

# A DIFFERENT APPROACH TO KNOWLEDGE

Ivona ORZEA

The Bucharest Academy of Economic Studies, Romania

## ABSTRACT

*Defining knowledge is not an easy job because it is one of those concepts that don't have a universal definition. It can be looked upon as the processing of information with the main purpose of gaining understanding of the events occurring in the surrounding environment. It is a concept deeply influenced by the personality of the holder, its beliefs, attitudes and culture. Knowledge is dynamic, it moves up and down, it becomes obsolete easily hence the challenge for companies to understand how they can use it in order to gain a competitive advantage. The main purpose of this paper is to present the processes of transformation that knowledge undergoes into an organization, its dynamics and how companies can use it into their advantage.*

**KEYWORDS:** *tacit knowledge, knowledge dynamics, knowledge sharing*

## 1. Introduction

*Knowledge management* has emerged as a “hot” topic nowadays even if its value has been long acknowledged by managers, as Peter Drucker stated in his book *Management Challenges for the 21st century* “those who wait until this challenge indeed becomes a ‘hot’ issue are likely to fall behind, perhaps never to recover.” A successful manager knows that not the buildings, market value or the products are those that make a differentiation but the people, their *knowledge*. These are the main sources of competitive advantage that a company can rely on. The value proposition of knowledge management is now stronger than ever, and cannot be looked upon as a rare competitive differentiator but the only differentiator.

Defining knowledge is not an easy job because it is one of those concepts that don't have a universal definition; different authors approach the concept in different perspectives and from different angles, resulting in multiple definitions. It can be looked upon as the processing of information with the main purpose of gaining understanding of the events occurring in the surrounding environment. It is a concept deeply influenced by the personality of the holder, its beliefs, attitudes and culture. Knowledge consists of information, technology, know-how and skills. Value and sustainability are created from the integration of these resources better than competitors (Endres, Endres, Chowdhury, Alam, 2007). Knowledge cannot be substituted or imitated, hence the key strategic asset resource character. Most of the people believe that knowledge can be easily recognized when encountered but what people do not know is that in fact there are more types of knowledge that a person uses and applies this knowledge in different ways. Among the most important forms are the following: *tacit knowledge, explicit knowledge, cognitive knowledge and emotional knowledge* (Davenport & Prusak, 2000; Nonaka & Takeuchi, 1995; Polanyi, 1983). Managing knowledge means to create an environment within the organization to facilitate the creation, transfer and sharing of knowledge (Bratianu, Vasilache, 2009). Except the procedures, documents and repositories (explicit knowledge) most of an organization's knowledge resides in people's heads (tacit knowledge), which is

not easily accessible to others. The limited accessibility of knowledge makes people recognize the importance of the knowledge accumulated by employees, which forms invaluable organizational capital. This made Nonaka and Takeuchi (1995) recognize that sharing tacit knowledge among multiple individuals with different backgrounds, perspectives and motivations is a critical step for the organizational knowledge creation to take place.

Because competitive advantage is increasingly found in knowing how to do things, rather than having special resources and markets, knowledge became the primary base of core competencies and the key to superior performance. Companies develop or acquire knowledge so rapidly that having special knowledge is no longer a sustainable competitive advantage. In order to have a sustainable competitive advantage the companies need knowledge that is difficult for competitors to copy as well as the ability to develop rapidly new knowledge. The main purpose of this article is analyzing the dynamics of knowledge within a company and proposing practical solutions to how companies can gain a sustainable competitive advantage from using what they know, their knowledge.

## **2. We know more than we can tell**

Analyzing a series of psychological experiments, Polanyi reached the conclusion that in many practical situations a person apprehends the relation between two known events, but only one of them can be expressed in an explicit way. The other one remains tacit (Polanyi, 1983). For instance, some individuals have been subjected to shock waves whenever some nonsense syllables have been shown to them. After repeating the experiment several times, these individuals learned to anticipate the shock waves, but they could not explain how they made it. These kinds of experiments used by Polanyi as examples show the structure and nature of tacit knowing. It involves two things, two kinds of knowing, among which there exists a functional relation: "*we know the first term only by relying on our awareness of it for attending to the second*" (Polanyi, 1983, p. 10).

Explicit knowledge is technical data or information which can be described in formal language (manuals, expressions, patents and copyright). It is the "know-what". Explicit knowledge is carefully codified, stored in databases and accessed with reliability, fast. Explicit knowledge assets can be reused to solve many types of problems or connect with people who have valuable reusable knowledge.

Contrary to explicit knowledge, tacit knowledge is relatively hard to code and extract. Tacit knowledge is probably the most important part of knowledge management and it doesn't solely need to be discovered, captured but it has to be disseminated so that more and more people can benefit from this shared knowledge. Tacit knowledge can be defined as "*work related practical knowledge learned informally on the job*". But, unfortunately, this definition is not complete because it comprises only one part of what tacit knowledge really is, only the "know-how". Tacit knowledge is not just about experiences learned on the job; it also comprises beliefs, values, attitudes, ideals, and elements that are related to the culture of the individual. Tacit knowledge cannot be found in manuals, books, databases and files. People use metaphors, analogies, demonstrations and stories to convey their tacit knowledge. Listeners can evaluate the content of the story and the actions and apply the knowledge that is best suited for their job.

## **3. Organizational knowledge dynamics in western cultures**

Nonaka and Takeuchi (1995) observed that within the Western culture there are two epistemological traditions in understanding and explaining knowledge. At the roots of one epistemology was Plato who stated that humans aspire toward eternal and perfect ideas

through pure reason. Thus, knowledge is a result of ideal mental processes. On the other hand, empiricism claims that there is no a priori knowledge and that the only source of knowledge is sensory experience. These are ancient anticipation of what will later be called explicit and tacit knowledge. A significant contribution to the rational perspective has been made by Descartes, with his famous dictum: "*Cogito, ergo sum*". The development of science and technology in Europe has been based almost entirely on this kind of explicit knowledge and determinism. Even today, many authors refer only to the explicit knowledge, and use metaphors having tangibles as source domains: *knowledge as a resource, knowledge as capital, and knowledge as asset* (Andriessen & Boom, 2007). Within this approach, knowledge is conceptualized as a resource that can be created, stored, moved and located, capitalized, measured and that brings a good investment, it is an asset that the company or companies must measure.

If within the Western cultures the body and the mind are seen as two distinct entities, and only the mind is responsible for the creation and generation of knowledge, within the Eastern cultures the body and the mind are seen as one. Nonaka and Takeuchi (1995) speak now about the *oneness of body and mind*. Knowledge is not a substance outside, but merely innate knowledge that unifies the man with the world and the society (Andriessen & Boom, 2007). In Zen Buddhism the ultimate condition for practitioners is to obtain oneness of body and mind through meditation and equilibrated life style. "*The truth is that strength lies in the interior of the warrior: in his heart, his mind, and his spirit*" (Kaufman, 1994, p.8). Thus, tacit knowledge becomes very fuzzy and hard to comprehend, since each contribution coming from the heart, from the mind and from the spirit is beyond any boundaries and rational approach.

Making a connection with the analysis undergone by Andriessen and Boom (2007) concerning the metaphorical conceptualization of knowledge, it can be observed that for the Eastern culture an adequate metaphor would be: *knowledge as thoughts and feelings*. This metaphor implies that knowledge is not a substance that can be easily controlled and manipulated, but it is tacit and resides in people's heads and bodies. Thus, we may say that the essence of Eastern knowledge spectrum resides in tacit knowledge.

Organizational knowledge is first acquired at the individual level, and effective transformation of knowledge from the individual to the organizational level is essential for knowledge to become the basis for organizational capability (Endres, Endres, Chowdhury, Alam, 2007). "*In contrast to individual knowledge, organizational knowledge is highly dynamic: it is moved by a variety of forces. If you want knowledge to move and be utilized more effectively, we need to better understand the forces that drive it*" (Davenport, Prusak, 2000, p. 25).

In Eastern epistemology knowledge is considered to be dynamic, always emerging in social interactions among individuals, groups or in the social context, always transforming from one form to another. Nonaka and Takeuchi (1995) argued in their book that it is the spiral of interactions between the two forms of knowledge that is the basis of corporate innovation:

– *Tacit to tacit: Socialization*: Using this mode the individual acquires tacit knowledge from another person through observation, imitation, and practice. They do not use language as the main channel of distribution. Communities of practice, collective or organizational memory are all phenomena that have been studied as best practice of the circulation of tacit knowledge.

– *Tacit to explicit: Externalization*: This mode is realized daily in an organization, due to institutionalization of tacit rules as internal regulations. Rumors that circulate tacitly can become hard fact. The emergence of organizational strategies is a phenomenon of the articulation of collective tacit knowledge into an explicit formulation embracing a plan, actions and tactics (Baumard, 2001).

– *Explicit to explicit: Combination*: Individuals exchange and combine their knowledge through mechanisms such as telephone conversations. The combination of existent information can be facilitated by the selection, adding, grading, and categorization of explicit knowledge (Nonaka, 1995).

– *Explicit to tacit: Internalization*: To understand this mode the best method used is that of a practical example. Prisoners have the explicit knowledge of the surveillance tower. They recognize the possibility that they are being watched at any given moment, but they do not know exactly the moment when the guardian is looking or not. The prisoners “internalize” the knowledge and turn it into tacit knowledge; they know tacitly that they may be watched at any given time and they accept the possibility (Baumard, 2001).

Due to numerous examples of companies from the Eastern part of the world that succeeded in attaining a sustainable competitive advantage by using employees tacit knowledge, more and more authors and companies have embraced their perspective on knowledge, and shifted their attention to the transformations that take place within a company in terms of knowledge. In this respect, Bratianu and Andriessen (2008), made a parallel between total energy and total knowledge. From Physics we know that total energy comprises potential energy and kinetic energy. These two forms of energy constantly transform from one to another within the conditions of energy preservation. Using this extrapolation to knowledge, it is easily observed that a person’s total knowledge is the sum of tacit knowledge and explicit knowledge. The two forms of knowledge constantly transform from one to another but contrary to the energy metaphor the transformation does not obey the conditions of knowledge preservation. The process of transformation in this case is a non-linear one. Even if parallels like the one presented above are in their early stage there is plenty of room for other perspectives, for further studies of knowledge dynamics.

As a result of its highly dynamic nature, companies need to use knowledge to create sustainable competitive advantage. They can do that by internally spreading knowledge that other companies will find almost impossible to copy, tacit knowledge.

#### **4. Gaining a sustainable competitive advantage**

*Coaching and mentoring programs* can help people acquire more tacit knowledge. People acquire knowledge when they observe or participate in a situation and see how their actions and the actions of others affect the outcome. The learning that occurs in this kind of situation is trial and error. But, observing experts is considered more efficient at conveying tacit knowledge than is trial and error.

The opportunity to observe experts work through problems is an important way to learn tacit knowledge. People can benefit from the thinking out loud and seeing how the experts analyze and judge situations, and thus that person can absorb more tacit knowledge. In coaching programs the expert often asks the other party how he thinks about the situation. In this way, the employee is involved in trying to find a solution to the problem and his or her mental models are developed.

Mentoring unfortunately tends to be irregular and usually is carried out by direct manager rather than experts in the field. Because of the overwhelming number of activities that managers have to carry each day most of the time mentoring is considered as a burden and thus the limited use within the business environment. In order to change that and to develop a more mentoring-oriented culture managers can apply several practical solutions. First of all, they must acknowledge the importance of mentoring and coaching and the effectiveness of these fostering tacit knowledge programs. Maybe the most important step in this process is to create a culture more oriented towards sharing knowledge, and to do that managers can introduce in performance measurement training subordinates criterion.

In business and in life in general people network informally with others with similar interests, they discuss their experiences, gather ideas and receive feedback. *Communities of practice* is another concept that received a lot of attention in the last years in the business environment. Communities of practice are groups of people that share an interest and meet periodically to discuss problems and share their knowledge. When people work together, in teams, they have the opportunity to see how others approach problems, conceptualize situations and generate solutions. Sharing means the capacity of extracting the significant data and information from a personal experience, and the ability to convey them through an efficient communication process. Sharing means also reciprocity; it is important not only to receive knowledge, but to offer knowledge with generosity to all the others too. Encouraging the team work does not only help at the sharing of tacit knowledge, but the mixing of tacit knowledge leads to new insights and innovations. Properly designed human resources policies can help bring people together so that they can build informal networks. Multiple transfers within the company departments, opportunities to form knowledge fairs, conferences are crucial to enhancing knowledge sharing.

Mentoring, coaching, communities of practice and informal networks are not possible without a *knowledge sharing culture*. To build a knowledge sharing oriented culture managers need to motivate people to make use of the knowledge that they possess, and to share it with others. All actions meant to build a knowledge sharing culture will fail if the company does not have an actionable culture. The measurement and reward systems within the company need to recognize and promote knowledge sharing. An important aspect within a culture oriented towards knowledge sharing is the tolerance of mistakes. If punished for their mistakes people will prefer to continue established, routinized ways of doing things and will not take the risk of experimenting.

## 5. Conclusion

Companies develop or acquire knowledge so rapidly that having special knowledge is no longer a sustainable competitive advantage. In order to have a sustainable competitive advantage the companies need knowledge that is difficult for competitors to copy as well as the ability to develop rapidly new knowledge; thus, the increased interest of the companies towards tacit knowledge. Tacit knowledge is a rather fuzzy concept developed especially in the last years in connection with knowledge management and intellectual capital fields of research. Tacit knowledge represents personal knowledge obtained as a result of the direct interaction between individuals and their environment, which in time becomes experience. It contains also intuitions, feelings, hunches, talent and many other forms of knowledge which are non-rational. Tacit knowledge represents an excellent reservoir of intangible resources from which we can develop innovation capabilities if we create an adequate environment within the company. Tacit knowledge can be spread within an organization but is very difficult to be copied by other companies. For tacit knowledge to become a core competence for a company, and not simply the expertise of a group of experts, companies must make efforts to encourage its employees to share and use their tacit knowledge. This can be realized with the help of coaching and mentoring programs that increase the spread of knowledge within the organization. Encouraging team work can also be very helpful to transferring both explicit and tacit knowledge and increase the dynamics of knowledge within the company. But all these cannot be realized without the help of a culture oriented towards knowledge sharing.

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