

# Chapter 4.18

## Knowledge Creation and Sharing in Japanese Organisations: A Socio–Cultural Perspective on *ba*

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### ABSTRACT

The Japanese contribution to knowledge management results from the work of Ikujiro Nonaka and his colleagues, who developed an Organisational Knowledge Creation Theory. In fact, throughout the literature the importance of these scholars in knowledge management is evidently recognisable. However, it is important to understand this theoretical contribution in the context of the socio-cultural background that pervades it. For that reason, this chapter explores the relationship between the Japanese school of knowledge management and the socio-cultural systems of Japan. Furthermore, the chapter also demonstrates that this relationship disrupts organisation's *ba* (a field of knowledge creation and sharing), and as

a consequence some social dilemmas arise, most importantly a degradation of trust.

### INTRODUCTION

Japanese business scholar Ikujiro Nonaka and his colleagues developed an organisational knowledge creation theory as a basic theory of knowledge-based management, rooted mainly in their observations of Japanese manufacturing firms such as Honda, Sony, Kao, Canon and NEC. They recognised that the competitive advantage of Japanese firms in the international market has derived from the skill and ability of these firms with regard to organisational knowledge creation. This theory is composed of four conceptual elements: a socialisation-externalisation-combination-internalisation (SECI) model, *ba* (spatial and time

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settings of organisational knowledge creation), knowledge assets, and knowledge leadership. The theory is based on a number of ideas such as tacit knowledge (Polanyi, 1966; 1958), the logic of *ba* or place (Nishida, 1933; 1911), teleonomic evolutionary theory (Imanishi, 1976), and holons, fluctuation, self-organisation and *ba* in bioholonics (Shimizu, 1992; 1978). Many of these ideas are based on Eastern thought.

This chapter deals with knowledge creation and sharing in Japanese organisations, focusing on organisational knowledge creation theory (e.g., Nonaka & Konno, 1998; Nonaka & Takeuchi, 1995) and Japanese socio-cultural characteristics, including *uchi/soto* awareness, insular collectivism and the *hon'ne/tatemae* tradition (Adams, Murata & Orito, 2009). In particular, the nature of the *ba*/field, in which knowledge creation and sharing activities are made, is examined from a Japanese socio-cultural perspective. In that examination, the author explores how knowledge creation and sharing in Japanese organisations is enhanced or restricted by the cultural characteristics of Japanese society. Success and failure factors in organisational knowledge creation and sharing are the targets of the investigation in this chapter. This clarifies intrinsic Japanese elements embedded in the knowledge creation theory and could be useful for non-Japanese organisations in applying the theory.

The structure of the remainder of this chapter is as follows. The next section describes the ideas and the background of the organisational knowledge creation theory, based on the studies of Nonaka and his colleagues. The following section examines the relationships between the organisational knowledge creation theory and Japanese culture. The last section investigates how *ba*, as a field of knowledge creation and sharing, should be managed in Japanese business organisations to permit them to achieve successful knowledge creation and sharing in Japanese socio-cultural circumstances.

## **DEVELOPMENT OF THE ORGANISATIONAL KNOWLEDGE CREATION THEORY**

### **Information Creation as a Self-Organising Activity**

The organisational knowledge creation theory was originally developed as the antithesis of the scientific or analytical strategic planning theory (e.g., Abel & Hammond, 1979). Nonaka (1985) noted that the adoption of analytical strategic management methodologies such as product portfolio management in uncertain economic environments triggered the *paralysis by analysis syndrome* in many firms, in which strategic staff tend to exaggerate quantitative analysis and consequently design infeasible strategic plans. He also pointed out that modern organisational theory and contingency theory are useless in the ever-changing business environment, and stressed the necessity of evolution of business organisations by shifting their focus of strategic and organisational design from the analysis of market environments to the creation of information or new ways of thinking and behaving.

Nonaka's arguments are based on scientific research into areas such as dissipative structure (Nicolis & Prigogine, 1977), synergetics (Haken, 1983), teleonomic evolutionary theory (Imanishi, 1976) and bioholonics (Shimizu, 1978), among others. Bioholonics addresses life phenomena, and characterises a living system as a self-organising system where holons (autonomous components of a living system) create a new order for the whole system cooperatively, with each constituent, through fluctuation and entrainment. Applying the ideas of these scientific findings to the management of organisations, Nonaka described the nature of business organisation evolution and concluded that it essentially involves the creation of information through self-organising activities proactively conducted by organisational members in an intra-organisational environment designed to enhance

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