Exploring the Term 'Knowledge': A Managerial Perspective

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Abstract

The study aims at analyzing and reconciling divergent viewpoints regarding the meaning of knowledge. The investigative exercise aims at exploring the existing epistemological literature to arrive at some meaningful definition of the term suitable for managerial purposes. Traditional view of equating knowledge with objective truth actually refers to the environmental frame in which it is formulated. In defining knowledge, the researchers therefore prefer the contextual model which resembles the constructivist approach to reality. Constructivism presupposes absence of objectivity and absolute truth. As such, bits of reality contained in our knowledge are relative to the environment which we only construct in our minds on the basis of our typical sensory input. Knowledge is, therefore, recognized today as representation of reality in relative rather than in absolute terms.

Keywords: Absolute reality, Contextual reality, Viability, constructivism

Introduction

The term knowledge has, no doubt, acquired relevance and importance in the present day global competitive environment. Despite its persistent value addition and frequency of usage, the term itself, has however, remained mostly elusive since it seems to defy a single universally acceptable definition. Ever since the mid twentieth century, numerous studies have conveyed different senses of the concept of knowledge. In broad terms, for instance, knowledge has been traditionally defined as consisting of claims that are justified by facts, as information in context, as information that is relevant only in the situational context of decision and action, and finally, as understanding based on experience.

In the modern epistemological literature, knowledge has been depicted as being evolved from the lower stages of raw data collection and information handling. Hence resulting from initial data gathering and systematic information processing, knowledge ultimately serves to achieve wisdom and enlightenment. At present, general understanding among the researchers is that knowledge aims only at facilitating

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decisions and the resultant actions in the relevant situational context. As such, knowledge is no more equated with absolute reality, since reality itself is a situational condition of a typical environment.

The rising importance of knowledge in the present age itself is a reason to analyze the way it is practically managed in the modern organizations. To be precise, the foremost reason behind the emergence of knowledge management (KM) as a new discipline is the growing concern of the business community to gain sustainable competitive advantage through retaining, developing, organizing and utilizing employee capabilities.

Solving the Sphinx Riddle

Knowledge is being increasingly recognized today as a process of leveraging resources as well as a resource itself. Assudani (2005), for instance, argues that as a process knowledge serves to promote organizational learning and innovation; as a resource, it performs both crucial input and output functions. The foremost input functions of knowledge include the provision of needed human capital, information technology and know-how. Yet bigger role of knowledge is discernible in its output functions pertaining to the creation of new knowledge as intellectual capital, new learning, and product, process and/or service innovations. Highlighting the importance of knowledge and the questions relating to its generation, dissemination, management and application, Beesley & Cooper (2008) point out that the contemporary knowledge-based economy relies heavily upon innovation, of which knowledge is more often regarded as an antecedent. Evanschitzky et al, (2007) thus refer to numerous challenges as, for instance, decreasing market entry barriers, increasing competition, shorter product life-cycle and increasing risk, which keep adding to the complexity of the contemporary marketplace. It is precisely this uncertainty of today's business environment that accounts for the rise of knowledge as the key resource that can lead firms to gain sustained competitive advantage over the period (Firestone & McElroy, 2003).

Some of the dynamic forces that have revolutionized the business world today include; changes in the workings of capitalism, the advent of advanced communication technologies, the complexity of social and cultural changes, the shrinking of the world due to increasing globalization, and intensifying competition (Assudani, 2005). To this list must be added the significant role played by the internet in businesses and other applications. The advent of electronic means of conducting global business has, in turn, evoked considerably great interest in the present-day corporate sector to enhance the quality of its intellectual capital. In this backdrop, Goh (2005) refers to the rise of knowledge management (KM) as a generic process through which organizations

generate value from knowledge. The concept is currently in vogue despite the fact that there is no universally accepted definition either for KM or for knowledge in the first place.

Even though its overwhelming importance is recognized all over the world, the term 'knowledge' however itself remains elusive as the existing epistemological literature serves only to present a cobweb of divergent and, at times, even conflicting views regarding its meaning and nature. As a matter of fact, the need for developing appropriate knowledge assets has today grown in importance, since the economic context in which many of today's organizations operate has itself undergone transition from the industrial economy to the one that is rapidly becoming an intellectual capital, and technology-based global knowledge economy (Shariq, 1997). Same is the case of the concept of KM that rose to prominence in the mid-90s. The practitioners in the field have ever since labored under the burden of varying and sometimes even vague definitions of the field. The heart of the problem lies in working out a meaningful definition of the term 'knowledge' which, in turn, is going to serve as the bedrock of developing quality models useful for suggesting KM solutions. The argument is plain and simple: 'the way you define knowledge, determines the way you manage it.'

Thus emphasizing the importance of a working definition as an early step on the road to specifying one's cognitive map of knowledge processing and KM, (Firestone & McElroy, 2003) embark on comparing views of different schools regarding knowledge, as for instance, of the empiricists as knowledge being a justified true belief; of the Cartesian rationalists as information in context; of the pragmatists as information that is useful in a situational context of decision and action; and, of the modern pragmatists as understanding based on experience. Thus moving on, one finds divergent views regarding knowledge as being consisting of claims that are justified by facts and reality; information that is validated by consistency with its context; a piece of information that is instrumental for action, and last but not least is the definition of knowledge being an enlightened understanding derived from one's day to day experiences. To find out an agreeable definition of knowledge, all these apparently conflicting views need to be reconciled. It, therefore, seems appropriate to take up the case of each viewpoint separately and subject it to further exploratory analysis in the light of the major contemporary findings.

Knowledge claims based on facts and reality

Based on purposive reasoning, knowledge claims can be justified by facts. The concept such as this makes the most venerable and a widely accepted definition of knowledge, also favored by (Nonaka & Takeuchi, 1995). While quoting Segundo (2002: p. 241) toes the same line of

argument in defining knowledge as 'a process that reflects and produces reality in human thought'. The process, however, is subject to the broader social occurrences and is closely linked to a practical activity of obtaining insights from structured information, stored either in human memory or in electronic databases. Thus elaborating his concept, (Segundo, 2002) believes that knowledge is more a subject-oriented than an object-oriented reality, for it is persistent application of the cognitive abilities of a subject that goes into transformation of raw data into structured information, from which knowledge is drawn and wisdom is ultimately acquired.

It proceeds from above that interpretation and analysis of needed information is very much a practical activity. Knowledge as such appears as a result of organized information processing through human cognitive ability. The action and reflection involved in the process may lead one to acquire wisdom i.e. knowing how to use information in any given context. Thus wisdom, as noted by Kakabadse et al, (2003: p. 77), too is 'a mode of symbolic processing by a highly developed will'. In this context, Thierauf (1999) provides a succinct description of the knowledge production process, characterized by steady transition from simply determining 'what is the problem?' to exploring 'why there is the problem?' and finally deciding on 'how to handle it appropriately?'

Knowledge as information in context

Many modern epistemologists, belonging mostly to the rationalist school, hold the viewpoint that knowledge comprises theoretical statements whose meaning and practical implications depend on their use and on the framework (i.e. the context) in which they are deployed. Such a view is justified since information cannot be evaluated without an awareness of the context in which it is being interpreted (Madden, 2000). Information turns into knowledge as a result of our quest for meaning in it. Bhatt (2000) thus concludes that knowledge is context dependent since the meanings for which it stands for can be interpreted only in reference to the broader environment to which it is applicable. While defining organizations as 'systems of purposive activity', Spender (1996: p. 64) has even argued that knowledge these days is 'less about truth and reason and more about the practice of intervening knowledgeably and purposefully in the world'.

The contextual model of knowledge, as proposed by Madden (2000), comprises three distinct components: the readership context referring to a system such as a mechanism, an organism, a community or an organization that derives or attempts to derive information from a message; the authorial context consisting of a system that transmits the message from which the reader derives information; and finally, there is

the message itself which may assume different forms such as written, spoken or merely a facial expression.

Knowledge in the situational context of decision and action

In the pragmatist epistemology, knowledge has been defined as information that is useful only in a situational context of decision and action (Firestone & McElroy, 2003). The context specific view of knowledge therefore proposes that knowledge claims are valid only to the extent of their instrumentality in facilitating decision and action. A particular claim in a given situation or context is valid if it helps the management take a wise decision or undertake an efficient action. Thus supporting decision making and the resultant action, the claim itself becomes compelling and legitimate and there remains no need to bring it in conformity with the rest of the claims in the system.

In a way the contextual model of knowledge resembles the *Constructivist Approach* to reality. Constructivism, as visualized by Meyer & Sugiyama (2007), presupposes absence of objectivity and absolute truth. Reality, as such, is relative to the environment which individuals themselves construct in their minds on the basis of their typical sensory input. Being lost in individual perceptions, reality cannot be represented in absolute terms.

Knowledge as understanding based on experience

Yet another framework proposed by the modern pragmatists relate to presenting knowledge as understanding based on experience. The conclusions drawn from experience bring in the element of certainty and are, in no sense, similar to our subjective beliefs. Hunt (2003), thus concludes that certainty is an essential element of a person's knowledge. In everyday usage, knowledge seems to be more associated with certainty when a person really knows something than when he or she only believes it to be so. Certainty, very much like constructed reality however itself has a contextual reference, for we cannot otherwise think of it in absolute sense.

Tracing Unity in Diversity

Different views regarding knowledge really present a bizarre picture. The problem however can be resolved by picking up the thread going through the beads, of which each represent a unique idea. Thus tracing unity in diversity, one can begin with the traditional model that specifies the place of knowledge as it evolves from the lower stages of raw data collection and information handling. Knowledge, therefore, occupies a central place as it further evolves to wisdom and enlightenment. Resulting from purposive information gathering, knowledge, however, has been rightly described as context specific (Madden, 2000; Bhatt, 2000). In the pragmatist epistemology the situational context of

knowledge, as also contended by Firestone & McElroy (2003), however, aims only at facilitating decision and the resulting action.

As such, knowledge seems to be consisting in human ability to make efficient use of available information pieces that are primarily designed to suit the requirements of a given environmental setting. The present day literature, as argued by Meyer & Sugiyama (2007), is suggestive of a shift in the concept of knowledge being based on representation of reality in relative rather than in absolute terms. Thus framed by the constructivist approach, knowledge presupposes only such actions, concepts and operations as are permitted by the prevailing state of reality in a given environment. Knowledge may be extracted from day to day human experiences as proposed by a section of the modern pragmatists, or else it may represent certainty as suggested and argued by Hunt, (2003). In any case, however, the contextual setting of the environment has a definite role to play in the knowledge creation process.

Given the constructivist assumptions, reality emerges only as a situational condition of a typical environment. Reality appears only as the individuals creating it perceive it to be. In defining the term knowledge, a preferable option perhaps is to take recourse to the concept of viability. In general, we may think of knowledge as an added experience that proceeds directly from interaction between human intellect and the physical environment consisting of structural and technological components. Thus in giving credence to the constructivist view of reality, Meyer & Sugiyama (2007) stick to the viability model in defining the concept of knowledge as applicable to both individuals as well as organizations. The modified version of the definition as reproduced from the original source is:

> 'As a broad concept, knowledge refers to a set of structural connectivity patterns, which are tailored to the specific needs of the prevailing environment, and which have proven to be viable for achieving the stated goals' (Meyer & Sugiyama, 2007: p. 18)

As proposed by the constructivist framework, the definition stated above seems appropriate since it does not regard knowledge as representative of absolute reality or objective truth. Moreover the definition also validates the view that individuals' mental models are dependent on their environment, and hence may vary from individual to individual.

Conclusions

For managerial purposes, the need for developing appropriate knowledge assets has grown in importance today. The phenomenal changes occurring at present point to a paradigm shift which, as pointed out by Shariq (1997), is occasioned by transition in the operational context of many contemporary organizations from the industrial to technology-based global knowledge economy based on efficient intellectual capital.

As an emerging new discipline, KM is therefore rightly described as a generic process through which organizations generate value from knowledge (Goh, 2005), or to be more precise as a strategy for creating, accessing and supporting knowledge as a vital organizational resource (Meyer & Sugiyama, 2007). In the business world of today, a firm's value generation process however relies extensively on employee capabilities to gain sustainable competitive advantage (Martensson, 2000). Consequently, exclusive reliance on traditional and tangible tools of competition has become somewhat obsolete (Carnario, 2000).

In this backdrop, the strategic outlook in operations seems to be shifting from a market-based view (MBV) to a resource-based view (RBV) of competition. (See for instance, Salen, 2000; Fahy, 2000; Oliveira & Fensterseifer, 2003; Anderson, 2010). The advent of KM has signalled the rise of intellectual capital which is being increasingly recognized as the only true strategic asset as it is rare, valuable, imperfectly imitable and non-substitutable (Meso & Smith, 2000). In the long run, it is the intellectual capital management process which culminates in achieving learning objectives in knowledge centric organizations (Salen, 2000).

The present day drive for innovation and economic success, however, require correct formation of the concept of knowledge. All our knowledge flows from the mental models which, in turn, are the result of the construction of our typical environment. Knowledge as such seems to be consisting in human ability to make efficient use of available information pieces that are primarily designed to suit the requirements of a given environmental setting.

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