

# Research maGma

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# Research maGma

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### MANAGING KNOWLEDGE: THROUGH THE LENSES OF NONAKA AND TAKEUCHI

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#### ABSTRACT

Knowledge Management is a crucial segment in the era where every sector is witnessing information overflows. Effective knowledge management has become the need of the hour since the evolution of knowledge based economies. It has been placed as a critical ingredient for organizations seeking to ensure sustainable strategic competitive advantage. Davenport & Prusak (2000) defines the process of Knowledge Management as managing the corporation's knowledge through a systematically and organizationally specified process for acquiring, organizing, sustaining, applying, sharing and renewing both the tacit and explicit knowledge of employees to enhance organizational performance and create value. The paper is organized into three sections. The first is dedicated to looking towards the concept and relevance of Knowledge Management. It highlights the concept of Knowledge Management as a vital determinant of the organizational performance, survival, competitiveness and profitability. The second section solely features the various processes of knowledge management. The major focus of the paper i.e., the Nonaka and Takeuchi's model of Knowledge Management has been discussed in the third section. Moreover, it has also unwrapped discourses on the tacit and explicit dimensions of knowledge. In a nutshell, the paper contributes a deeper insight into the concept, relevance, need and processes of knowledge management with exclusionary stress on Nonaka and Takeuchi's model of Knowledge Management.

#### INTRODUCTION:

It is not at all the matter of dispute that the world we are living in is a globalized world marked by huge and fast flow of information within seconds irrespective of the geographical barriers. It is the globalization which has led to the evolution of knowledge based economics where managing human capital efficiently has become vital to ensure competitiveness of the organizations in knowledge based economy are merely competing on the capital and the strength rather knowledge is the new

competitive edge. GDP is now determined amongst all other factors by the quantum and quality of knowledge stock harnessed and applied in the production process in sectors of the economy. So the need of the hour is we come up with some knowledge management good practices be put in place to improve organization effectiveness.

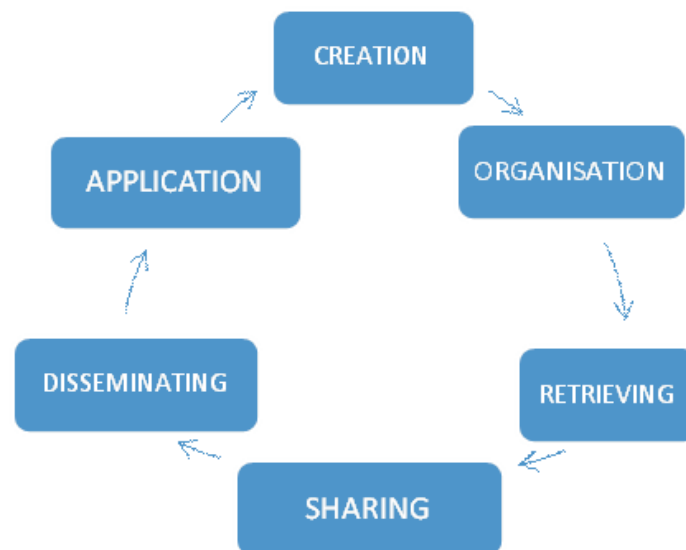
### KNOWLEDGE MANAGEMENT: NEED & RELEVANCE

According to Omotaya, F.O. (2015), if information is the currency of the knowledge economy, human expertise is the bank where it is kept, invented & exchanged. We have always come across a saying that knowledge is power. Based on it we can say management of knowledge is the key to power.

Knowledge management is the edifice of several developed and industrialized economies shifted from natural resources to intellectual assets. Its need and relevance towards improving the competitiveness of organizations has been reflected in a large number of literatures since 1995. It has been opined by Desouza (2011) that knowledge management has become a trendy buzzword. Teng & Song (2011) argues that the importance of knowledge management is no longer restricted to knowledge intensive firms in the high-tech industries but to all sectors of economy. Zack (2003) further says that even companies in the traditional industries such as cement can benefit greatly from knowledge management.

Reige (2007) argues that organizations that effectively manage & transfer their knowledge are more innovative & perform better. Knowledge management has been described as a key driver of organizational performance (Bousa & Venkitachalam, 2013) and one of the most important resources for the survival & prosperity of organizations. In essence knowledge management is beneficial to all sectors, be it educational, banking, telecommunication productions, manufacturing and even the public (Teece, Pisano & Shuen, 1997; Kamhavi, 2012).

### KNOWLEDGE MANAGEMENT: A PROCESS



Knowledge management is perceived as a process comprising majority of 4 key elements. Each element forms a key ingredient in knowledge management strategies of organizations. The creation of knowledge is an important and intrinsic feature of knowledge management (Jaspers, 2011; Nonaka 1991, 1994; Nonaka & Takeuchi 1995; Pan & Scarbrough, 1999). Survival of any organization is very

much dependent on creation of knowledge.

Knowledge creation is an activity that occurs every time and everywhere throughout daily activities at work or in social settings. Knowledge creation happens in dynamics and diverse ways as it is humanistic such as formal training or technical such as data mining activities. Moreover, technology is just means to facilitate knowledge creation which is primarily a human process. Creating knowledge takes us to new and innovative products, improves internal process and operations, improves the strategic decision making capabilities of the organization.

But knowledge creation of no use unless it is easily retrievable and accessible. This put forth the need to organize knowledge so that it becomes retrievable and accessible by appropriate individuals.

Creating and organizing knowledge also induces the necessity to share them. Knowledge sharing has been described as a key activity of knowledge management (Gururajan & Fink, 2010; Lee & Choi, 2003; Olatokun & Nwafor 2012). In order to ensure the knowledge to be utilized once it is created. The knowledge created must be disseminated and shared with appropriate persons.

In addition to all three processes discussed alone, the ultimate process of knowledge management lies on the knowledge application. Knowledge application is necessary for improving the efficiency of operations, increasing the quality and quantity of innovations and enhancing competitions (Omotayo.F.O, 2015).

#### **NONAKA AND TAKEUCHI'S MODEL**

At the heart of Nonaka and Takeuchi's model is the premise that there are two types of knowledge: tacit (that which is in people's heads) and explicit (that which is in peoples coded).

Duffy (2000) opines that tacit knowledge is the personal and context specific knowledge of a person that resides in the human mind, behavior, perception. According to Krogh, Ichijo & Nonaka (2000), Tacit knowledge is knowledge that mentors one's behavior but is not easily obtainable for introspection by oneself or others. It is elucidated by Sabherwal (2001) that tacit knowledge comprises of insights, intuitions and hunches that are difficult to express and formalize. Tacit knowledge is contextual. Thus, merely it can be codified, stored or transmitted through information technology. Most tacit knowledge would reside with people rather than other physical media (Cross et al., 2001). Tacit knowledge is gained absolutely without purpose to learn or awareness of having learned. Individual processes such as direct experience, reflection and internalization shared through highly interactive conversation and storytelling are some of the ways by which tacit knowledge can be gained (Tua, 2000). A distinctive attribute of this sort of knowledge is that it is intricate to articulate and replicate from one person to another. Even the person who exhibits the tacit knowledge may have complexities in describing it to others. Tacit knowledge is subjective & experience based knowledge that cannot be expressed in words, sentences, no's or formula often because it is context specific. Cognitive skills such as beliefs, images, intuition and mental models as well as technical skills such as craft & know how's included in the tacit knowledge.

Explicit knowledge in contrast is formal and systematic; can be codified, collected, stored & rational knowledge that can be expressed in words, sentences, numbers or formulas. It something which is context free. It is stored in mechanical or technical form in different media. Explicit knowledge can, for instance, be found in databases, videos and manuals for dissemination.

Knowledge management has been modeled as a spiral process (Nonaka & Takeuchi, 1995). In this model, exists four steps namely, socialization (tacit to tacit), externalization (tacit to explicit), combination (explicit to explicit) and internalization (explicit to tacit). The interaction of tacit and

explicit knowledge through these four processes leads to the effective management of knowledge. It has been highlighted by the model that the repeated conversion of tacit to explicit knowledge and vice versa is the key to create, organize, share and utilize knowledge. Nonaka & Takeuchi (1995) has defined Socialization as the “process of sharing experiences and thereby creating tacit knowledge such as shared mental models and technical skills”. Hall and Andriani (2003) explained socialization as the process of communicating and enhancing tacit knowledge. A key feature of socialization is that tacit knowledge is passed on between people and not between impersonal media (Argote & Ingram, 2000). Externalization is the “process of articulating tacit knowledge into explicit concepts and metaphors are frequently used to facilitate the process” (Nonaka & Takeuchi, 1995). Combination comprises of the activities of systematizing concepts and exploiting knowledge into a knowledge system through different media. Explicit knowledge is passed on during combination (Hoe, S.L., 2006). Internalization is the “process of embodying explicit knowledge into tacit knowledge” (Nonaka & Takeuchi, 1995). It is closely related to “learning by doing”. It is the process of internalizing explicit knowledge relevant to oneself to become tacit knowledge. This involves the conversion of explicit knowledge to tacit knowledge (Hoe, S.L., 2006). Thus, tacit knowledge and explicit knowledge are mutually dependent and cannot be taken as separate, making knowledge management a spiral process.

Therefore, the Nonaka and Takeuchi (1995) SECI model highlights organizational learning as a social process. There is a need to convert different types of knowledge in a cyclical way to create competitive advantage.

## CONCLUSION

Knowledge Management is a vital segment in the contemporary society witnessed by global competitiveness and fast flow of information. Knowledge management is basically a four step cyclic process comprising of four steps i.e., creation, organization, dissemination and application. Nonaka and Takeuchi classified knowledge in two terms which are tacit and explicit knowledge. Their model of knowledge management has been dealt in detail. Furthermore, there exist constant oscillations and conversions from tacit knowledge to explicit knowledge for maintaining the competitive advantage.

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