Fig. 3. Behavioral types in cases of knowledge sharing

The background of this daily practice and human behavior can be summed up with the following statements:

♦ Knowledge is power!
♦ You have to study; it cannot be taken away from you by anybody!
♦ Whatever you have studied, it will remain yours!

Consequences of these statements include fear of losing knowledge and knowledge monopoly. Having knowledge means a sense of power and authority is felt in the operation of organizations.

The conclusion is that a win-win strategy is valid if both partners are honest and they trust each other. Nobody should yield to temptation but if anybody exploits the other's situation, his/her win will prevail only in the short run.

In an organizational culture which supports the operation of knowledge management systems, everybody has to aspire to win-win situations. Trust is needed and nobody should allow suspicion, or only if the other partners take deliberate and concrete negative steps.

Summary

The ideas suggested above do not lead to answers. These are only theoretical considerations. As was mentioned in the introduction, this paper does not aim to create specific advice or rules. Our purpose in writing this essay was to reveal connections between operating knowledge management systems, human behavior and ways of thinking, as well as the background of ethical problems. I do believe they are as important for a lot of colleagues as this paper suggests and I do hope my essay will inspire everyone to put further questions in connection with the topic. I have a firm belief that creating a knowledge management system is the way of the future for companies. The prerequisite of forming success at companies depends on creating the possibility of knowledge acquisition and sharing. At the same time it is a pledge of success at the market, too. But it should not be forgotten that everything may be and maintainable for companies if they can keep these principles in view in their internal and external processes, and they operate on the basis of these principles.

The validity of these problems and questions will be tested in the next survey.

Research questions which are the bases of the survey and which have to be answered by applying well-defined methods and analyses:

♦ How can the operation of an ethical knowledge management system be assured (especially in case of knowledge acquisition-sharing-transfer)?
♦ How can these expectations be written down in an ethical codex?
♦ How can these written ideas be validated?
♦ How can unethical behaviour be caught (for example in the course of tacit knowledge transfer)?
♦ Is it believable that the ethical operation of companies can be seen one day?

Hopefully the results of the empirical survey can be reported in the next academic paper.

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