INTRODUCTION

When people solve complex problems, they bring knowledge and experience to the situation, and as they engage in problem solving they create, use, and share tacit knowledge. Knowing how context emerges and transforms is central if we want to understand how people create, use, and share tacit knowledge. Consequently, this article focuses on the three questions: What is context? How does context emerge and transform? What is the relationship between context and tacit knowledge sharing?

Initially the article describes how context is conceptualized in the theory of the firm as a knowledge-creating entity, and it argues that this theory lacks a detailed account for how context emerges and transforms. Thereafter, we define context, and based on the writings by the Austrian sociologist Alfred Schütz, a theory of how context emerges and transforms is put forward. This theory is illustrated with an empirical case describing the Carbon Dioxide filtering problem, which occurred during the ill-fated Apollo 13 mission. The article concludes by explaining how a theory of context helps us to understand the role of context in tacit knowledge sharing.

BACKGROUND: CONTEXT IN THE THEORY OF THE FIRM AS A KNOWLEDGE-CREATING ENTITY

Knowledge management scholars have put forward ideas for a theory of the firm as a knowledge-creating entity, and suggest that the firm can be conceptualized as a dynamic configuration of ‘ba’ (roughly means place) (Nonaka, Toyama, & Nagata, 2000a). More precisely, ‘ba’ is defined as the context shared by those who interact with
Each other, and ‘ba’ is the place where they create, share, and use knowledge.

Putting knowledge in context is important as “knowledge creating processes are necessarily context-specific, in terms of who participates and how they participate in the process. The context here does not mean “a fixed set of surrounding conditions but a wider dynamical process of which the cognition of an individual is only a part” (Hutchins, 1995, p. xiii). Hence, knowledge needs a physical context to be created, as “there is no creation without place” (Casey, 1997, p. 160; Nonaka et al., 2000a, p. 8).

The initial step towards a theory of the firm as a knowledge-creating entity (Nonaka et al., 2000a) has given many insights to knowledge creation in organizations, and with the introduction of the ‘ba’-concept, a step towards a conception of context has been taken. However, it remains unclear what exactly ‘ba’ is, how ‘ba’ emerges, and what exactly happens inside ‘ba’. The definition of ‘ba’ offered by Nonaka et al. (2000a) is unclear or ambiguous at best. On the one hand they note: “Knowledge needs a physical context to be created, as ‘there is no creation without place’” (p. 8). On the other hand they note that “‘Ba’ does not necessarily mean a physical space. Rather, it is a specific time and space” (p. 9). Furthermore, ‘ba’ seems to be a very inclusive concept. According to Nonaka and Konno (1998, p. 40), “‘Ba’ can be thought of as a shared space for emerging relationships. This space can be physical, virtual, mental, or a combination of them.” We therefore think it is fair to ask: What is not included in ‘ba’?

Concerning the emergence of ‘ba’ then it seems that on the one hand ‘ba’ is created spontaneously. “‘Ba’ is constantly in motion. ‘Ba’ is fluid, and can be born and disappear quickly” (p. 9). On the other hand ‘ba’ can be built intentionally (Nonaka, Toyama, & Konno, 2000b). According to Nonaka et al. (2000a, p. 12): “…building ‘ba’ such as project teams or functional departments, and determining how such ‘ba’ should be connected to each other, is an important factor in determining the firm’s knowledge creation rate.” In addition, it is worth noting that “the boundary for ‘ba’ is fluid and can be changed quickly as it is set by the participants. Instead of being constrained by history, ‘ba’ has a ‘here and now’ quality. It is constantly moving; it is created, functions and disappears according to need” (Nonaka et al., 2000b, pp. 15-16).

Finally, regarding the question: What exactly happens inside ‘ba’? The closest we get to an answer to this question is provided by Nonaka and Toyama (2000, p. 3) who write “…‘ba’ is…an open space where participants with their own contexts can come and go and the shared context (that is, ‘ba’) can continuously develop.” Therefore, although the concept of ‘ba’ (Nonaka & Konno, 1998; Nonaka et al., 2000a) represents an attempt to define context, we are still far from an explanation of how context emerges and transforms, and thus, we have yet to understand what happens inside ‘ba’.

**MAJOR FOCUS I: DEFINING CONTEXT**

We maintain that contexts are not ‘just there’ as static entities, but that they are emerging phenomena. A similar perception is put forward by Erickson and Schultz (1997), who describe context as a mutually constituted, constantly shifting, situation definition emerging through the interaction of the involved individuals. “Contexts are not simply given in the physical setting…nor in combinations of personnel…Rather, contexts are constituted by what people [do and where and when they do it]. As McDermott puts it succinctly (1976), “People in interaction become environments for each other” (p. 22), and Dilley agrees (1999): “Context is both constitutive of social action and itself the outcome of social action, it is both a generative principle and a resulting outcome” (p. 19). Yet, neither of these authors make clear if they perceive context as an collective or individual construct. Based on Polanyi’s (1962) statement that all knowledge is