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# Developing a Knowledge Creating Organisation

Many are aware of the importance of implementing effective knowledge management in organizations. However, the challenges are not few! This article discusses two basic approaches in identifying and managing knowledge in organizations and how these can be managed to develop a knowledge creating organisation.

## **Tacit Knowledge**

The first approach we will be discussing is the tacit knowledge approach. Tacit knowledge can simply be defined as the knowledge that exists in the heads of individuals. Organisations must make the best use of this knowledge by encouraging individuals to share their ideas with their work colleagues to develop new insights together that will lead to the creation of new knowledge within the organisation.

Therefore, to make good use of the tacit knowledge of individuals, managers are urged to identify the knowledge possessed by various individuals in an organization and then to arrange the kinds of interactions between knowledgeable individuals that will help the organization perform its current tasks, transfer knowledge from one part of the organization to another, and/or create new knowledge that may be useful to the organization.

## **The Challenges of tacit knowledge**

One of the main advantages of the tacit knowledge approach is that it is a relatively easy and inexpensive way to begin managing knowledge. The essential first step is a relatively simple one, identify what each individual in the organization believes is the specific kinds of knowledge he or she possesses. Managers can then use this knowledge to assign individuals to key tasks or to compose teams with appropriate sets of knowledge to carry out a project, to

improve performance in current processes, or to try to create new knowledge in the organization.

However, if knowledge remains tacit in the heads of individuals in an organization, then the only way to move knowledge within the organization is to move people. Moving people is often costly and time-consuming and may be resisted by individuals who fear disruptions of their careers or family life. Even when knowledgeable individuals are willing to be moved, an individual can only be in one place at a time and can only work so many hours per day and days per week, thereby limiting the reach and the speed of the organization in transferring an individual's knowledge.

Leaving knowledge tacit in the heads of individuals creates a risk that the organization may lose that knowledge if any of those individuals becomes incapacitated, leaves the organization, or, in the worst case, is head-hunted by competitors.

The challenge firms face as they become larger, more knowledge intensive, and more geographically dispersed, is for their managers to know 'what they know'. A common initiative within the tacit knowledge approach is to improve understanding of who knows about what in his/her organization. This can be achieved by developing contact information for each person about the kind of knowledge he/she possesses.

### **Explicit Knowledge**

We now look at the explicit knowledge approach which holds that knowledge is something that can be explained or articulated and made explicit by individuals such as by being disseminated within an organization through documents, drawings, standard operating procedures, manuals of best practice, and the like. Information systems are usually seen as playing a central role in facilitating the dissemination of explicit knowledge over company intranets or between organizations via the internet.

A good example of effective use of this approach is when an organisation embarks on a new project, designers of the project are given a manual of design methods and techniques from the team that had previously worked on a similar project. By the end of the project the new team would then be required to have improved design methods and techniques, developed and documented more efficient and flexible delivery processes and develop an improved

design manual to meet the product and production goals for its project. This manual would then be passed on to the next design team given the task of developing the next project. In this way, the organisation seeks to capture the knowledge developed by its personnel during each project and to systematically leverage that knowledge in launching the work of the next project team (Spear and Bowen 1999).

The key advantage of this approach is that when individuals articulate their knowledge in a document, or other form of explicit knowledge asset, it should be possible through use of information systems to quickly disseminate that knowledge throughout an organization or indeed anywhere in the world. In effect, converting tacit knowledge into explicit knowledge creates an asset that is available 24/7 and is free from the limitations of time and space that constrain the dissemination of tacit knowledge by moving individuals.

### **The Challenges of explicit knowledge**

To gain benefits from an explicit knowledge management approach, a number of organizational challenges must be overcome. Individuals may not have sufficient skill or motivation to articulate their useful knowledge. Another challenge arises when an individual is capable of articulating his or her knowledge, but resists requests by the organization to do so. At the heart of such resistance is usually a belief that an individual's job security or position of influence in an organization depends on the tacit knowledge that he or she has and that the organization needs.

Overcoming such fears is likely to require a profound rethinking of the employment relationship in many organizations, especially with regard to key knowledge workers.

Another challenge is assuring that knowledge articulated in one part of the organization is not ignored by other parts of the organization simply because they prefer to stay close to their own familiar knowledge. One approach to managing this concern is the implementation of organizational best practices. One way of achieving this is to set up a committee of experts responsible for a knowledge evaluation process that examines the applications of knowledge articulated within the organization, and defines the best

practice in applying that knowledge currently available within the organization.

Implementing such a process for assuring that an organization's best knowledge and practice are actually used requires a high degree of organizational discipline in adhering to the organization's current best knowledge. Such discipline will normally require building a high degree of organizational trust that the expert committee is objective, impartial and transparent when deciding what is best knowledge and best practice.

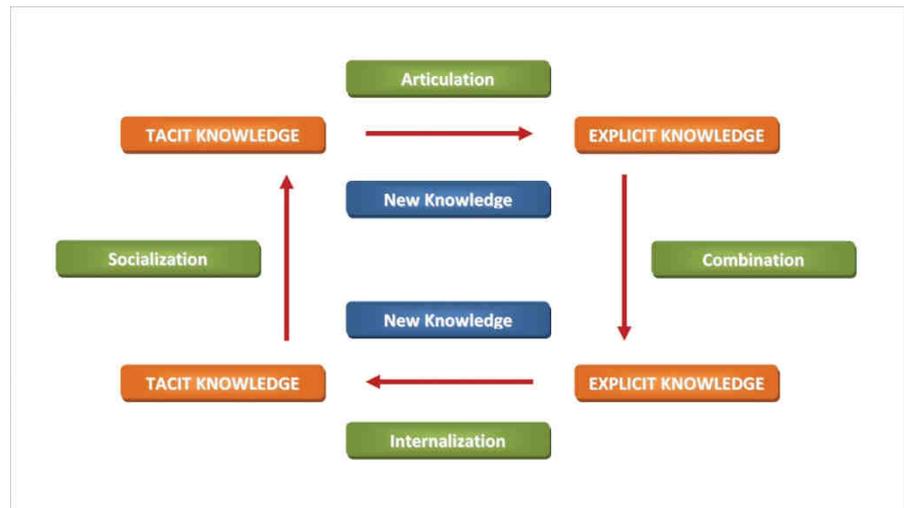
### **Conclusions**

As described above, the tacit and explicit knowledge management approaches involve different practices, and one might ask which approach is the best for his/her organization. As with most alternative approaches to management issues, the answer is not one or the other but a mix in the right combination. The challenge is then to find the right combination and balance of tacit and explicit knowledge management approaches.

What the right combination and balance may consist of will vary with a number of factors. These may include the technology the organization uses or could use, the market conditions it faces, the knowledge intensity of its strategies and operations, the current attitudes of its knowledge workers towards the organization, the degree of geographical dispersion of its knowledge workers, the resources available to the organization to invest in developing infrastructure and processes for its knowledge management practice, and so on.

It is suggested that organizations that are starting on their implementation of systematic knowledge management approaches should in most cases begin with tacit knowledge management practices as described above. Such practices are relatively inexpensive, fast to implement, and less challenging than the full-blown explicit knowledge management practices. Implementation of tacit knowledge management practices should be seen and communicated within the organization as only the first step in an evolving management process that will eventually include more formal and systematic explicit knowledge management practices.

Figure 1 - The Knowledge-creating organisation



When the respective advantages of tacit and explicit knowledge management practices can be combined, an organization should be able to develop and apply new knowledge faster and more extensively than organizations that do not try to manage knowledge or that use only tacit or only explicit knowledge management practices. Thus, the eventual goal for most organizations will be to devise and implement hybrid knowledge management practices in which explicit knowledge management practices complement and significantly extend their initial tacit knowledge practices. This will create what Nonaka (1991) called a 'knowledge creating company'. This is depicted in Figure 1 where knowledge is converted from one form to another through a number of techniques, namely: socialisations (e.g. between master and apprentice), Articulation (making tacit knowledge explicit), Combination (combining different forms of explicit knowledge) and Internalisations (the process of allowing explicit knowledge to become tacit over time).

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