Knowledge Management in Japan

Class 8
“Consider your origin; you were not born to live like brutes, but to follow virtue and knowledge”

*The Divine Comedy, Dante Alighieri*
This Lecture

• Knowledge in Japan
• Tacit and explicit knowledge
• Nonaka and the Japanese approach to knowledge management
• Knowledge management within the Japanese organization
Why dealing with knowledge?

Knowledge has become the primary resource for individuals and for the economy overall. Land, labor and capital – the economist’s traditional factors of production - do not disappear but they become secondary. They can be obtained, and they can be obtained easily, provided there is specialized knowledge.

*Peter Drucker*
From Data Processing to Self-Learning—A Trend

Non algorithmic (heuristic)

Non programmable

Algorithmic

Programmable


DATA

INFORMATION

KNOWLEDGE

SMARTNESS
Levels of Knowledge

The four levels of knowledge, levels of leverage derived, and possibilities of technology support.¹
Knowledge Management is the **systematic** management of knowledge to increase competitive advantages – and its associated **processes** (knowledge creation and effective knowledge sharing within corporations)
Knowledge Economy

Organisation

Knowledge Management Processes

Knowledge Creation

Knowledge Sharing

Organisational Learning

Knowledge Outcomes

Value Creation and competitive advantage
Knowledge Management Activities

• Generating new knowledge
• Accessing valuable knowledge from outside sources
• Using accessible knowledge in decision making
• Embedding knowledge in processes, products, and/or services
• Representing knowledge in documents, databases, and software
• Facilitating knowledge growth through culture and incentives
• Transferring existing knowledge into other parts of the organisation
• Measuring the value of knowledge assets and/or impact of knowledge management
Where is Knowledge?

- In the customer
- In products
- In people
- In processes
- Organizational memory
- In relationships
- In knowledge assets
## Knowledge Assets

**Experiential Knowledge Assets**
- Skills and know-how of individuals
- Care, love, trust, and security
- Energy, passion, and tension

**Routine Knowledge Assets**
- Know-how in daily operations
- Organisational routines
- Organisational culture

**Conceptual Knowledge Assets**
- Product Concepts
- Design
- Brand equity

**Systemic Knowledge Assets**
- Documents, specifications, manuals
- Database
- Patents and licenses

**Tacit Knowledge**
- Shared through common experiences
- Routinised and embedded in actions and practices

**Explicit Knowledge**
- Articulated through images, symbols, and language
- Systemised and packaged explicit knowledge
How can we get it?

• Some ideas for knowledge creation
  – Buy it
  – Steal it
  – Motivate everybody involved to share it
  – Order everybody involved to change it
  – Create a knowledge intensive environment and hope everybody will create and share
  – Make employees learn, think, study and increase their capabilities
But this is not so easy…

- e.g. Principal – agent model
  - The principal (the boss) decides to delegate task to an agent (employee) with a contract
  - Questions: How much knowledge does he/she give the agent?
    - The more knowledge he will give to the agent the more productive he/she will be
    - At the same time, the agent may also become a competitor or get too much power with the knowledge received
How about the concept of *ba*?
Three Elements of the Knowledge Creating Process

**Ba: Context-Knowledge Place**
- Platform for knowledge conversion
- Space for self-transcendence
- Multi-context place

**SECI: Knowledge Conversion Process**
- Conversion between tacit/explicit knowledge

**Moderator**
- Grow and shift through the continuous knowledge conversion process
- Moderate how ba performs as a platform for SECI

Input

Output

Three elements of the knowledge-creating process
Tacit and Explicit Knowledge

• Tacit knowledge includes insights, intuition, and hunches
• Explicit knowledge refers to knowledge that has been expressed in words and numbers
• We can convert explicit knowledge to tacit knowledge
Explicit Knowledge (Objective)

- Knowledge of rationality (mind)
- Sequential knowledge (there and then)
- Digital knowledge (theory)

Tacit Knowledge (Subjective)

- Knowledge of experience (body)
- Simultaneous knowledge (here and now)
- Analog knowledge (practice)
The knowledge creation spiral

1. I have an idea (Tacit mental connections)
2. I explain it to others (Make it explicit)
3. We all discuss it and reflect on it until we feel comfortable (Tacit connections between mental systems)
4. We expose the refined concept to a wider audience as we try to negotiate the corporate approval maze
5. Other explicit input is incorporated
6. Refined idea is tested in overt or covert experiment
7. If it works in practice, confidence and experience grows
8. Spread the experience more widely through conversation with others
9. Until innovative knowledge becomes core to the organization
Nonaka: The SECI Process

The SECI Process (Nonaka et al. 2000)
Class 8
Some newer insights on *ba*

- 場 (place) describes the place/area/the shared context of knowledge exchange
- Information only becomes knowledge when there is interaction with people
- Knowledge is meant for the group, not for the individuals
- Office, factory, virtual and mental space are used to share each opinion and ideas
**genba-ism**

- *genba* (現場): the actual place where work-related activities happen (physical *ba*, e.g. contact with customer, assembly line etc.)
- This is the place where tacit knowledge is gained
- At *genba*, there is no class consciousness
- “Let’s go back to *genba*” (lets start with the basics again) (Toyota)
Archetypical model of Japanese knowledge-creation processes
Western Knowledge-Creation Processes

Archetypical model of Western knowledge-creation processes
### Japan vs. the West

<table>
<thead>
<tr>
<th>Japanese Organization</th>
<th>Western Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Group-based</td>
<td>• Individual-based</td>
</tr>
<tr>
<td>• Tacit knowledge-oriented</td>
<td>• Explicit knowledge-oriented</td>
</tr>
<tr>
<td>• Strong on socialization and internalization</td>
<td>• Strong on externalization and combination</td>
</tr>
<tr>
<td>• Emphasis on experience</td>
<td>• Emphasis on analysis</td>
</tr>
<tr>
<td>• Dangers of “group think” and “overadaptation to the past success”</td>
<td>• Danger of “paralysis by analysis”</td>
</tr>
<tr>
<td>• Ambiguous organizational intention</td>
<td>• Clear organizational intention</td>
</tr>
<tr>
<td>• Group autonomy</td>
<td>• Individual autonomy</td>
</tr>
<tr>
<td>• Creative chaos through overlapping tasks</td>
<td>• Creative chaos through individual differences</td>
</tr>
<tr>
<td>• Frequent fluctuation from top management</td>
<td>• Less fluctuation from top management</td>
</tr>
<tr>
<td>• Redundancy of information</td>
<td>• Less redundancy of information</td>
</tr>
<tr>
<td>• Requisite variety through cross-functional teams</td>
<td>• Requisite variety through individual differences</td>
</tr>
</tbody>
</table>

---

**Comparison of Japanese-style vs. Western-style organizational knowledge creation.**