

Chapter 26

New Perspectives on Knowledge Management

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ABSTRACT

In the following chapter, the authors give an overview of knowledge management, display various forms of knowledge relevant to different companies, discuss the process steps of knowledge management: generation, transfer, retention, and most importantly: show how knowledge, companies, and environments interact to optimize their corporate knowledge flows. The chapter's aim is to provide a comprehensive picture of the complex interconnections in knowledge management. The authors draw upon approaches discussed in contemporary literature on knowledge management and additionally argue that the way knowledge is handled and retained depends on various systems logics that influence how knowledge is handled and managed within organizations.

INTRODUCTION

The average lifetime of the largest industrial enterprises is probably less than half the average lifetime of a person in an industrialized society (Pearn, Roderick, & Mulrooney, 1995). This is the main reason why we want to teach our organizations how to learn. But what does knowledge in the organizational context mean? “It is the

existence of knowledge of internal production techniques or external opportunities in the hands of a small number of firms that creates the market imperfections necessary to generate rents for the firm. Put another way, it is proprietary knowledge that creates a comparative advantage of the firm.” (Cyert, Kumar, & Williams, 1993)

Every organization must act to reach its goals and to create new knowledge. Therefore many authors emphasize a “learning by doing” concept and consider projects as the most useful learning

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environment (e.g. Cohen & Levinthal, 1990; Helfat & Raubitschek, 2002; Probst, Raub, & Romhardt, 2006). After a certain project order is given, an initial meeting is to be held to inform every participant about the problem which is to be solved. Goals have to be found and harmonized. At the end, documentations and instructions have to be created, to inform and teach the front-line employees. But this is a very simplistic view. Therefore, in the following chapter we will show how knowledge, companies and environments interact to optimize corporate knowledge flows.

TYPES OF KNOWLEDGE AND THE PROCESS OF KNOWLEDGE MANAGEMENT

The field of knowledge management is characterized by a wide array of theoretical perspectives. Research spans a lot of disciplines (e.g. information systems, organizational behavior, psychology, economics, or sociology). Due to this vast quantity of publications, an integrative framework is provided for organizing the literature on knowledge management (Argote, Mc Evily, & Reagans, 2003). The framework consists of two dimensions; the first is the “knowledge management outcome” characterized by “creation,” “retention” and “transfer.” The other one represents the “properties of the context within which knowledge management occurs.”

Quite a lot of knowledge management literature focuses on different knowledge properties (Kogut & Zander, 1993), which affect the way knowledge is created (Nonaka, 1991; Nonaka, von Krogh, & Voelpel, 2006), transferred (von Krogh & Venzin, 1995) or retained (Uzzi & Lancaster, 2003). That is why we want to give a brief state of the art overview concerning knowledge management literature on (1) different properties of knowledge and (2) various knowledge management outcomes, focusing on creation, transfer and retention. To conclude we present a model regarded from a new

perspective that combines these three outcome steps, additionally considering the “environment.”

Types of Knowledge

Knowledge can be differentiated along the lines of “individual” and “collective/organizational” (Spender, 2003) “procedural” and “declarative” (Zack, 1999) or “codified” and “personalized” (Hansen, Nohria, & Tierney, 1999). Knowledge is not only held by individuals, but can also be organizational and shared through collective assumptions (Weick & Roberts, 1993). Procedural knowledge is about how something happens. “Shared explicit procedural knowledge lays a foundation for efficiently coordinated action in organizations.” (Zack, 1999). Declarative knowledge on the other hand describes something. “A shared, explicit understanding of concepts, categories, and descriptors lays the foundation for effective communication and knowledge sharing in organizations.” (Zack, 1999) Similarly the two types of codified and personalized knowledge are derived: Depending on whether knowledge is seen as “object” or as “process,” it can be differentiated between two strategies for managing knowledge (Hansen, et al., 1999). Codified knowledge can be stored in databases while personified knowledge is much more complex and thus difficult to separate from individuals.

A distinction often referred to and used is the one between “tacit” and “explicit” knowledge (Polanyi, 1985; Nonaka & Takeuchi, 1995). “Tacit knowledge is highly personal and hard to formalize, making it difficult to communicate or to share with others (...) while explicit knowledge can be expressed in words and numbers, and easily communicated and shared in the form of hard data.” (Nonaka & Takeuchi, 1995)

Lam (2000) combines the knowledge-categories “tacit” and “explicit,” interpreted as the epistemological dimension, and “individual” and “collective,” as the ontological dimension. Following Collins (1993) and summarizing these

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