Chapter V

Business Process Improvement and Knowledge Sharing

Organizational Knowledge and Competitiveness

As we have seen earlier in this book, knowledge, whether stored in the brain, computer databases, or other storage media, is more often than not used for the processing of information. Information processing, in turn, has been identified as the main reason organizations exist (Galbraith, 1973). That is, purposeful organization of people, capital, and other resources is necessary so information processing can be done efficiently and effectively. Information processing, in turn, is seen as a fundamental step in the generation and delivery of products and services by organizations to their customers.

Given the prominent role that information processing seems to play in organizational processes, and the assumption that information processing relies heavily on knowledge, the frequent claims that the collective knowledge held by organizations is the single most important factor defining their competitiveness do not seem unreasonable. The amount of relevant shared knowledge among individuals in business process teams has been linked to the efficiency and effectiveness of such teams (Boland & Tenkasi, 1995; Nelson & Cooprider, 1996; Nosek & McNeese, 1997). Shared team knowledge has been equated to higher flexibility and efficiency of organizational processes, as it can reduce the need for bureaucratic and automated procedures to mechanize and
standardize procedures (Davidow & Malone, 1992). That is, more shared knowledge among team members may reduce the need for workflow control and automation, making business processes more efficient.

But what is organizational knowledge, and how is it related to team knowledge? Knowledge exists in organizations in a dispersed way, and is predominantly held by the individuals who perform business process activities. A concept that tries to expand the locus of knowledge, from the individual towards the group, is the concept of team knowledge (Katzenbach & Smith, 1993). Team knowledge is defined as the collective knowledge possessed by groups of individuals involved in the execution of organizational processes, regardless of business process scope. Such business processes can be as diverse as the processes of home loan approval and hamburger preparation.

An even higher level concept has been created to refer to the collective knowledge of an organization (i.e., organizational knowledge or “knowledge of the firm”) (Davenport & Prusak, 2000; Kogut & Zander, 1992), which can be defined as the combined knowledge of the various business process teams that make up an organization. Part of this collective knowledge also can be stored in data storage devices, often as components of computer-based systems (Kock & Davison, 2003; Strassman, 1996).

The Need for Knowledge Sharing

Due to its associative nature, the continuous buildup and intensive use of knowledge is a necessity in a complex society. Here, the term complexity implies a large number of associations or interdependencies, whether we look at society from an environmental, artifact-oriented, sociological, psychological, or any other relevant perspective (Gleick, 1993; Lewin, 1993; Stacey, 1995). Knowledge creation feeds complexity and vice-versa (Probst & Buchel, 1997) in what could be seen as an open-ended spiral. For example, new discoveries about a terminal disease and its genetic roots can trigger the development of new technologies and drugs for treatment and prevention of the disease in question. This, in turn, can lead to the development of new equipment and, on a different scale, new drug manufacturing companies. New governmental market regulations may follow. New militant groups fighting for their rights may emerge as those who have the genes that cause the disease organize themselves against possible discrimination by insurance companies. New research fields,
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