

## Chapter 4

# Sharing Tacit Knowledge: The Essence of Knowledge Management

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### ABSTRACT

*Twenty-first century markets are unstable: technologies rapidly proliferate, competitors multiply, products and services become obsolete almost overnight. It is knowledge that can help the organizations to remain competitive. But as knowledge is the source of competitive advantage for the organization, it is also the source of competitive advantage for individuals. People think that knowledge is power, so sharing the same may lead to losing the power. Moreover, the very nature of tacit knowledge poses many difficulties in sharing the same. But sharing tacit knowledge is a vital part of the knowledge management process because it is tacit knowledge that is inimitable and is unique for the firm and hence provides competitive advantage. Studies found that personal interaction and informal networks work as the most successful means of sharing tacit knowledge. This chapter discusses the concept of tacit knowledge and attempts to discuss and suggest some effective methods of sharing tacit knowledge in organizations.*

### INTRODUCTION

Knowledge Management (KM) is one of the most discussed topics of 21<sup>st</sup> century in the context of business excellence and sustainable competitive advantage. Knowledge Management is in high demand in service sectors like defense, education, consultancy firms, health service, IT etc. It is found that the world economy has had shifted from agrarian era to industrial to banking and finance to IT and now to knowledge. Multiple factors have led to this current “knowledge boom”.

The increased focus on knowledge economy and knowledge society has definitely led to the emergence of Knowledge Management, irrespective of the nature of business operation. In fact, in knowledge economy, Knowledge Management is believed to be the path to sustainable competitive advantage (Dunford, 2000).

In a knowledge driven economy, organization’s intangible assets are increasingly becoming a differentiating competitive factor, particularly in service industries. Indeed, intangible assets such as trade

DOI: 10.4018/978-1-5225-3725-0.ch004

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marks and company's reputation and skills pertaining to employee's know-how and the corporate culture are both recognised as quintessence of competitive advantage.

Companies are spending huge amount of money on KM. For example Ernst & Young spends about 6% of its revenue on KM, McKinsey and Co. spends about 10% of its revenue on KM, Buckman Laboratories, a specialty chemicals firm spends around 2.5% of its revenues on KM and an author, Duane Sharp finds that where KM practices have been successful, the returns generated by these practices (ROI) have often exceeded 10 times the original investment (Sharp, 2003). Moreover, firm like Rank Xerox (the European arm of Xerox Corporation), has saved more than \$1.5 billion over the past several years by identifying and replicating internal best practices.

Many world class corporations have adopted highly dedicated KM practices. To name a few Ernst & Young –Knowledge Process Landscape, Hewlett & Packard-Knowledge Links and KPMG Peat Marwick US has developed an intranet called Knowledge Web (K-Web) as the basis of their KM practices. Studies found that sharing knowledge is the crucial part of knowledge management and hence the success of knowledge management depends on effective sharing of knowledge. It is said that knowledge economy is the economy of sharing.

Let us systematically discuss about knowledge, tacit knowledge and how tacit knowledge could be shared and why the same is so important in the context of knowledge management.

## **Knowledge**

There is no universal definition of knowledge. The question of what the conditions are, that must be met for something to qualify as “knowledge” is as old as the philosophy itself. Different authors have defined knowledge in different ways.

Philosopher like Plato defined knowledge as “Justified true belief” but this definition was strongly criticized by Edmund Gettier saying that the term belief is very much individualistic and there are many such examples where justified belief does not lead to knowledge.

According to Bertrand Russell, renowned philosopher “knowledge” is something to which there is no definite and unambiguous answer. It is a very vague concept for two reasons-first, because the meaning of a word is always more or less vague except in logic and pure mathematics; and second, because all that we count as knowledge is in a greater or less degree uncertainty and there is no way of deciding how much uncertainty makes a belief unworthy to be called “knowledge”, e.g., how much loss of hair makes a man bald. He also opines that defining knowledge as a “true belief” is too wide and individualistic as it is based on one's own belief. The author also defines knowledge as a matter of degree. The highest degree is found in facts of perception, and in the cogency of very simple arguments. The next highest degree is in vivid memories (Russell, 2012). Again, Noam Chomsky defines knowledge as a manufactured consent. He says, knowledge is not constant rather it is manufactured by media for their own benefits.

Knowledge as defined by the Oxford Dictionary of English is, “Facts, information, and skills acquired through experience or education; the theoretical and practical understanding of a subject”.

Knowledge is defined as what we know. It involves the mental processes of comprehension, understanding and learning that go on in the mind and only in the mind, and however much they involve interaction with the world outside the mind, and interaction with others much they can transfer the knowledge.

David Gurteen defines knowledge as knowledge is about know-how and know-why. He emphasized the know-how part because it allows us to be creative-to fall back on principles –to reinvent your know-how (Gurteen, 1999).

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