Chapter 13
Management Fads, Communities of Practice and Innovation

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ABSTRACT

This chapter introduces communities of practice (CoPs) as a useful framework for the elucidation of the innovation process in organizations. It argues that CoPs contribute to innovation through being more efficient than formal organizational structures. Innovation, however, comes in different forms and types and internal CoPs are more relevant for incremental innovation, while inter-organizational communities are more important for radical innovation. Furthermore the chapter focuses on a critical evaluation of the concept of community of practice through the lens of the management fashion theory and an assessment of the role of CoPs in knowledge creation and exchange at the various stages of the innovation process. It aims to provide an assessment of the contribution of communities of practice to innovation success and organizational performance and to summarize the current trends and future developments especially in inter-organizational virtual innovation communities.

INTRODUCTION

In a globalized knowledge-based economy and in an era of fast technological change, changing market needs and shorter product life cycles, there is a more pressing need for innovation in organizations than ever before (Afuah, 2003; Harmaakorpi & Mutanen, 2008). It is well documented that learning and knowledge generation, transfer, and utilization, have a central place in innovation processes (Nonaka & Takeuchi, 1995; Spender, 1996; von Krogh et al. 2000).

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The systemic or holistic approach of innovation considers the various interactions between persons, groups, and organizations in the complex process of innovation. The study of innovation systems is made at various levels from the organizational to regional, national, and transnational (Tidd et al, 2005). Apart from the technical aspects of introducing new products or processes the social aspects of the innovation process (like connectivity and inter-relationships between the various actors, level of trust, and information exchange) have received increasing attention in recent years (Steinberg, 2007). The network approach is an important framework for studying the social aspects of innovation including the various types of social structures involved (Kilduff & Tsai, 2003).

Consequently, in view of the importance of knowledge and learning for the development of innovations, the evolution and contribution of knowledge management to knowledge utilization and its relation to innovation activities have also to be considered. While initially the focus of knowledge management was on management of the existing knowledge, attention is increasingly paid to how knowledge is created and shared (Alavi & Leidner, 2001). The theory of organizational knowledge creation is closely related to both knowledge management and innovation (Nonaka et al, 2006) and is briefly outlined in the following sections.

Communities of practice, with their emphasis on learning during day-to-day work activities, have been introduced as a new approach in organizational learning that can explain the mechanisms of social interaction and help understand complex innovation activities (Brown & Duguid, 1991). CoPs are currently widely promoted as a useful tool in managerial practice within the broader network approach. The basic question, to be tackled in this chapter, is how and to what extent can the integration of the process of knowledge acquisition and creation with the innovation process be achieved in practice.

The purpose of the chapter is to describe and integrate the results of research on the existing links between communities of practice, innovation, and organizational performance and especially discuss the managerial implications and lessons for innovation practice. More specifically it tries to illuminate the process by which CoPs shape or affect innovation output and organizational performance.

While the role of CoPs in innovation is widely debated in the literature, many articles, especially those written by consultants, overemphasize the positive aspects of CoPs. A balanced and critical perspective is adopted here and the "management of fashion" approach is used as a framework for evaluation of CoPs in section 3. The contribution to the literature involves then the evaluation of the current status of CoPs as innovation management tools and some practical recommendations for their use.

The next section 2 discusses first the process of innovation and the role of learning and knowledge in it and then introduces the concept of the community of practice and its features and typologies. The relevance of this concept to innovation is then discussed and illustrated with examples.

Section 3 considers the evaluation of CoPs in relation to innovation and performance. Section 4 considers future trends in the economy and society and potential developments of CoPs due to these trends and especially the development of virtual communities and their relevance for innovation. Finally Section 5 summarizes the conclusions, offers some proposals for future research, and makes recommendations for managers and policy makers.

BACKGROUND TO COMMUNITIES OF PRACTICE AND INNOVATION MANAGEMENT

Innovation Process

What is innovation? This question causes a lot of confusion among academics and practitioners

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