Chapter IX
Tacit Knowledge in Rapidly Evolving Organisational Environments

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ABSTRACT

Constant renewal of the self-image and self-knowledge of the organisation becomes part of the day-to-day knowledge-in-use of front-line practitioners. The Network Enterprise is a model of business conducted by shifting alliances of partners developing innovative products and processes in close collaboration with their clients. Organisations abandon the concept of a central product, redefining themselves as providers of solutions. We draw on the experience of two ‘solution-providers’, one for-profit and one not-for-profit. The concept of a solution or transition requires practitioners to consider each individual case drawing on personal knowledge of the organisation’s accessible competencies and capacities. Choices among the possible solutions to the client’s problems can have unpredictable effects on the dynamics of the wider organisation. The necessarily personal use of heuristics magnifies the inescapable element of ‘drift’ inherent in the network enterprise. The dynamics generated by this will require the wider organisation to develop new standards and solution bundles.
**INTRODUCTION**

Phenomena in two widely differing organisations suggest that parallel evolution is occurring in different contexts conditioned by the wider context of information and communication technologies (ICT) development and other trends of Post-modernity. Constant renewal of the self-image and self-knowledge of the organisation becomes part of the day-to-day knowledge-in-use of front-line practitioners and driven by the client-centred approach this process feeds back into the dynamics of the wider organisation. Post-modernity is understood as the abandonment of the model of society as moving toward a rational division of labour meeting the natural needs of rational man. This model assumed the fixity of social spheres and economic sectors based on the centrality of different principles or technologies, which in retrospect can be seen as resulting from spatial and temporal coordination and transaction costs. The network enterprise is a model of business conducted by shifting alliances of partners developing innovative products and processes in close collaboration with their leading clients. Organisations now abandon the concept of a central product and instead define themselves as providers of solutions. We draw on the experience of two “solution-providers,” one for-profit and one not-for-profit. The concept of a solution or transition creates a greater role for the front-line practitioner in identifying and mobilising the resources available. The need for practitioners to consider every individual case drawing on their individual knowledge of the accessible competencies and capacities of the organisation means that choices among the possible solutions to the client’s problems can lead to unpredictable effects on the dynamics of the wider organisation. The necessarily personal use of heuristics magnifies the inescapable element of drift inherent in the network enterprise. This may be a source of innovation, but the value of this innovation will depend on the ability of the wider organisation to develop new standards and solution bundles.

**TACIT KNOWLEDGE IN RAPIDLY EVOLVING ORGANISATIONAL ENVIRONMENTS**

This chapter examines how new technologies, which enable the emergence of new organisational forms, lead to the development of new kinds of tacit knowledge. In fact, we find that in addition to product and process innovation, innovation in the form of organisations is a major source of the emergence of “tacit knowledge” as a topic of discussion and research. All use of skill and knowledge in practice presupposes a background of tacit knowledge, what Michael Polanyi calls the “tacit component.” This tacit component remains invisible so long as its acquisition is an integral part of the socialisation of the individual, their education and professional training, and their assimilation into the culture of a particular firm or organisation. The emergence of “tacit knowledge” as a problem discussed and debated in economic and management literature is a function of the increasing pace and importance of innovation and of the perceived need to plan and foster innovation in every sphere of activity. The result is that new materials, new technologies and processes, and new forms of organisation and communication are developed and widely implemented long before it is possible to foresee their full implications and possibilities. The ways in which practitioners actually use and combine these innovations is itself a permanent source of new innovation. Much of the new knowledge developed in this way is inherently “tacit,” developed without any necessary realisation that what one is doing is new, unusual, or innovative. Even where this realisation is present, the exact nature of the innovation involved is often unclear because the practitioners involved do not have information on what they are doing differently from others.
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