Chapter XVI

The Process of Converting Consultants’ Tacit Knowledge to Organisational Explicit Knowledge: Case Studies in Management Consulting Firms

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ABSTRACT

Management consulting firms are typical examples of knowledge-intensive organisations in which the consultants’ knowledge, in particular tacit knowledge, is critical to the success of the firms. The firm’s success depends on its continuous effort to retain the consultant’s tacit knowledge. This chapter will explore the conversion processes of consultants’ tacit knowledge to the organisational explicit knowledge by focusing on how organisational structure, culture and information technologies support the conversion processes. For the purpose of this study, Nonaka and Takeuchi’s (1995) spiral evolution knowledge conversion model will be revisited. To address the issue, three case
studies on management consulting firms in Australia were conducted. Findings of research will report on the respondents’ perception of the importance of tacit knowledge and conversion of consultants’ tacit knowledge to organisational explicit knowledge with reference to organisational structure, culture and information technology. From the findings, the researcher will establish the so-called guidelines for converting such knowledge and, hence, propose a suggestion for future research.

INTRODUCTION

Today’s economies are increasingly focused on knowledge, which is recognised as the key driver of economic performance. As expressed by Drucker (1993, p. 42), “knowledge is the only meaningful resource today; the traditional ‘factors of production’ have not disappeared, but they have become secondary.” In other words, given today’s economy, the traditional factors of labour, capital, and land are no longer perceived as the most important resources. People and organisations have begun to realise the importance of knowledge and regard it as the most important asset. Knowledge is a meaningful resource at present and inevitably in the future. One way to improve economic performance is to treat knowledge as providing a competitive advantage through the conversion of tacit individual knowledge into explicit organisational knowledge. In this way, people do not reinvent the wheel for each project carried out by the organisation (Devlin, 1999; Drucker, 1993; Nonaka, Takeuchi, 1995; Stewart, 1997).

In a management consulting firm, consultants are the holders of the individual knowledge that generates revenue. The tacit knowledge of a consultant is critical to the success of a project, but it can be more beneficial to a firm if it can be converted to explicit knowledge. By doing so, the firm is able to prevent the reinvention of the same methods to solve the same problems that have already been solved in the past. Moreover, other consultants can apply these methods even when the person who was originally involved is no longer employed by the firm.

According to Nonaka and Takeuchi (1995), knowledge conversion is a process of interaction between tacit and explicit knowledge. This interaction ensures a continuous interplay between the two entities, i.e., the individual and the firm (Inkpen, 1996). However, the process is dependent upon other inherent variables, such as organisational structure, culture and information technology (Dilnutt, 1999). In this paper, the researcher, therefore, aimed:

- To observe the conversion processes of consultants’ tacit knowledge to organisational explicit knowledge,
- To evaluate how organisational structure, culture and information technology support this conversion process, and
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