# Chapter 3
# Communities of Practice as Work Teams to Knowledge Management

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## ABSTRACT

*In today's competitive environment, it is widely accepted that knowledge is a key strategic resource. Nevertheless, to be a source of competitive advantage, the knowledge embedded in individuals must be transformed into organizational knowledge. This chapter defends the idea that this process can happen in work teams, but only if they have the necessary characteristics to be considered communities of practice. These characteristics are: self-managed teams whose members have individual autonomy, heterogeneous and complementary skills, a common understanding, with a leader that encourages work teams and a climate of trust which favors knowledge management.*

## INTRODUCTION

In the last two decades, knowledge has received increasing attention in strategic management literature. In fact, some authors (e.g. Grant, 1996b; Nonaka, Toyama & Konno, 2001) claim that knowledge is the main source of sustainable competitive advantage. In the business context,

knowledge can be defined as relevant information that is applied and based partially on experience (Leonard & Sensiper, 1998). Nevertheless, knowledge, especially its tacit dimension, is embedded in the individual, and to be a source of competitive advantage it must be transformed into organizational knowledge (e.g. Grant, 1996a, 1996b; Nonaka & Konno, 1998; Teece, 1998; Powell, 1998). This is the essence of knowledge management and to achieve this goal, organiza-

tions must provide a context of shared identity which favours this process (Kogut & Zander, 1996; Szulanski, 1996). But, how does the firm create this context?

The field of management practice shows that the past two decades have witnessed a dramatic increase in the use of work teams (e.g. Cohen and Ledford 1994; Goodman et al, 1988; Kirkman and Rosen 1999; Kirkman and Shapiro 1997, 2001; Kirkman et al, 2001; Nicholls et al, 1999; Trist et al, 1977; Wall et al, 1996; Wellins et al, 1990). From Grant's (1997, 2001) point of view, this new tendency of organizational design could be considered a way to access the tacit knowledge of the organizational members and thus, a way to create the appropriate context for knowledge management.

However, for individual knowledge to become organizational knowledge, it is not enough to organize the firm around work teams because formal corporate structures may be insufficient for the development, application and spread of knowledge (see, for example, Cabrera and Cabrera (2002), who address social dilemmas). Thus, in recent years scholars and reflective practitioners have turned their focus to the emerging theoretical concept of communities of practice in hopes of better understanding the dynamics underlying knowledge-based work (e.g. Brown & Duguid, 1998; Ruggles, 1998; Lesser & Prusak, 1999; Asoh, Belardo & Neilson, 2002).

Lave and Wenger (1991) coined the term while studying apprenticeship as a learning model. People usually think of apprenticeship as a relationship between student and master, but studies of apprenticeship reveal a more complex set of social relationships through which learning takes place mostly with journeymen and more advanced apprentices. The term community of practice was coined to refer to the community that acts as a living curriculum for the apprentice. In other words, communities of practice are groups of people who share a concern or a passion for something they

do and learn how to do it better through regular interaction (Wenger, 2005).

In essence, the community of practice is a group of people sharing know-how, since people need to work in a group for their knowledge to be put into practice. Thus, its function is the development of a shared understanding of what is done, how to do it and how to relate it to other practices (Brown & Duguid, 1998 and 2001; Ruggles, 1998). But how can a firm create communities of practice?

It is difficult to build a community of practice from scratch (Callahan, 2005). In our opinion, firms must start from their work teams and define the characteristics that those should have in order to become communities of practice. These characteristics will be those that work teams need to encourage knowledge management. Consequently, it is the objective of this chapter.

The rest of the chapter is structured in three sections. First, we define the process of knowledge management, which shows that the community of practice is the most appropriate context in which to create organizational knowledge. Second, from the literature on team work, we deduce the characteristics those teams need in order to become true communities of practice. Third, the conclusions are shown.

## THE PROCESS OF KNOWLEDGE MANAGEMENT: DEVELOPING IT WITHIN COMMUNITIES OF PRACTICE

The competitive scene that companies have faced in recent years is characterized by a high level of dynamism. The increasing speed of the changes in markets, products, technologies, competitors, regulations and even in society means significant structural variations which modify what is strategic for organizations (Teece, 1998). To survive under those new circumstances "[...] the continual renewal of competitive advantage through innovation and the development of new capacities"

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