

# Chapter 12

## Tacit Knowledge as a Driver for Competitiveness

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### ABSTRACT

*Tacit knowledge sharing is one of the most critical factors for organizations competitiveness, and also critical because of several individual and organizational constraints related to the nature of the knowledge and the difficulty for organizations to create mechanisms to facilitate the sharing process. In this context sharing knowledge, and effectively integrate it in organization practices and processes, seems to be a very powerful strategy and at the same time a very difficult achievement. This research focuses on knowledge sharing processes among employees from an engineering company and on all the implicit constraints, supported in an intensive case study. A main result of this research is that knowledge sharing processes became part of the strategy of competitiveness of the organization for the last decade and to implement it they have developed a culture of knowledge and mechanisms that facilitate the sharing and the integration of knowledge in their work practices.*

### INTRODUCTION

The research has its roots in a lack of a systematic development approach about individual knowledge share and use of organizational innovation processes. There was little or no support for connecting these two organizational issues, which have made it a very interesting challenge to embrace.

The research work was grounded on the organizational settings of a Portuguese organization implementing a production system and being under substantial changes in its environment as well as in its internal processes before and during the time this research was conducted.

The starting point of the research was to increase interactions between organizational innovation and knowledge sharing, integrating knowledge formal and informal aspects.

From the methodological point of view, two aspects are worth mentioning here: first the knowledge sharing processes needs to be studied from a multidisciplinary approach, and second the importance of the collaborative attitude of the organizations participating in the research.

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## ***Tacit Knowledge as a Driver for Competitiveness***

It is important to analyze the knowledge sharing processes integrating knowledge from social and organizational sciences, from management sciences and from knowledge management theories and practices.

The methodological approach is crucial to explore such a complex issue. This research needed all organizational actors' participation and even the researcher's involvement as an active participant.

The organization that participated in this research provided the knowledge and experiences needed to really understand, describe and explain all the actors' perceptions and the potentialities of an effective knowledge sharing culture for the success and the competitive advantage of the organizations.

## **LITERATURE REVIEW**

### **Knowledge Concept**

Knowledge can be an enabler or a disabler of organizational innovation and change success, because individual knowledge transfer and use is a very complex social interaction process (McAdam and McCreedy 1999; Nonaka, Toyama & Konno. 2000; Von Krogh, Ichijo et al. 2000).

To define the knowledge concept, we used Davenport and Prusak's ideas (2000) that refer that "knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information". Other reference authors were Polanyi (1958) that associates knowledge to action. He says, "Knowledge is the ability to act". Nonaka and Takeuchi (1997) are also a reference and they explain that knowledge is created by the flow of information associated with the beliefs and commitments of those who possess it.

It was also important to understand the nature of knowledge - tacit or explicit. Frappaolo (2008) refers that tacit knowledge is highly personalized, context sensitive and informal, and very hard to measure and manage. It includes know-how, intuition and informal communications that make up a large part of the organization's culture. On the other hand, we have explicit knowledge (Nonaka, 1994), as an object that can be codified and distributed outside of the individual who created it (Fahey & Prusak, 1998).

Several authors (Clark & Staunton, 1989; Blackler, 1995) refer that implementing organizational innovation practices requires not only the translation of new knowledge from its abstract formulation into an organizational setting, it also requires its practical embedding in systematic routines and working practices and its "enculturation" in shared understandings, norms and values. As we shall see, in the field research, organizational routines are learning processes involving people doing things and solving problems, reflecting on what they are doing, and doing different things (or doing the same things differently) as a result of the reflection.

This perspective on routines is consistent, in several ways, with the work of Nonaka and Takeuchi on knowledge creation (1995). They claim that "seen from the vantage point of organizational knowledge creation, double-loop learning is not a special, difficult task but a daily activity for organizations". They also argue that change in organizations does not simply consist of responses to the external environment, but also consists of internally generated knowledge. Finally, they argue that there are four modes of knowledge, and that the interconnection of these four modes in a continuous spiral represents the process of knowledge creation.

In the field research, we will discuss forms of interaction in order to share tacit and explicit knowledge, supported by the base idea of Nonaka and Takeuchi's Knowledge Spiral. However, we will not use the categorization of the model (Socialization, Externalization, Internalization, and Combination), because

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