



Performance Implications of Pure, Applied, and Fully Formalized Communities of Practice

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INTRODUCTION

Interest in knowledge-based perspectives on the firm has grown in both practitioner and academic realms, spurred by management bestsellers such as Senge’s *Fifth Discipline* (1990) and the acknowledgement that intangible assets are key to the firm’s sustainable competitive advantage. Knowledge management tools and processes are used by organizations to identify, create, represent, and distribute knowledge for reuse, awareness, and learning. One component of knowledge management is the “communities of practice” (CoPs) concept. CoPs are informal networks of individuals who possess various levels of a common capability and apply their knowledge in pursuit of a similar endeavor (Brown & Duguid, 1991). For example, Xerox technicians solve problems by relying on informal communication with colleagues in addition to formal user manuals. Created as a response to bureaucratization, CoPs emerge from individuals’ passions for a particular activity and the term is used to describe a formal of organization that is distinct from traditional formal boundaries around geographic and functional business units or other institutional affiliations and divisions.

For the most part, managers use the CoP concept to encourage informal, situated learning (e.g., Hildreth & Kimble, 2004). However, some managers developed highly formalized structures with regulated membership, prescribed roles, scheduled meetings, and technical tools. This formalization distorts the original concept—that CoPs are created as a response to bureaucracy and are, by definition, emergent. The formalization of CoPs defeats both the original intent and the ability to reap full benefits for the firm. The chapter reviews three models of communities of practice — pure, applied, and formalized — and explores how coordination, opportunity, and knowledge flow costs in formalized CoPs can impede organizational performance.

BACKGROUND

In practice, CoPs can take three forms. In the first “pure” case, the original construct is adhered to and CoPs are emergent in nature. A second, mid-spectrum “applied” group exists when original CoP theory has been slightly tweaked. Next, a mid-spectrum “applied” group in which original CoP Theory has

Table 1. CoPs: Pure, applied, and fully formalized constructs

	CoP: Pure Construct	CoP: Applied Construct	CoP: Fully Formalized Construct
Organization Type	Emergent Community	Supported Community	Formalized Community
How is the CoP born?	Emergent, from individuals’ passion, bottom-up	Emergent, especially in firm-enabled spaces	Emergent, but with strong top-down directives
Who are CoP members?	Self-selected individuals; choice	Both self-selected and strongly encouraged by others	Corporate assignments; restricted membership
How many CoP members?	Small core group	Small to medium-sized group	Small to large group
What is the goal of the CoP?	Learn and share knowledge about passionate individual interest	Share knowledge about area of strong individual interest that the firm also deems interesting	Share knowledge about area of interest that the firm also deems especially interesting
Who is in charge?	Individuals	Individuals and organization	Organization and individuals
What holds CoP together?	Shared interest and passion	Interest oriented to project goal	Some interest, also job requirement
Where is resource level?	Individual’s own time	Individual time, some funding at various organization levels	Funding at various organization levels, especially corporate
When are CoP interactions?	Spontaneous interactions	More regular, but spontaneous interactions possible	Scheduled meetings; spontaneous interactions if time
What type of learning?	Situated	Situated and classroom	Classroom
When does the CoP die?	Naturally, when interest fades	When project completed	When firm resources extinguished

been slightly tweaked. For example, a firm might establish a common area such as a water cooler, coffee pot, or plate of cookies where individuals meet spontaneously. In the third fully “formalized” case, CoPs are no longer chiefly fueled by individual passion, but rather by organizational mechanization. For example, spontaneous get-togethers are supplemented by set monthly meetings and agendas. Thus formally recognized CoPs function just like any other formal unit within the firm. The shift from the original pure intent to applied (in which there are some costs and benefits) and fully formalized (only negatives) construct is depicted in Table 1.

Pure Construct

Lave and Wenger (1991) formally coined the term CoPs, which was later incorporated into an organizational framework by Brown and Duguid (1991). CoP theory is based on the value of informal structures to organizational development, learning, and performance (Barnard, 1938, among others), epistemological perspectives on the importance of tacit and action-oriented knowledge (Polanyi, 1966), and the key role of situated learning, social processes (March & Olsen, 1975), and community (Daft & Weick, 1984).

As emergent organizations, CoPs encourage informal situated learning that is unobtainable in a structured organizational bureaucracy. Brown and Duguid (1991) note this difference: “Work practice and learning needs to be understood not in terms of the groups that are ordained (e.g., ‘task forces’ or ‘trainees’) but in terms of the communities that emerge” (p. 49). Wenger (1998) also notes: “Unlike more formal types of organizational structures, it is not so clear where [CoPs] begin and end... Whereas a task force or a team starts with an assignment and ends with it, a community of practice may not congeal for a while after an assignment has started, and it may continue in unofficial ways far beyond the original assignment” (p. 96).

CoPs extend beyond traditional classrooms to work environments, hobbies, and families (Lave & Wenger, 1991; Wenger, 1998). Individuals become members of CoPs through narration, social construction, and collaboration (Brown & Duguid, 1991). Narration involves the telling of stories and encourages individuals to develop a socially constructed world. Through collaboration, individuals learn from one another. Strong communities are characterized by trust and a sense of identity and belonging. Knowledge transfer is both “leaky” within and “sticky” across communities (Brown & Duguid, 2001). CoPs are distinct from (but are subsets of) large groups which perform similar activities but are not in direct contact. These groups have been variously termed “networks of practice” (Brown & Duguid, 1991), “occupational groups” (Van Maanen & Barley, 1984), “social worlds” (Strauss, 1978), or “constellations of practice” (Wenger, 1998). In these large networks, individuals share knowledge

and practice, but are unknown to one another except through Web sites, listservs, or other indirect communication.

Applied and Corrupted Construct

In *Cultivating Communities of Practice*, Wenger, McDermott, and Snyder (2002) provide a gardening analogy for these emergent organizations:

A plant does its own growing, whether its seed was carefully planted or blown into place by the wind. You cannot pull the stem, leaves, or petals to make a plant grow faster or taller. However, you can do much to encourage healthy plants: till the soil, ensure they have enough nutrients, supply water, secure the right amount of sun exposure, and protect them from pests and weeds. There are also a few things we know not to do, like pulling up a plant to check if it has good roots. Similarly, some communities of practice grow spontaneously while others may require careful seeding. (p. 12-13)

In formalizing CoPs, some practitioners have tugged, over-watered, or otherwise too zealously attended to these emergent communities.

The mid-spectrum group can be described as “applied,” the gray area in which original CoP theory has been slightly tweaked. The organization may establish systems enabling CoPs to emerge naturally. For example, a firm might establish a common area such as a water cooler, coffee pot, or plate of cookies where individuals can meet spontaneously. In the garden analogy, this is the equivalent of cultivating the soil by adding nutrients.

In the corrupted construct, CoPs are no longer chiefly fueled by individual passion, but by organizational mechanization. During this process, pure CoP theory is mutated into prescriptive formulas bureaucratizing these emergent communities. For example, some management consultants advocate regulated membership, prescribed roles, scheduled meetings, and even distribute CoP-printed pins and pens to identify members. Spontaneous get-togethers are supplemented by set monthly meetings and agendas. Once CoPs are formally recognized, they become just like any other formal unit within the firm.

An example of formalized CoPs existed at the Fairfax, Virginia-based global consultancy, American Management Systems (AMS). In the late 1990s, then-CEO Charles Rossotti asked business units to nominate “thought leaders” who were then mandated to establish CoPs. AMS paid for two to three weeks per year of the leaders’ time. CoP membership was a privilege and extended only to those individuals recognized as “experts” by their managers. Every CoP member was required to write one knowledge white paper per year. Business units funded participation, meeting attendance, projects, and an annual conference with members of all CoPs. At one point, 900 of AMS’ 9,000 employees were members of one

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