Chapter 5
Social Knowledge in the Japanese Firm

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ABSTRACT

It is widely accepted that the Japanese conception of organizational knowledge differs from the Western view, with the former focusing on tacit knowledge and the latter more on explicit knowledge. The distinctive advantage of Japanese companies is widely believed, therefore, to be their unique ability to continuously create new knowledge by means of the dynamic interaction of individuals. Some aspects of Japanese culture are particularly influential on this knowledge management style, such as the strength of face-to-face communication and the emphasis on gestures, behavior and context. These are cultural factors that have shaped Japan's distinctive organizational communication structures in periods of high economic growth. However, having survived the "lost decade," Japan's companies now face a completely new business environment. As new technologies enable new modes of communication between a company's employees, the use of social media in order to facilitate knowledge-sharing (social knowledge) has become widespread. Based on a qualitative study conducted in a Japanese organization, this chapter investigates the extent to which social knowledge influences communicative behavior, and looks at the implications for organizational communication patterns in Japan. The findings of this study point towards changing patterns of social knowledge in Japanese firms.

KNOWLEDGE MANAGEMENT IN JAPAN

Most scholars agree that intangible assets are far more important for a firm's success than their tangible counterparts. As well as the traditional production factors crucial for a firm's success (land, labor, and capital), knowledge is nowadays considered as equally important (Wickramasinghe and Von Lubitz, 2007). Numerous authors have stressed the critical role knowledge has for a firm's sustainable success (Nonaka and Takeuchi, 1995;

Drucker, 1992). However, even if knowledge is highly valued as an intangible good, it is very hard to manage. An individual who possesses expertise in a certain field might take his knowledge with him by leaving the company. Likewise, an organization can acquire new knowledge and therefore increase the organization's potential by employing new workers or engaging in projects jointly with non-organizational parties (Hentschel and Haghirian, 2010).

As society entered the 21st century, organizations increasingly faced challenges stemming from the globalization of their operations, management, and knowledge assets. The ability to "develop intellectual capital through knowledge creation and knowledge-sharing on a global basis" is identified as one of the key determinants of a company's success (Ichijo and Nonaka, 2007, p. 3). Knowledge management therefore plays an important role in success: but as knowledge becomes increasingly important for multinational corporations, cultural differences in how knowledge is managed cannot be ignored. Recent studies have emphasized the vital importance of culture as a major variable that influences knowledge-sharing in an organization, as well as knowledge transfer across national boundaries (Siakas and Georgiadou, 2008, p. 50). Japanese knowledge management has been discussed especially widely in the last twenty years, as it presents a complementary style of managing knowledge to that of the West. Japanese knowledge management evinces some particular features that have long been an inspiration to Western managers and management researchers. But advances in technology, and recent changes in Japanese society and its economy, have affected the approaches to managing knowledge in Japan. At the same time, there are changes occurring in the nature and relevance of social knowledge. Social knowledge, as defined by Girard and Girard (2009), is "the use of social media to create, transfer, and preserve organizational knowledge – past, present, and future – with a view to achieving the organizational vision."

The following chapter discusses the role and relevance of social knowledge in Japan. In this regard, the chapter first presents an overview of Japanese knowledge management and its particularities. After this, new challenges and changes in the Japanese economy which impinge on knowledge management issues are discussed. Finally, the chapter presents the results of an exploratory study of how Japanese knowledge management is affected by these changes, and discusses whether they have led to an increase in social knowledge in the Japanese firm (J-Firm).

Tacit Knowledge

Japanese managers put great emphasis on tacit knowledge (Takeuchi, 2001). A Japanese company requires employees to understand without being told exactly what to do. Business practices rely more on tacit understanding – e.g., written contracts are kept simple, or do not even exist, in cases where a Western firm would expect extensive articulation. Social situations must be "read" with great precision. Tacitness and the talent for working with tacit knowledge are important (Hedlund and Nonaka, 1993). This strongly influences the way knowledge is perceived in Japanese management. Japanese knowledge management does not only consist of data or information that can be stored in the computer; it also involves emotions, values, and hunches (Takeuchi, 2001).

Western epistemology, on the contrary, has traditionally viewed knowledge as explicit (Nonaka et al., 2001) and a Western corporation cannot rely on tacit knowledge to such an extent. Knowledge is believed to be unchanging and true regardless of social circumstances (von Krogh et al., 2000). Hence, Western firms are uncomfortable with purely tacit knowledge – as is the Western individual (Hedlund and Nonaka, 1993). Nonaka (1994) calls the Western explicit knowledge–orientated approach the "knowledge of rationality." Western companies are effective in creating knowledge concerning facts. Knowledge of rationality

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