


# Chapter 20

## The Concept of Knowledge Management: Rational vs. Multifaceted Perspectives

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### ABSTRACT

*This chapter discusses the concept of organizational knowledge and how it can be managed in business settings effectively. For this purpose, first, different perspectives on knowledge were introduced (possession and practice perspectives), and various definitions of the concept were compiled from the literature. Following that, a more specific concept, organizational knowledge, and two distinct approaches (rational and multifaceted perspectives) to the management of this form of knowledge were discussed in detail. In this section, taxonomic studies were also incorporated to confer different assumptions towards organizational knowledge explicitly. Understanding these assumptions is critical since it would give hints on how to manage knowledge in such settings. The chapter is finalized by explaining the dimensions of the knowledge management process.*

### INTRODUCTION

Although the emphasis on ‘*the uniqueness of knowledge*’ has accelerated in parallel to the popularity of the resource-based approach in the last 30 years, the value of knowledge for organizations has begun to be acknowledged in early studies. Indeed, Frederick Taylor’s scientific management approach, which depicts organizations as an ‘*information processing machine*’ (Nonaka & Takeuchi, 1996), remained as a dominant paradigm in the management theory for many years. Yet, this paradigm relies heavily on

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explicit knowledge that is often characterized as formal and systematic. Hence, the role of managers is to observe work processes and determine effective ways to organize them (Newell et al, 2009, p. 19).

More recently, the structural changes in economies (i.e. scarcity of tangible resources) (Bolisani & Bratianu, 2018) have enforced organizations to continually create new intangible resources (Nonaka & Takeuchi, 2007), including knowledge, to substitute for those limited tangible ones. Thereafter, knowledge has begun to be treated as the key source of sustainable competitive advantage for organizations (Quintas et al., 1997; Drucker, 2012), and many scholars emphasized its strategic importance (Spender & Grant, 1996; Nonaka & Takeuchi, 1995; Berman et al., 2002; Halawi et al., 2006). Correspondingly, firms strive to build dynamic mechanisms that can facilitate knowledge management (KM) processes within the organization. In this sense, both academicians and practitioners have concentrated on what the KM is and the processes that constituted it. Based on the current literature, this chapter will attempt to explain the KM process in detail.

## **RESEARCH METHODOLOGY**

This conceptual study is designed as a systematic review. The method utilized requires a systematic approach for searching and contextualizing existing literature (Samnani et al., 2017). In other words, the study set out to compile and synthesize scientific research that intends to understand knowledge management in business settings. The data for this study is gathered through analyzing the range of quality researches and online collections. Initially, numerous review questions were identified: What is knowledge and organizational knowledge? What are the different epistemological stances that explain knowledge? How do these stances constitute different knowledge forms? What is organizational knowledge and how can it be managed effectively? What are the dimensions of knowledge management? What are the primary assumptions of competing stances that explain the knowledge management process differently? Following this, several advanced search criteria were determined based on these questions. Data classification and analysis were then performed considering predetermined search criteria. The information acquired was categorized under main topics and synthesized systematically.

## **CONCEPTUAL FRAMEWORK**

### **The Notion of Knowledge**

There is a consensus among social scientists on which the fact that attributing importance to knowledge has been rooted in ancient Greek teachings. Along with the emergence of the knowledge economy, the central role of knowledge has increased in terms of both organizations (Quinn, 1992; Grant, 1996; Nonaka et al., 1996) and the modern economies in which those organizations operate (Dunning, 2002). Hence, the strategic value of knowledge has been frequently stressed in academic endeavors from various disciplines but especially in organization studies. In the well-known HBR article, Nonaka (2007) characterized successful organizations as the entities that excel in creating new knowledge constantly, disseminating it throughout the organization, and objectifying it for technological advancements. On the other hand, in his book introducing the post-capitalist society, Drucker (2012, p.3) stressed that knowledge has become a primary source for shaping societies, economies, and even politics. Such that, Powell & Snellman

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