

## Chapter XII

# The Activity Domain Theory: Informing the Alignment of Business and Knowledge Management Strategies

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### ABSTRACT

*In this chapter, the activity domain theory is introduced as a theoretical lens for guiding the alignment of business and knowledge strategies. Alignment is focused around the activity domain, which can be comprehended as a human workpractice where socially organized actors process a work object into a required outcome. An organization is seen as a constellation of activity domains, each providing a specific outcome. The products or services provided by the organization are realized by coordinating the domains. The main target for the business strategy is the constellation of activity domains. The target of the knowledge strategy is the knowledge needed to produce the outcome of each domain and the knowledge needed to coordinate the domains. In this way, the activity domain provides a common target for business and knowledge strategies. We argue that this approach makes it possible to operationalize an integrated alignment of business and knowledge strategies.*

### INTRODUCTION

The importance of aligning business (B) and knowledge (K) strategies<sup>1</sup> is well-recognized (Abou-Zeid, this volume). In order to operationalize alignment, these strategies should be grounded in a common foundation from which general definitions or theories can be transformed into elements that can be manipulated, measured or

observed in practical situations. In particular, such a foundation must consider the socio-technical nature of alignment (Tuomi, 2002). By this we mean that the social and technological context in which alignment takes place, must be taken into account.

The purpose of this contribution is to investigate alignment based on the *activity domain theory* (ADT) (Taxén, 2003, 2004, 2005a, 2005b,

2006). The ADT matured from a long term effort to comprehend and inform the coordination of large, extraordinary complex system development projects at Ericsson, a major supplier of telecommunication equipments world-wide. In particular, the theory addresses the construction of shared, or communal, meaning about how coordination should be conceived.

The roots of ADT are found in the notion of praxis (Kosík, 1976; Israel, 1979) and activity theory (e.g., Engeström, 1999), which implies that ADT is a contribution to the discourse that considers the *practice* as the nexus of human activity (Schatzki, 2001). A practice is conceived of as “embodied, materially mediated arrays of human activity centrally organized around shared practical understanding” (p. 2). According to practice theory, the human mind is “at least to a significant extent ‘constituted’ within practices. However much the contents and properties that compose and define mind have biophysical sources and continuous neurophysiological underpinnings, they depend, both causally and ontologically, on participation in social practices.” (p. 11). This point is also iterated by Orlikowski (2002), who suggests that knowing is constituted and reconstituted as individuals engage the world in purposeful, everyday practice. Hence, we claim that the practice is a suitable point of departure for integrative socio-technical approaches that regard individual, technological and social aspects of human activity as highly interrelated.

Taking the practice as the unit of analysis makes it possible to conceive of a common target for aligning B and K strategies. In ADT, this target is provided by the *activity domain*, which can be comprehended as a practice where socially organized actors process a work object into an outcome fulfilling certain social needs. Such practices have been called workpractices (Goldkuhl & Röstlinger, 2003). An organization is seen as a constellation of activity domains, each providing a specific outcome needed to produce

the products or services that the organization offers. Thus, the activity domain provides an intermediate, shielding construct between the daily practice of each individual actor and the organization as a whole.

The outcome of the organization is achieved by coordinating the outcomes of the activity domains. Consequently, a main target for the B strategy is the constellation and coordination of the activity domains. The target of the K strategy is two-fold. First, in each activity domain, the nature of the work object determines the kind of knowledge needed in order to produce the outcome. Thus, the K strategy should address how to achieve this knowledge. Second, this strategy should attend to the knowledge needed to coordinate the outcomes of the domains.

In this chapter we shall inquire into this line of thought. The outline is as follows. In the first section (*Reconstruction of Strategy Alignment*) we reconstruct our understanding of the B/K alignment discourse in order to position our contribution relative to this discourse. In the next section (*Positions Taken*) our stances on knowledge in relation to the individual and the organization are outlined. The point of departure is the concept of *meaning*, which is seen as the foundation for all aspects of knowledge. By analyzing various facets of meaning, we suggest that knowledge is situated, located in the individual, and constructed in social interaction in practices. Moreover, we assume that manifestations of activity in the human mind and in the practice are in some sense *congruent*. The phylogenetic constitution of humans is reflected in our constructed social reality, which in turn is reflected in the ontogenetic constitution of the individual in a particular practice. For example, the ability to learn a language is a result of the phylogenetic evolution of man, while the ontogenetic acquisition of a particular language by an individual is determined by the historical and cultural context in which the individual is immersed.

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