

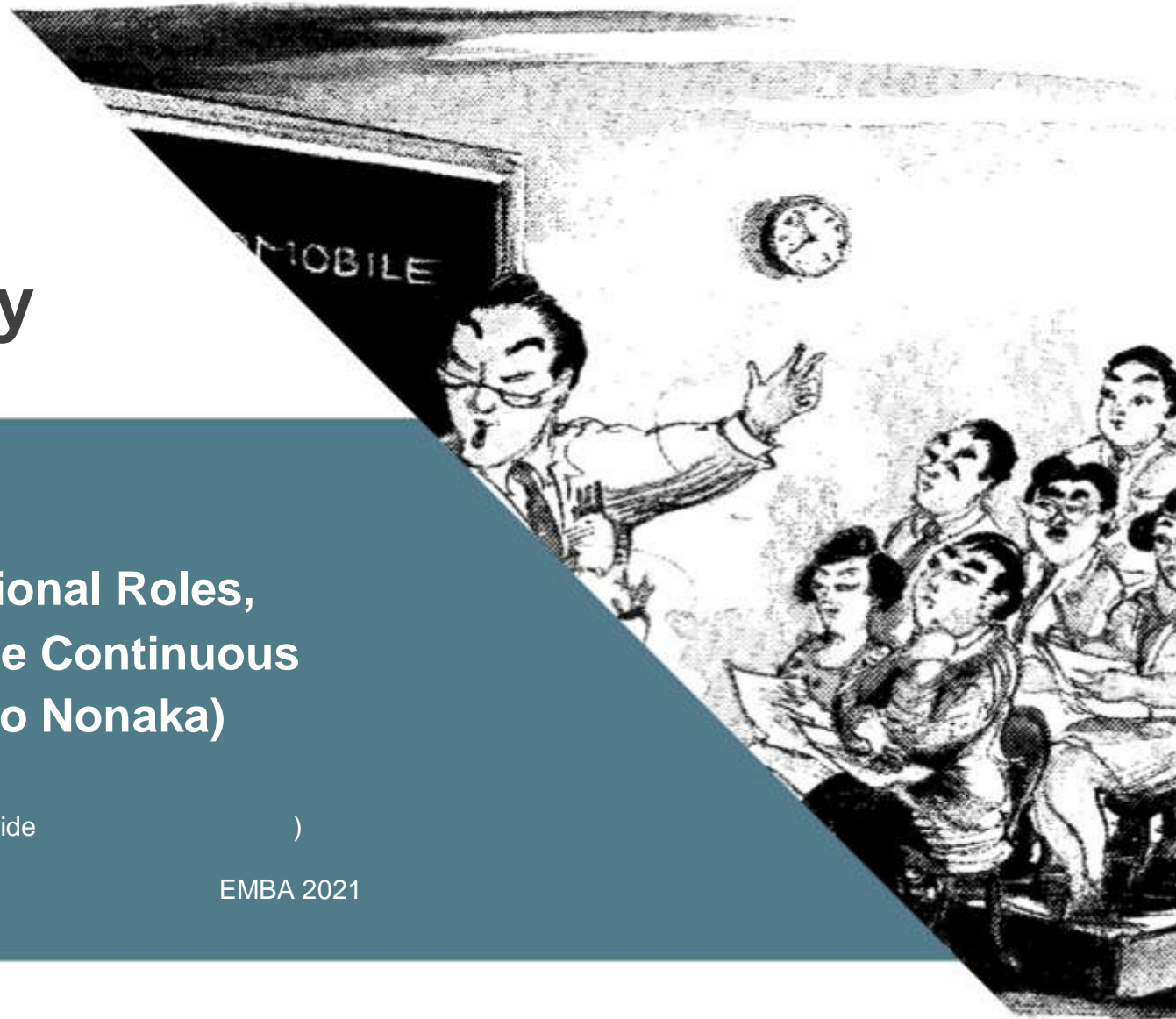
The Knowledge-Creating Company

**A Guide to Organizational Roles,
and Practices to Produce Continuous
(by Ikujiro Nonaka)**



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EMBA 2021



Agenda

01.

**Comparison of Western
vs. Japanese approaches**

02

The Spiral of Knowledge

03

Figurative Language

04

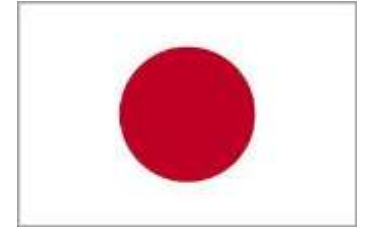
**Management in the
Knowledge-Creating
Company**

Western Approaches



- Organization as a machine for information processing
- Useful knowledge is formal, systematic, quantifiable (hard) data
- Measurement of knowledge is similarly hard and quantifiable (increased efficiency, lower costs, improved ROI)
- Explicit knowledge: formal and systematic. Can be easily communicated and shared (specifications, formula etc.)

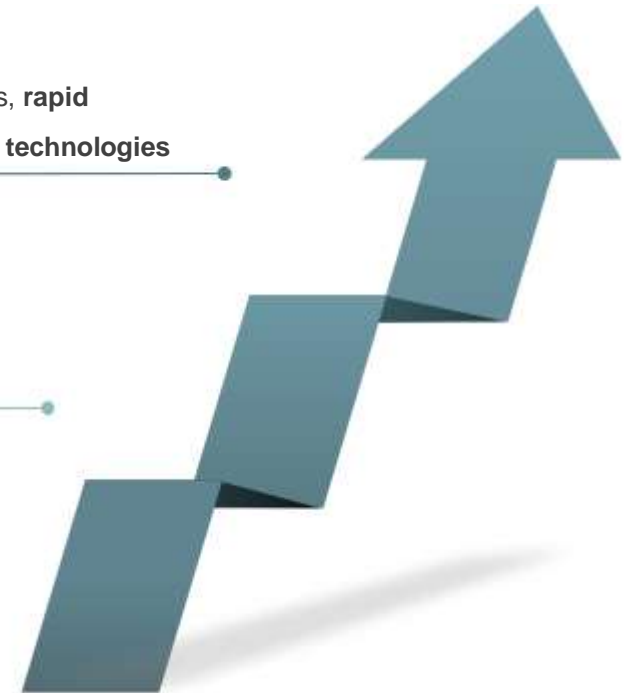
Japanese Approaches



Quick response to customers, **creation** of new markets, **rapid development** of new products and dominant **emergent technologies**

Creation of **new knowledge** is not a matter of processing objective information

Dependence of tapping the **tacit** and **highly subjective insights**



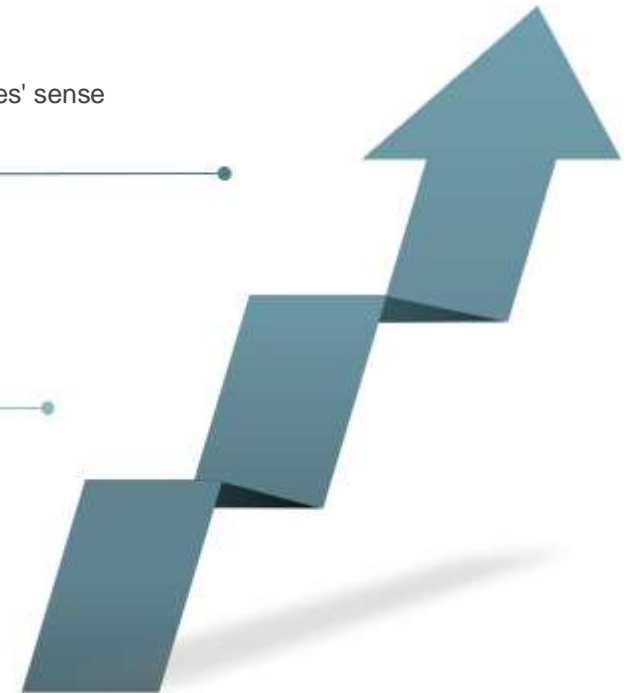
Japanese Approaches



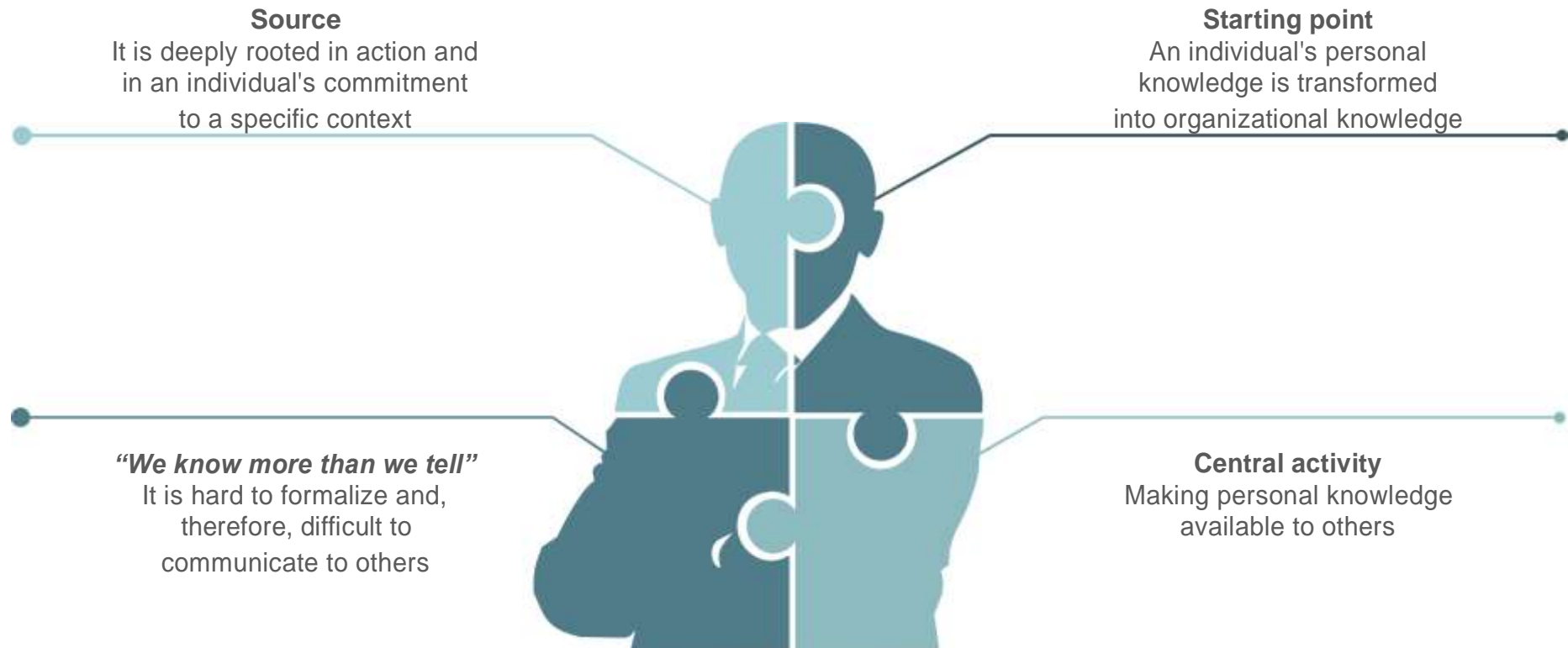
Key to this process is **personal commitment**, employees' sense of **identity** with the **enterprise and its mission**

Requires managers who are comfortable with **images and symbols** as there are with hard numbers

A company is not a machine, but a **living organism**



Tacit Knowledge



The Spiral of Knowledge: Patterns

Socialization

Tacit to tacit

- Learning skills through **observation** or **training**.
- The apprentice learns the masters' skills without any **systematic insights**.
- It cannot easily be leveraged by the organization as a whole

Combination

Explicit to explicit

- An individual can **combine** discrete pieces of explicit knowledge **into a new whole**

Articulation

Tacit to explicit

- **Transformation** from tacit knowledge to explicit knowledge

Internalization

Explicit to tacit

- As new explicit knowledge is **shared** throughout an organization. Other employees begin to **internalize** it
- They use it to broaden, extend and reframe their own tacit knowledge

In the knowledge creating company, all four of these patterns exist in dynamic interaction.
A spiral of knowledge

The Spiral of Knowledge: Patterns



Figurative Language: From Metaphor to Model



Metaphor

Conversion of tacit knowledge into explicit knowledge through figurative **language and symbolism**

Hondas new concept car with the slogan "lets gamble"

- 1.) different concept that the company ever did before
- 2.) inexpensive but not cheap

Theory of Automobile Evolution If the automobile were an organism, how should it evolve?

Figurative Language: From Metaphor to Model

Analogy

A more structural process of **reconciling contradictions and making distinctions**. It is an **intermediate step** between pure **imagination** and **logical thinking**

Canon!s mini-copier

Beer can analogy

Last step is creation of an actual model

Contradictions get resolved and concepts become transferable through consistent and systematic logic



Management in the Knowledge-Creating Company



Fundamental principle: redundancy

Conscious overlapping of company information, business activities, and managerial responsibilities. This term with its duplication and waste may sound unappealing to western managers

Facilitation of tacit knowledge transfer

Encouragement of frequent dialogue and communication

Redundant product development through internally competing teams

Strategic rotation

Between R&D and marketing

Management in the Knowledge-Creating Company

Information and responsibility

Free access to business information. **No** specific employee has the **exclusive responsibility** for creating new knowledge. **No differentiation** among roles and responsibilities. **Challenge of employees** to reexamine what they take for granted

Main job of managers

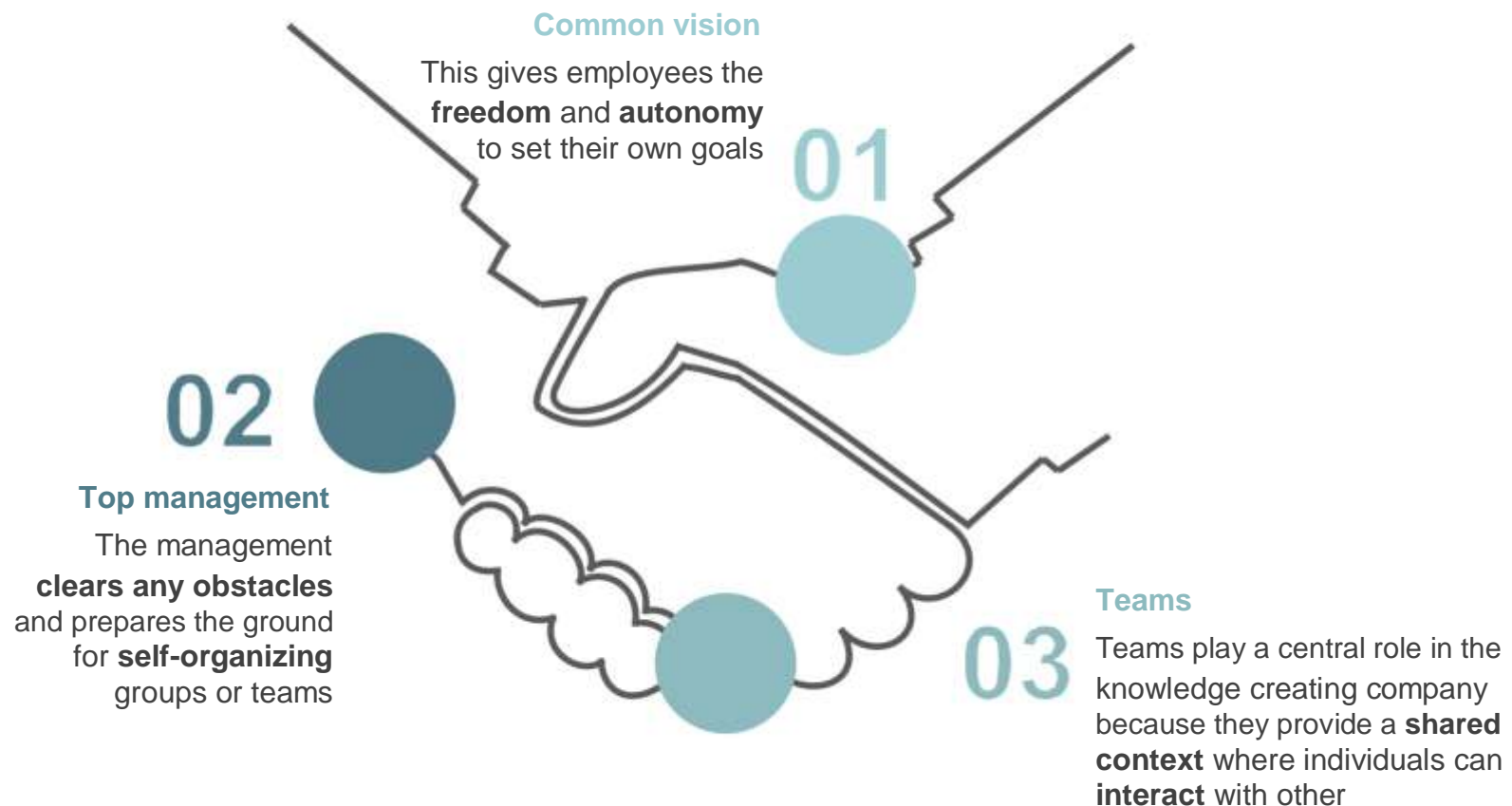
Orientating the chaos toward purposeful knowledge creating by providing **conceptual frameworks**

Umbrella concept

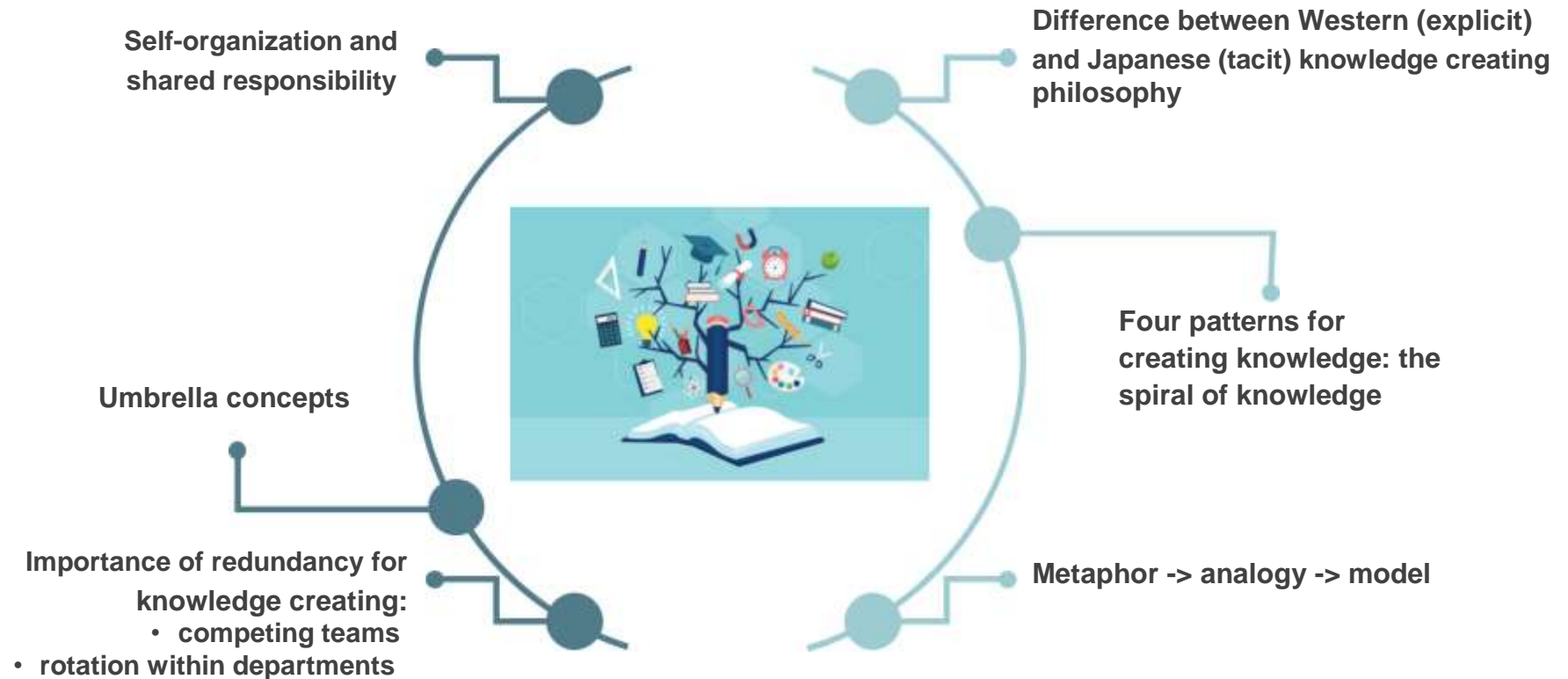
Identify in abstract terms **common features linking different activities into a coherent whole**



Management in the Knowledge-Creating Company



Conclusion and Summary





Thank you

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