

Knowledge Eco-System
=> EcoSystems of Innovation

but Drucker!
of Grammar of Science
Pearson

11 (201.)

Revisiting the 'Knowledge Creating Firm' in the 'Post-Capitalist Society' Context

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KM => KCM

KCM := Knowledge Creation-Management
cf 2012 => Grammar of Knowledge
+ Creating Management for
Prudent Capitalism

Introduction

This essay contributes to Dr. Ikujiro Nonaka's knowledge creation theory and in particular what Peter Drucker termed a theory for a post-capitalist society. The following four sections look back over thirty years from the beginning of the Japan miracle and current management theory as the development of the knowledge creation theory. It concludes with the author's proposal of 'purpose engineering'.

g) The first section deals with the history of knowledge creation as a theory of knowledge economy first proposed by Peter Drucker more than 40 years ago. Nonaka's 1991 study and theory highlighted the success of Japanese companies in the 1980s. After encountering the theory, the US became active in the knowledge management approach in the first major stage of the 1990s. The second major stage of development occurred in the first decade of the 21st century. Concepts dealing with intellectual capital, intangible assets and the value of innovation were developed and explored during this period. The third stage is now occurring in the second decade of this century. In particular, the whole organization and the fundamental management goal is the creation of knowledge for the society or social innovation.

Doktor-Arbeiter
Post-Capitalism
1993

ii) The second section then introduces the current situation of knowledge creation theory. Discussion of the present day problems with the global economic system focuses on the necessity of a new management approach. We cite some of the problems that existed in Japan and some of the positive examples from the US. We then delineate our 'to do' list for 21st century management.

or for soc. i.

iii) The third section focuses on the relationships with Hayek and others ideas, regarding the theories of innovation and the community. The significance of 'tacit knowledge' as well as innovation theory proposed by Schumpeter is explored. The four components of the 'SECI Model' are explained as a

How
knowledge
works or
is explained

You can't reduce everything to rules without losing the beauty of it ...

Nonaka in the 90'

ecosystem of innovation

(iv) discovery process of new knowledge, and how they integrate the explicit and tacit knowledge of ecosystem in the knowledge process.

The final section on theory of 'ba' is quite extensive. Here we revisit the meaning of 'ba' and explain why it is necessary. We explore designs of 'boundary objects' which combine 'ba'. We discuss further the notion that knowledge creation must include the human component. The chapter ends with the concept of 'purpose engineering' or orchestration of purposes.

Drucker on capitalism and the necessity of knowledge theory

'In fact, knowledge is the only meaningful resource today... [We need an economic theory that puts knowledge into the centre of the wealth-producing process. Such a theory alone can explain the present economy, it alone can explain economic growth. It alone can explain innovation. It alone can explain how the Japanese economy works and, above all, why it works] (Peter F. Drucker, *Post-Capitalist Society*, 1993, italic by the author).

The paragraph is cited in Nonaka's new book (Nonaka & Konno, 2012). This essay discusses the past and the future of the knowledge creating theory, based on ideas presented in this new work.

Drucker questioned how economic value could be created in a knowledge-based capitalist society. He did not answer the question himself. Based on what he had observed about the 20th century modern world and industrial society, he predicted the evolution of an organizational society. Compared to the isolated and divided work style typical of early mass manufacturing, Drucker suggested that flexible networking and collaboration (socially organizing) among knowledge workers would be the key factors for creating value.

During his early years in Vienna, he foresaw the collapse of Soviet Union Russia and the rise of Nazism and totalitarian society. It could be that Drucker was sounding a warning to our society and that we should seek such an organizational evolution beyond the industrial society. Knowledge Creation theory is now becoming an answer to the question that Drucker posed.

Organizations that are founded upon the core principle of 'knowledge creation' require management that supports and fosters this organizational compass. Knowledge Creation Management (KCM) is a model whose foundation and core is the process of knowledge creation.

The idea of knowledge creation originally emerged from research into the process of new product development in Japanese firms. Japanese firms such as Honda, Canon, NEC and KAO were growing quickly in 1980s.

After its introduction in 1990s, the theory was refined by further research and examination into a holistic theory of management and organization. It resulted from an iterative struggle of weaning itself off the natural instinct to follow the successful ways of the past and trying to create new ways of thinking and doing. We can say that KCM is a relatively new concept in the

distancing
By Seilschaften?!

2012

The Summary of Knowledge Property Report for Product Capitalism

KCL => gap!
of knowledge!

bureaucratization

Robbin
of Nonaka!

Kap vs Kon
=> 12 years of Ehrlich

Verständnis
Begriff vs
Technik...

Explaining the success of Japan in the 80's

P 167

discovery

of knowledge

knowledge workers

Drucker

Cap. and modern society in general are characterized primarily by "bureaucratic rationalization"! / Hilan Kunders!

Iterative and Bureaucratic
=> conflict?

=> The Curve 2005

Democracy: E of soft

Regal ^{im Hof} Kooperativ Benefit of dam stue
Kopierkiv
-> Es ist das Kooperative Reflexion und Ver
stärkte Potential!

field of management studies. As the interest of knowledge management (KM, not KCM) increased globally after 1990, it gradually started to spread on and off as an important concept impacting the fundamental notion of management.

In the 1990s, the idea of KM first gained traction in the US, especially in the field of information technology. Yet, it did not work well and virtually failed. Initially, American firms realized the importance of knowledge and that repeated restructuring and mergers often resulted in lost knowledge. They attempted to store and archive the organizational knowledge via information technology. The results were not always satisfactory because it was not knowledge sharing but simply information sharing. It was in the 1990s, after fully realizing the importance of human factors, that knowledge creation theory began to arouse people's interests as well as the new tide of management theories.

At that time, European and US companies' strategic views had been limited by their focus on environmental analysis and competitive strategies. Compared to the traditional analytical method of strategic planning, the new emerging models were concerned with intangible assets and an organization's internal resources such as organizational learning, core-competence and RBV (resource-based view). Among the new theories, the 'Nonaka group' was a pioneer in the concept of knowledge creation that focused on human knowledge; not tangible economic resources or systems thinking. What the Nonaka group eventually began to understand was that it was not just the process of knowledge creation: it needed a platform for innovation. Knowledge creation theory offered a new construct or pillar in many of the social disciplines including business and economics. The theory of 'ba' was published in 1998 (Nonaka & Konno, 1998).

In the 2000s, Theories and discussions on a 'New Economy' generated interest in how the hidden value of intangible knowledge assets IC (intellectual capital) could impact corporate performance. As the interest in innovation increased, the concern for knowledge creation, not just knowledge sharing increased. With the beginning of the new millennium, came the second period in knowledge creation theory. It became known as the basic theory of innovation and the concept of 'ba' (place or shared context) for knowledge creation was introduced.

Currently, it can be said that KCM has become a magnet or platform connecting social innovation, business model generation and a new paradigm software development method such as agile scrum. The use of scrum as an agile software framework is spreading globally in the software development field and is based on the knowledge creation approach.

In these practices and approaches, 'ba' works effectively in creating knowledge by the SECI process. Through the interactions, socialization, externalization, combination and internalization transpire rapidly among the development team members. As a result technical knowledge is transformed, coded and becomes accessible. In other words it becomes the capital of the whole development teams.

Tadmit mit
Kooperativ-Potential
of Phil & Winitz
Folle stueckeln!
Aufgabe
loss of knowledge
No room Datenbank
nicht ausprechen

to explain what?

D
>

8

9

Is the SECI-model a management tool (?)
=> debatious?

Scrum is a rugby term and it is similar to the word scrum in US football or skirmish in a battlefield. It describes the rough and disorderly struggle in which the football passes from different members on different teams. The goal is to share purpose for the struggle. The scrum, design thinking and all collaborative work styles have some process in common. They point to the fact that KCM has become the new order of work.

Scrum,
Startpunkt
collaborative work styles

Now, the network of KCM researchers and business people continues to spread globally. We are at the point of re-examining the context of KCM from its inception, around 1980, to present. In other words, this is the era of great transformation of capitalism and society. It also reflects the turning point and true paradigm shift from the traditional theories of management. Fundamentally, companies need to move from the analytical to the creative model.

unmittelbar
aber sie haben -> (1)
beachtet was es
mit sich bringt, weil
die Fehl-Berichterung
von Arbeitsplätzen
Hindernisse!

Revisiting the knowledge creation theory

As Drucker foresaw, the shift to the knowledge society is now a major global initiative. Management in such a society is founded upon and stems from the collective knowledge of the individuals. In this model of organizations, 'ba' offers the fundamental concept underpinning such a society. 'Ba' is the shared context among individuals, formed by their interaction for the creation of knowledge. An expanded definition of 'ba' is offered in the next section.

Ba = #

The knowledge society is a global phenomenon which includes some deep and common factors that can and will fundamentally change the existing social structure and system and impact individual networks and local life. Naturally, these are of critical importance in planning an organization's strategies and operations. Firms should consciously create 'ba' because it is the essential interface, the porous interface, between all levels of an organization, the inside and the outside.

Such management approaches largely differ from the 'traditional' style and methods. The context of organizational and managerial theories is transforming dramatically, and is approaching the integration phase. This transformation reflects the changes from 20th century industrial structure to the knowledge society economy as well as the reconsideration of market fundamentalism and the effects of diversification from globalization. How we treat knowledge is key for the synthesis. It must reach beyond the former techniques of analysis. For instance, social obligations and responsibilities are playing a greater role in management. This requires a balance of the needs of all stakeholders. And finally, the new leadership challenge is management that is virtuous and sagacious, i.e., a 'phronesis' or practical wisdom (Nonaka & Takeuchi, 2011).

However, then why is it that knowledge creation firms in Japan are not successful today? In the current global economy, Japanese firms should have quickly noticed and adopted the new management style suited to a knowledge-based economy. However, the law of inertia 'blinded' firms to a sense of crisis and responding to the challenge facing a fundamental transformation. For example, a number of manufacturing firms could

not extricate themselves from the old industrial management model that focused mainly on manufacturing of things (mono-zukuri) and efficiency. As a result, their high manufacturing capabilities remained static and unexplored. Without the development of a new global markets and business models, survival will be difficult.

If Japan Inc. does not make up its mind now for fundamental change and transformation, there will be little hope for future growth and innovation. Japan needs both the ability to restructure itself and strong imagination, such as 'we will create the future society this way' and 'the new and better value for global society is this'.

Japan's 'lost two decades' did not simply happen because of comparative decreased capacity in the global market. It is not a matter of competitiveness. They continued producing high quality items but this was as a result an outdated idea. What they lacked was the imagination and innovation that could create a new society and change the world or its game. They needed to focus on customer value and creating a new ecosystem. Strong visions and ambitions such as 'we want this', 'we want to change this way' were not reflected in product or service designs.

Knowledge creation must be relearned by the Japanese themselves. In the US, on the other hand, there are some innovative firms such as Apple that promoted new visions and ideas. Currently, innovation does not mean simply supplying a new product, but creating a new relationship or generating a new business model.

In the last twenty years, the end of the cold war and the spread of the Internet has dramatically changed the global social system. These changes challenged and encouraged open relationships among organizations everywhere. The relationships between the society and the customers, firms and workers or partners all changed. There is no doubt that Japanese firms also need to develop the future relationships necessary to secure their organizational viability.

An ideal or at least the most suitable management approach must be seriously discussed in order to fill the gap between the new actualities of the society and an organization's existing system. Past management theories, especially studies in strategy and organization hinged on a model of the inner structure of the organization, which implied of course a model within closed boundaries. Based on this model, firms analysed the outside market and environment, learned the possibility of inner capital distribution and developed a reasonable logic; it then organized the best structure to achieve goals. Organizations persisting to use this model into the 21st century will likely reach a dead end and will cease to evolve in the new context. A global society whose economy is based upon knowledge demands and requires a management model devoted to knowledge creation, i.e., KCM.

We might ask, however, why the analytical paradigm no longer works? First, the idea behind this paradigm – a 'deterministic' way of thinking that we can always reach the right answer by narrowing down the question through

but also reduced !