

Chapter XI

Aligning Knowledge and Business Strategies within an Artificial *Ba* Context¹

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ABSTRACT

Knowledge is the capability to make decisions and the primary resource for all organizational transformations. It allows strategic decision making, the planning and control of organizational activities, the management of everyday business operations as well as our personal behaviour. Knowledge exists at various levels, not only at the personal level but also at group and organizational levels. Organizational knowledge is a special type of knowledge, 'collective understanding', that is valid in a specific organizational context. The focus and contribution of this chapter is first to provide a theoretical basis for a knowledge strategy called artificial Ba and, secondly, to develop a concrete, artificial Ba that supports the alignment of knowledge and business strategies. The proposed system is a complete 'artifact', a supportive environment in which knowledge accumulates and is shared, a system that is built to activate existing knowledge and to support the creation of valuable new knowledge in an organization.

INTRODUCTION

As far as we know, the world we are living in consists only of two things: matter and energy. From a strictly physical point of view there does not exist anything else. Knowledge and information, for example, are thus only an illusion. However, in the

social sciences, information, knowledge and their processing are valued as the key characteristics of human beings and the growth engine of teams, organisations and the whole society. Over modern history, but particularly during the last few decades, the underlying properties of knowledge and knowledge management have continually been

investigated in the relevant literature, especially in the philosophical, managerial, sociological, and information sciences.

Because knowledge is a complex, ambiguous, and multidimensional concept it has been interpreted, understood and classified in a number of ways. Most of us are Polanyi's prisoners within his concept of personal knowledge and the dichotomy between tacit and explicit knowledge (Polanyi, 1962). Polanyi's stress on the personal dimension of all knowledge has directed relevant research in the field during last forty years more than any other conceptual innovation. Although it may be true that 'all knowing is personal knowing', all knowledge is not necessarily personal knowledge. Organizations have a common capability to act, i.e. knowledge capacity or intellectual capital (Stewart, 1999), the lack of which would inevitably prevent organizational action and would lead to an unpredictable disorder and confusion.

Knowledge is today more than ever the most critical resource of organizations. As for any other critical resource, organizations should have an explicit strategy for the management of knowledge resources, too. The focus and contribution of this chapter is first to provide a theoretical basis for the definition of the key elements of knowledge strategy and then to define the knowledge strategy in a form of an artificial context that can be used to create and evaluate business strategies. The developed system allows investigating alternative business strategies and their organizational implications. The proposed approach guarantees that the knowledge strategy and business strategy are integrated and aligned at definitional, structural and procedural levels.

The next section is rather theoretical discussing e.g. the following epistemological concepts: personal and organizational knowledge, knowledge vs. knowing, knowledge definition, problems of knowledge conversion, dimensions of knowledge, organizational context, knowledge strategy, and aligning knowledge and business strategies. In section 3, the structural and procedural aspects of

alignment are of interest. Based on the conceptual discussion, we demonstrate an actual artificial environment where personal knowledge can be converted into organizational usage, new knowledge can be created, shared and expressed in the form of business strategies. We constructively show how even hidden, tacit aspects of individual knowledge can be externalized into an explicit form and generalized to organizational usage.

KNOWLEDGE CONCEPTUALIZATION

What is Knowledge?

Knowledge is an inner-centric concept. It requires human judgement, is closely related to action, and presupposes values and beliefs. Polanyi (1962) tied personal dimension to all knowledge and his master-dichotomy between tacit and explicit knowledge has shaped practically all epistemological discussion, especially since the rediscovery and popularization made by Nonaka and Takeuchi (1995). The deepest nature of explicit and specially tacit knowledge is discussed and interpreted widely. Perhaps the largest disagreement is that whether it is possible or not to 'convert' or 'transform' personal tacit knowledge to any explicit form.

Nonaka and Takeuchi (1995) proposed and Nonaka and Toyama (2003) revised four modes of knowledge conversion and their knowledge spiral assumes that both types of knowledge are fully convertible with each other. They assume that tacit knowledge can be converted into explicit knowledge by sequential use of metaphor, analogy, and model. In managerial studies this conception is widely accepted and elaborated further (Davenport & Prusak, 1998, Leonard & Sensiper, 1998). The conversion process has been conceptualized and named differently like 'articulation' (Håkanson, 2001), 'codification' (Cowan et al., 2000, Hansen et al., 1999) or 'sharing' (von Krogh, 2003, Hayes & Walsham, 2003).

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