

Chapter 15

The Role of Situated Embodied Interaction in the Banking Customer Knowledge Creation Process

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ABSTRACT

The increased reliance on Knowledge Management systems has made certain theorists to suggest that this will enable a surpassing of proximal knowledge creation, unequivocally leading up to more effective knowledge creation by easy codification and sharing of knowledge. However, in general, too much focus has been put on the potential of KM systems rather than its limits and the role of supporting social processes of knowledge creation has been largely ignored. The aim of the current research is to start to fill this gap in the KM literature by examining how social processes of knowledge creation are used in banking, taking the point of departure in an approach inspired from phenomenology. The paper illustrates how the increased use of KM systems has not decreased the need for relying on locally embedded service production, due to the invaluable knowledge creation processes that are generated through the embodiments of co-present interactions.

INTRODUCTION

Apocalyptic predictions have declared the advent of information technology to cause a gradual elimination of the reliance on physical place. As one example, Batty (1993, p. 615) meant that

the Internet would entail ‘a new kind of space, invisible to our direct senses, a space which might become more important than physical space itself.’ Negroponte (1995, p. 2-3) suggested that the increased ‘digitalization’ would cause a move from ‘the manipulation of atoms’ to ‘the manage-

ment of bits,' insinuating a shift from whatever is tangible or physical to the intangible and virtual. Developing a similar argument Pitt, Berthon and Berthon (1999) suggested that the advent of the Internet would imply the death of distance, the homogenization of time and the irrelevance of location. In stark contrast to this view of a frictionless market unleashed from the impediments of time and space is the view that an increased reliance on information technology does not go hand in hand with a distancing from physical place. Rather, some argue that it should instead be viewed as being closely intertwined with it (e.g., Graham, 1998; Shields, 2003; Woolgar, 2002; Yakhlef, 2005). Such claims draw to a certain extent on social embeddedness theory, which maintains that transactions embedded in social relationships are more efficient than placeless, arm's-length relationships (e.g., Granovetter, 1985, Uzzi, 1997; Uzzi & Gillespie, 2002), thereby claiming that such relationships will remain despite the advent of the Internet. This is because the social relationship instils trust and reciprocity that promote unique value creation, through the transfer of distinctive knowledge and resources (Uzzi & Gillespie, 2002) and 'fine-grained information,' which is embedded in social relationships (Uzzi, 1997). Similarly, Roberts (2000) emphasizes a continuing importance of human interaction in knowledge creation and argues for the importance of co-presence and co-location. Thus, drawing on this, it can be assumed that situated, embodied interaction remains important for the distinctive knowledge creation that it affords companies. In the knowledge management field, Handzic and Chaimungkalanont (2004) studied the role of socialization on organizational creativity. Their results show that informal socialization plays a significant role in enhancing organizational creativity and knowledge creation. However, enlightening as their results may be in showing the need for socialization in organizations, the limits of their study is that it does not show how

various types of socialization leads to increased knowledge creation. The authors themselves underline this shortcoming, and calls for more explorative research on the links between socialization, creativity and knowledge creation.

Departing from an activity-theory, Ryu et al. (2005) made some contributions to the KM field by critically examining knowledge management systems, and how these need to be complemented by social interaction and learning from others. However, their study remains grounded in a discursive view on knowledge, in which social interaction is reduced to communication between individuals. Furthermore, their study is conceptual, which is a typical trait of much research in the knowledge management field.

The aim of the current research is to start to fill the gap in the KM literature by examining how social processes of knowledge creation are used in banking, taking the point of departure in an approach inspired from phenomenology. The banking context is fruitful for substantiating the aim, since it is an empirical context in which information technology is widely implemented and used to support customer knowledge creation. More specifically, the chapter draws on empirical data generated from 12 in-depth interviews with Swedish bank managers.

This chapter argues that understanding the knowledge creation process solely from a discursive, representative perspective, which has mainly been the case in studies on the role of IT in knowledge creation, is limiting and problematic. This is because it disregards the embodied, non-discursive dimension of knowledge creation (Küpers, 2005) taking place in proximal interaction. Thus, in this chapter, the human body is placed at the heart of knowledge management, rather than treating it as an 'absent presence.' In line with Hansen (2006) it is claimed that "discursive practices do constitute meaning making, [...but] discourse is often only a shadow of the phenomenological experience." Incorporating a

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