Chapter 18
CoPs & Organizational Identity:
Five Case Studies of NTBFs

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ABSTRACT

The present chapter analyzes the emergent concepts of communities of practice and organizational identity, as well as their interrelationships, in the context of a knowledge-based economy. In particular, the chapter focuses on new technology-based firms (NTBF). Two main propositions are discussed. First, members of these organizations can build the organizational identity through communities of practice. Second, the organizational identity socially built by members can facilitate the emergence of communities of practice. These propositions are first grounded in a theoretical review and later they are tested empirically in five case studies of new technology-based firms created at Madrid Science Park. Finally, the main conclusions and directions for further research are presented.

1. INTRODUCTION

A radical transformation has taken place from an economy based on land in the Agricultural Era, on labour and capital in the Industrial Era, to an economy based on knowledge in the Knowledge Era (Bueno, 1999; Gorey & Dobat, 1996). Thus, nowadays knowledge becomes a key asset to manage in order to gain a sustainable competitive advantage. In the Knowledge Era, the organization's environment changes quickly and knowledge turns into a key resource to take advantage of the opportunities that changes may bring. In this based-knowledge economy new technology-based firms (NTBFs) has a relevant role and in this chapter we analyze some of the dynamics developed by these firms. Specifically, we analyze how NTBFs created at Madrid Science Park construct their organizational identity

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and how Communities of Practice (CoPs) act as a facilitator to do it.

The importance of knowledge in Economy as the main factor or productive resource in order to create value, together with the traditional ones, was introduced by Marshall (1890) and later developed during the 20th century by Knight (1921), Hayek (1945), Drucker (1965, 1973) and Machlup (1967, 1980) among others authors. It was in the last decade of the 20th century when a great interest in knowledge management emerged as a way of levering the strategically relevant knowledge for the organization (Teece, 1981). Formally, or from the scientific perspective of knowledge, this is embodied in people, also, from the philosophy of science point of view, following Polanyi (1969), it can be considered that knowledge is explicit or tacit. On the one hand, explicit knowledge is universal and abstract and it can be articulated, codified and stored. It is recorded for example in manuals and procedures so it can be easily transmitted. On the other hand, tacit knowledge is creative and dependent on the history and experience of people, embodied in their minds and therefore, difficult to access, transfer and shared.

When people commit themselves with organizations, working and contributing with their knowledge, organizations acquire this knowledge which can become technology if it is developed and transmitted. It is individual knowledge the one possessed by people and it is collective the one effectively and consciously possessed by a group or organization[1]. Therefore, individual knowledge can be transformed in social or collective knowledge and shared by the members of an organization when transferred through oral or written language, codes, etc. (Argyris & Schön, 1978; Bueno, 2005; Cook & Brown, 1999; De Geus, 1997; Quinn, 1992; Spender, 1996; Von Krogh & Roos, 1995).

Insisting on the current concept of knowledge in the organization and following the autopoiesis theory (Maturana & Valera, 1984) two prerequisites are required in order to create and develop organizational knowledge:

1. People need to interact to allow communication.
2. A self-description of the organization must exist, that is, the organization has to formulate its identity (from an interpretative paradigm the shared meaning about "who we are, as an organization").

In both cases conversations are fundamental because they allow organization members to share and discuss their observations and experiences about facts, objects, etc, and doing so they transfer tacit knowledge and negotiate the "organizational identity" too (Gioia, 1998; Bouchikhi, et al, 1998; Brown & Duguid, 1991). The original definition of the term "organizational identity" was proposed by Albert and Whetten (1985) explaining that it is a self-reflective question (Who are we as an organization?) which captures central, enduring and distinctive features of the organization. When groups negotiate their organizational identity, they are also generating a kind of tacit knowledge called self-knowledge (Bürgi, Roos & Oliver, 2002). Moreover, when members express the central characteristics of their organization to describe "who we are", they are creating filters to select what knowledge is and what it is not, and they are also creating guidelines to coordinate opinions, practices, decisions, acts and strategies (Brown & Humphreys, 2006; Bürgi, Roos & Oliver 2002; Bürgi & Oliver 2005; Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Nag, Corley & Gioia, 2007; Reger et al., 1994). As we will see throughout this work, in this process of creating and developing organizational knowledge the organizational identity is constructed and Communities of Practice (CoPs) become an important tool. We discuss the interrelationship between CoPs and organizational identity, the characteristics they share and how a CoP can help to construct an organization identity through a