

## Consideration of Knowledge Management and Creation

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In recent times business styles have changed significantly worldwide. Organizations need to be prepared for constant change in the current fast paced business world and therefore need dynamic management through knowledge creation. Knowledge creation is a dynamic business activity involving coaction and interaction through innovative ideas and meanings. However, because of individualism and competitiveness, the importance of humans and the need to relate to each other is often times overlooked, and hence forth affect the impact of knowledge creation in businesses. This paper seeks to define Knowledge and Knowledge creation, and show through an investigative review of four articles how Knowledge creation can be created and improved in business organizations.

**Keywords:** Knowledge, Knowledge management, Knowledge creation

### Introduction

Richards (2002) states that to achieve economic fortune, there are some key driving points, such as, globalization, digitization, decentralization, the capitalization of knowledge, information, and intelligence. Moreover, Richards maintains that the energy of an organization is displayed by its intelligence, thinking, and knowledge. Botha (2000, p.141) summarized from Peter Drucker's definition of knowledge as "knowledge as an economic resource and knowledge as a source of competitive advantage". Ichijo (2001) states that the amount of knowledge a company has and how they develop in the knowledge will have a big impact on the company's competitive edge and ascendancy in the knowledge information society. Ichijo (2001) understands the importance of

knowledge in any organization to the extent where he shares a similar viewpoint with Nonaka (1991) that knowledge is one of the long term assets of a company. Many other researchers have similar arguments to the above mentioned where they point out that knowledge has high supremacy and is an important key factor for organizations.

This paper will be of a narrative review of the four journal articles, Botha (2000), "A conceptual framework for the management of knowledge in a knowledge-based enterprise", Nonaka (1991), "The knowledge-creating company", Poell and Van der Krogt (2003), "Learning strategies of workers in the knowledge-creating company", and Richard (2002), "Rethink or Else...! Creating Intelligent Organization". The paper will also investigate knowledge in the organization, how to create knowledge in companies and how to improve knowledge creation in these organizations. According to Campbell Collaboration (2001) and Kirkevoold (1997), a narrative review involves the summary of several primary studies, involving a holistic interpretation process coming from

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known theories and models and, the researcher's own experience to make valid conclusions in accordance to the research topic.

### **Knowledge**

According to the four journal articles previously mentioned, some of the researchers have their own definition of knowledge. Richards (2002), states that knowledge is content and is comprised of ideas, beliefs and impressions. Furthermore, he argues that without rethinking and reshaping, knowledge will be 'hackneyed'. Botha (2000) quotes from Albert Einstein, 'Knowledge is experience, everything else is just information'. Nonaka (1991), states that there are two types of knowledge - explicit knowledge and tacit knowledge. Explicit knowledge is easy to share and communicate and it is formal and systemic. On the other hand, tacit knowledge is a very personal knowledge which is difficult to formalize and communicate to other people. Tacit knowledge is very ingrained in people's action and teamwork activities, and it is very informal, therefore, it is very hard to capture. Nevertheless, tacit knowledge is very important, as based on Ichijo (2001), innovation starts from tacit knowledge, even though, it is very difficult to put into practice and manage. However, Nonaka and Teece (2001) chose to show the importance of both explicit and tacit knowledge management by stating that due to the interaction between explicit and tacit knowledge, knowledge is made within organizations. In addition, they suggest three elements to create knowledge in the organization; the SECI process, ba and knowledge assets.

### **Knowledge Creation**

In regards to a knowledge-creating company, Nonaka (1991) states that it is not expected that action alone will devise new knowledge. His idea is that new knowledge is made from the individual level and then subsequently changed into worthwhile organizational knowledge. He pointed out that it is difficult to clearly define due to different mentalities, beliefs and perspectives.

Botha (2000) also uses Nonaka's idea that there is a change from information form to knowledge form. However, Richards (2002) chose to show his understanding of knowledge creation by using an interesting function. The function is that knowledge creation = Thinking × Intelligence × Motivation. Richards (2002) goes on to say that organizations are vital in this process, for while an individual can be passionate and success driven, knowledge creation can be hampered if the company does not motivate its workers. It is imperative that organizations see the importance in learning, creating and realizing different potentials for success.

### **Knowledge Creation in Organizations**

Botha (2000) argues that in order for knowledge creation to be effective, leadership and management are both important, as they are responsible for providing a positive environment for employees, such as, motivation and creative chaos. He continues by saying individuals and teams, activators processes, integrators and external structures are all imperative to the process of knowledge management. For knowledge-based organizations to succeed, knowledgeable workers with specialized knowledge and skills should be assigned to teams that are designed to tackle specific assignments. Regarding leadership, Ichijo (2001) suggests that a company should try to make good leaders within the organization. Richards (2002) also iterates that motivation is very important for knowledge creation. He maintains that leaders themselves must value and demonstrate a strong desire to bring out the brainpower of every member of the organization. Richards (2002) believes the desire to learn, innovate and create will be diminished if the work force does not possess high levels of motivation. Nonaka (1991) suggests, chaos, redundancy, confusion, vision, as well as, figurative language, such as, metaphors and motto, are all important in the process of knowledge creation. Moreover, he proceeds to argue that imagery and symbolism are important for making tacit knowledge explicit.

In relation to management, Botha (2000), writes

that the most important factor of knowledge creation is to conceptualize a vision in regard to what type of knowledge should be developed. In addition, he maintains that knowledge technologies are solely aids in the knowledge processing activity, and it is the value added by people - context, experience, interpretation and judgment, that transforms data and information into knowledge.

In regards to knowledge technologies in the organization, Ichijo (2001) states that a company should make use of both its inside and outside data in order to strengthen its intranet service. Richards (2002) took it further to explain that organizations need to develop systems to assist worker's knowledge. Nonaka (1991) discussed the importance of information being accessible to all employees in order for all employees to be on equal terms, which subsequently enables different interpretations of new knowledge. All employees need to know the same information in order to understand their own situation and perspectives and that of others. These researchers, in effect, purports that using organizational technologies, organization can offer the employees knowledge sharing "ba".

In relation to organizational structure, Ichijo (2001), states that if the organization is a bureaucracy, it is difficult to make good business leaders. Botha (2000) gave a solution to this problem by arguing that the forming of teams with members representing internal and external structures will promote tacit and explicit knowledge interaction and lead to the creation of new knowledge. Richards (2002) supporting this argues that advances on active group thinking style has a very important impact. In regards to group work also, Nonaka (1991) advocates that middle managers are very important. The reason is that middle managers communicate with executives and frontline employees, taking tacit knowledge and changing it to explicit knowledge. Furthermore, Nonaka (1995) wrote about this idea more deeply in "The knowledge-creating company", in order to strengthen this research thought. However, Poell & Krogt (2003) thought his ideas were lacking in some areas. They

pointed out that Nonaka (1991) has addressed some important issues but that she has neglected other crucial points. For example, they argued that in regard to knowledge creation it is crucial to understand how workers learn in relation to their organizational context. Nonaka's idea is that workers in an organization may achieve limited learning due to its organizational structure and management strategies. Poell and Krogt (2003) agreed with him, but is more concerned with how workers learn. Even with good organization and management it is essential to be aware of how people learn best. They put forward the importance of how the learning of workers is organized in the knowledge creation theory, and how the learning of workers is related to the work they perform. Poell and Krogt (2003) state that learning behaviors of workers is not just determined by the organizational structure of management strategy. Therefore, while organizations might be focused on putting into practice knowledge creation strategies, they have to be highly aware of how their workers learn. While Nonaka (1991) maintains that workers will learn within the boundaries set by management, Poell and Krogt (2003) argue that workers organize a great deal of learning themselves, frequently irrespective of management expectations.

### **Improving knowledge creation**

In order for organizations to improve knowledge creation and management, Poell and Krogt (2003), discussed that managers and Human Resource Department (HRD) professionals should make learning programs more effective to advance and support the learning strategies of workers. In his article, Botha (2000) put forward the idea that just merely putting into practice new knowledge management processes is not totally beneficial, since it would mean new knowledge management structures being formed and employees taking on new knowledge management responsibilities. Instead, it would be more beneficial if already existing company culture, processes, structures and tasks be analyzed and in turn restructured and changed where necessary to absorb knowledge

management as a way of life. He believes that changes should be constant, small, simple and commonsensical. Ichijo (2001) states that leaders have to have increasingly clear vision and they should establish the organization climate, aggressively pushing the importance of developing knowledge. Richards says that the knowledge age is over and the next age is intelligence. He suggests that organizations should be more creative, fast paced and passionate.

### Discussion

Richards (2002) article was focused on how knowledge is created and managed in North American firms. The author was vivid about the main content in the entire article that tended to focus on the difference between intelligence, knowledge and thinking. Furthermore, he also tried to show the relationship between improvement among individuals and how this impacts organizational performance since he believed that what one knows is as essential as what one makes. He was keen on the leadership of organizations practicing these concepts. Richards made it clear when he asserted that in a competitive service sector, the key to success was human creativity. Moreover, he observed that the business sector has significant factors such as digitization, globalization, knowledge capitalization and decentralization of knowledge, which formed the key economic drivers of any organization. Li (2013) too contents with the idea of capitalization of knowledge when he asserts that knowledge management is concerned with detection, distribution, leverage and improvement of knowledge in a manner that benefits the organization.

Richards also observes that organizations require human initiative, flexibility in organizational design and effective organizational systems that allow capital to flourish via achievement of a competitive edge over others. Richards emphasized on the need for team-based, agile, entrepreneurial and networked systems, which means that organizations are supposed to move away from the vertical frameworks that were mainly hierarchical to more horizontal systems that support empowerment. However, the

article fails to offer any empirical evidence that supports Richard's assumptions and assertions. There is a need for a more detailed account of what should be expected of organizations in the area of knowledge management so that improvements could be documented.

Poell & Krogt (2003) offered a critical evaluation of Nonaka's & Takeuchi's theory about knowledge creating organizations. First, the article sought to understand how employees are organized based on the theory of knowledge creation. Secondly, how their learning could be associated with the performed work. The article then reaches a conclusion that Nonaka and Takeuchi were tending to assume that learning is a personal initiative without the need for management expectations, and that the two expected learning to happen in the precincts of a management system with innovation as the key point of focus. Poell and Van der Krogt were convinced that organization learning was the responsibility of the Human Resources Department (HRD) which provided the organizational strategies. Nonaka and Takeuchi were most concerned with the actual process of knowledge creation that is then extended to the design of organization's products, systems and services. Furthermore, Poell and Van der Krogt asserted that the organizational structure and strategies of the management are responsible for influencing individuals who then transfer the knowledge to benefit the organization. The two authors were on point in their empirical evidence that supports their study on the different organizations as a way of illustrating the kind of strategies to be employed by managers and HRD staff. Additionally, Li (2013) posits that knowledge is useful when it is stored for the organization's benefit via synchronous, face-to-face and asynchronous communication. Furthermore, Poell and Van der Krogt clarified the intentions of Nonaka and Takeuchi's theory of knowledge creation which was focusing on managers and HRD personnel. According to Nonaka and Takeuchi, the creation of knowledge could be through continuous interaction of explicit and implicit knowledge and social interaction among the participants. However, they stressed

the need for individual learning which positively impacts the organization's performance. The authors were categorical and detailed about the types of organizations and knowledge creation models applicable. They included bureaucratic systems in which the top management controls knowledge creation. Entrepreneurial organizations that have flatter structures and empowerment and autonomy are key principles underlying these types of organizations. The third type is the Hypertext organization also known as multi-layered which has three divisions namely bottom, middle and top layers. However, the article failed to offer any disadvantages of using Nonaka and Takeuchi's theory and if there was a need for any revisions to perfect it.

The article "Knowledge-Creating Company" by Ikujiro Nonaka, who is a Professor, Emeritus of International Business Strategy at Hitotsubashi University's Graduate School of International Corporate Strategy in Tokyo, is centered on the concepts of tacit knowledge and continuous knowledge creation that focuses on continuous innovation. The article encourages organizations to seek competitive advantage through having an eye for innovative technologies that will put them ahead of the pack, since in the age of technology, competitive rivalry and shifts in the market is at stake.

### Summary

Nonaka asserts that intellectual capital and brain power are critical to success that organizations should embrace to compete effectively. He looks at the Western management style that focuses on quantifiable data and formal systems to get things done in the organization because it is efficient and cost saving for the business enterprise. Richard (2002), was also clear on the fact that creativity and personal initiative were critical to the success of organizations. However, Nonaka is critical of the system and opts for better management systems found in Japan in organizations such as Honda, Matsushita, Canon and Sharp, in which response to customers is prompt. The article was also clear on spiral knowledge that originates

from an individual as discussed in detail how an individual could come from tacit knowledge to explicit knowledge in the effort to ensure that the organization moves ahead smoothly.

With this resolve, the article states that Nonaka insists on managers not taking anything lightly, which should be passed on to other employees. The author was metaphorical in the sense that it defines the roles expected of managers in organizations with view of identifying how knowledge is created. He emphasized the need for doing away with redundancy citing many examples from different companies he used in his study. Tacit knowledge is essential as a starting point for organizations that need success. The article was clear on the need for creativity, innovation and knowledge creation. Using several examples from different companies, it is clear that the main focus of organizations should be customer satisfaction that can only be achieved if this knowledge is utilized in the organization.

In the article by Botha (2000), he highlights knowledge as an essential resource for any proactive enterprise. Botha (2000) is cognizant of the fact that management requires properly honed skills through a learning process to gain optimum results. Furthermore, he also examines specific knowledge processors to the activity of processing itself for yield to become feasible. His assumption has also been tested against Nonaka's (1991) model for the knowledge creating company in which he insinuates that a company's performance is reflected by the knowledge yield, according to the laid down conceptual framework. Botha's article has touched on sensitive issues, such as, the construct of knowledge management that sparked interest into researching the depths of management practices in view of coming up with a workable paradigm after much revision. He cites knowledge as an economic resource an organization could invest in for the sake of innovativeness. Furthermore, he shed some light on the origin of terminologies such as intellectual capita, human intellectual assets, and knowledge capital among others that came into being as a result of economic development or knowledge management systems. He insists that there has been no single proper definition of knowledge in

most of the written literature on the subject.

Botha (2000) notes that a knowledge-based organization is supposed to be a learning organization which simply implies that learning is a must for enhancing results. From this assumption, Botha asserts that knowledge is a source of competitive advantages. Most scholars such as Nonaka (1991) and Li (2013) are in agreement on this point because there is a need for a paradigm shift to be allowed in the organization for changes to manifest. Nonaka felt that tacit knowledge was essential to any organization because of increased efficiency and improved return on investment (ROI).

He reiterated the need for organizations to understand the importance of internal knowledge in creation of yield and accumulation of more knowledge that could be applied in future. For the knowledge in an organization to be useful, the management and staff alike should plan for its use so that gains could be realized in both short term and long term. The main focus therefore was on company performance and implementation of the said knowledge.

### Conclusion

This research paper investigated the creation of knowledge, types of management styles and how they impacted knowledge creation and final output of the organization. In regards to knowledge creation within organizations, there are a lot of opinions, ideas, and theories. In order to create knowledge, leaders of organizations have to analyze carefully improvements in all factors of knowledge creating such as vision, motivation and teaching strategies. Also, group activities and links with outside organizations and the community should be aggressively pursued, and organizations should endeavor to develop new knowledge and knowledge interaction. Moreover, each organization should adopt appropriate structures and support, and should set up circumstances so that every bottom, middle, HRD and top employee can experience success in knowledge creating. In order to create knowledge, leaders of organizations have to analyze carefully improvements in all factors of knowledge

creating, such as, vision, motivation, and teaching strategies. The paper highlighted the essence of creativity, human initiative, organizational, effective systems and organizational design as the precursors to success in a dynamic market environment especially in the service sector that is characterized by competitive forces. Effective knowledge management should be the main goal of any organization that aspire to compete effectively. An organization should have enough knowledge that could be kept for future use for it to stay afloat in its operations.

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