Managing knowledge in uncertain times

– a study of three Swedish management consulting firms

Frida Ebbesson & Hanna Sundvall
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**Background:** The knowledge management industry has had a steady growth for about two decades, which culminated during the latest boom between 1998 and 2000. Since then the industry has been facing difficulty. Since knowledge is described as such an important asset it is in our opinion interesting to study how it is managed in times of uncertainty.

**Purpose:** The purpose of this thesis is to study how management-consulting companies follow their knowledge management strategies in times of uncertainty.

**Conduction of thesis:** Personal interviews were conducted with three Swedish management-consulting firms.

**Result:** The consulting firms we interviewed have not been focusing on knowledge management questions during the uncertain last two years because of a lack of both time and money. Therefore, according to our findings management-consulting firms interrupted the previously followed knowledge management strategy. Knowledge management issues instead had to remain unchanged, which in the case companies seem to be close to the personalisation strategy.

**Nyckelord/Keyword**
Knowledge Management, Uncertainty, Knowledge, Management, Management Consulting
FOREWORD

To conduct a thesis is not always simple. Some days are like heaven and some days are like hell. However, we believe that our thesis writing has mostly been characterised by heaven days. Due the short period of time at hand we have been forced to work with great efficiency. We believe that it has been our nice little working apartment and naturally our good mood that has helped us to accomplish this thesis. Nevertheless, we should not forget the ones that have helped us during the way. Thank you Fredrik for taking your time from the very beginning to the very end. Thank you Anna and Jonas for your fruitful and inspiring comments, and thank you Peder for all your help with copies, comments, books and other errands.

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# TABLE OF CONTENTS

1 **INTRODUCTION** ......................................................................................................................... 1
   1.1 **BACKGROUND** .................................................................................................................. 2
   1.2 **PROBLEM DISCUSSION** .................................................................................................... 3
   1.3 **PURPOSE** ............................................................................................................................ 5
   1.4 **DELIMITATIONS** .................................................................................................................. 5
   1.5 **DISPOSITION** ....................................................................................................................... 5

2 **FRAME OF REFERENCE** .............................................................................................................. 6
   2.1 **THE CONSULTING INDUSTRY** ......................................................................................... 7
      2.1.1 The history of the management consulting industry ......................................................... 7
      2.1.2 Knowledge-based companies ............................................................................................ 9
   2.2 **MANAGING UNCERTAINTY** ............................................................................................ 10
   2.3 **WHAT IS KNOWLEDGE?** .................................................................................................. 11
      2.3.1 Definition of the concept .................................................................................................. 12
      2.3.2 Types of knowledge ......................................................................................................... 14
   2.4 **KNOWLEDGE MANAGEMENT** .......................................................................................... 15
      2.4.1 The emergence of Knowledge Management ..................................................................... 15
      2.4.2 Definition of the concept .................................................................................................. 16
   2.5 **KNOWLEDGE TRANSFER** ................................................................................................ 18
      2.5.1 Individual knowledge-conversion ...................................................................................... 18
      2.5.2 The interaction of individual and organisational knowledge ........................................ 22
      2.5.3 The cycle of knowledge .................................................................................................... 25
   2.6 **STRATEGIES FOR MANAGING KNOWLEDGE** ............................................................... 27
   2.7 **REFLECTIONS** ...................................................................................................................... 30

3 **THEORY OF SCIENCE AND METHODOLOGY** ................................................................. 31
   3.1 **THEORY OF SCIENCE** ..................................................................................................... 32
      3.1.1 Point of departure ............................................................................................................. 32
      3.1.2 Research approach ......................................................................................................... 33
      3.1.3 Scientific research .......................................................................................................... 35
   3.2 **METHODOLOGY** .................................................................................................................. 35
      3.2.1 Type of investigation ...................................................................................................... 36
      3.2.2 Collection of secondary data ............................................................................................ 37
      3.2.3 Collection of primary data .............................................................................................. 37
      3.2.4 Conduction of interviews ............................................................................................... 39
   3.3 **METHOD DISCUSSION** ..................................................................................................... 40

4 **EMPIRICAL STUDIES** ............................................................................................................. 43
4.1 CASE COMPANIES .................................................................................................................. 44
  4.1.1 Company A ................................................................................................................. 44
  4.1.2 Company B ................................................................................................................. 44
  4.1.3 Company C ................................................................................................................. 45
4.2 THE EFFECTS OF UNCERTAINTY ...................................................................................... 46
4.3 EXPLICIT KNOWLEDGE ................................................................................................. 47
  4.3.1 Positive and negative features of explicit knowledge ............................................... 48
4.4 TACIT KNOWLEDGE ........................................................................................................ 50
  4.4.1 Keeping knowledge ..................................................................................................... 52
  4.4.2 The importance and difficulties of tacit knowledge transfer .................................... 53
4.5 THE ROLE OF CORPORATE CULTURE ............................................................................. 55
  4.5.1 Knowledge transfer or not ......................................................................................... 56
4.6 KNOWLEDGE MANAGEMENT: A RISKY BUSINESS ...................................................... 57
4.7 REFLECTIONS OF KNOWLEDGE MANAGEMENT AND THE FUTURE ....................... 58

5 ANALYSIS .................................................................................................................................. 59
  5.1 ORGANISATIONAL INTERNALISATION AND EXPLICIT APPROPRIATION .......... 60
  5.2 TACIT APPROPRIATION ................................................................................................. 61
  5.3 SOCIALISATION ................................................................................................................ 65
  5.4 EXTERNALISATION .......................................................................................................... 67
  5.5 EXTENSION ...................................................................................................................... 68
  5.6 THE REVISED CYCLE OF KNOWLEDGE ........................................................................ 71
  5.7 STRATEGIES FOR MANAGING KNOWLEDGE .............................................................. 72
  5.8 FINAL REFLECTIONS ....................................................................................................... 74

6 CONCLUSIONS .......................................................................................................................... 76
  6.1 RECOMMENDATIONS FOR FURTHER RESEARCH ....................................................... 78

7 BIBLIOGRAPHY ......................................................................................................................... 80

APPENDIX ..................................................................................................................................... 85
TABLE OF FIGURES

FIGURE 1: FOUR MODES OF KNOWLEDGE CONVERSION .............................................21
FIGURE 2: THE SPIRAL OF KNOWLEDGE .....................................................................23
FIGURE 3: KNOWLEDGE CATEGORIES AND PROCESSES OF TRANSFORMATION BETWEEN THEM ....................................................................................................................24
FIGURE 4: MODEL OF HOW KNOWLEDGE IS TRANSFERRED BETWEEN DIFFERENT TYPES AND LEVELS OF A COMPANY .............................................................................27
FIGURE 4: AUTHORS REFLECTION OF THE RESEARCH PROCESS AND THE RELATION BETWEEN REALITY AND THEORY ..........................................................34
FIGURE 6: THE CYCLE OF KNOWLEDGE, REVISED VERSION ...........................................71
“In an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge.” (Nonaka, 1991)
1 Introduction

1.1 Background

In a volatile and dynamic environment, old models of competitive advantage may be obsolete (Tell, 1997) and, therefore, new ways of achieving competitive advantage are being considered. Knowledge, and the processes to generate and manage it, is one key factor in creating competitive advantage (Lazlo and Lazlo, 2002). Drucker (1992) agrees with the previous author and claims that knowledge is the primary resource for individuals and for the economy overall. Rather than working with e.g. target market selection and product market positioning, today’s companies gain market competitiveness by generating and applying knowledge (Prahalad & Hamel, 1990).

Knowledge is known to be abstract or intangible which implies that many researchers have defined knowledge differently. However, they all seem to agree on the importance of knowledge in an organisation. Knowledge is an asset resistant to imitation (Dunford, 2000), which according to Barney (1991) is a source of competitive advantage. Lazlo and Lazlo (2002) argue that knowledge, and the process of its generation, distribution and utilisation, has become the main source of value creation. Knowledge has thus, in our opinion, become an important asset, which is not easily imitated and, which can create value. Therefore we believe that the management of this valuable asset becomes vital for organisations’ competitiveness in today’s society. However, Dunford (2000) argues that managing knowledge implies considerable challenges due to the tensions between the individual’s own market attractiveness and the maximization of the organisational knowledge level.

In our opinion, knowledge is important in all organisations for enhancing their competitive advantage. However, in knowledge-based companies, in which knowledge and experience are in focus in order to satisfy the customer (Blomé, 2000), we believe that knowledge has an even more important function. Their primary asset is the employees’ competencies and knowledge, which in our opinion are crucial factors for survival and success. While other industries use knowledge for production, these firms have knowledge as their product. A machine is, as we see it, quite easily switched, sold off or bought whereas knowledge can not as easily be managed. If an employee with a high degree of knowledge and expertise leave the company without having transferred his/her knowledge, it will be lost. Therefore, in knowledge-based organisations, the activities for e.g. generating, transferring and storing knowledge, i.e. managing knowledge, are vital for the company’s long-term profitability and competitiveness (Blomé, 2000). Knowledge can, in our opinion, be seen as a strategically vital asset in these
companies due to the fact that it is their main asset on which they build their organisation.

Management-consulting firms, which are considered as knowledge-based companies, have a high level of interest in knowledge management since their capacity to compete on the basis of accumulated knowledge is important for their industry. (Dunford, 2000) The management consulting industry has experienced a constant growth during the 20th century (David, 2000). During the years 1988 to 1997 the Swedish management consulting industry experienced an average growth of 16.9% (Bengtsson, 2003-01-08). Between 1998 and 2000, which in this industry is known as “the golden years”, it experienced an impressive growth rate of as much as 25-30 percent. (Konsultguiden 2002/2003, 2002) However, in 2001 the economic downturn and the collapse of the dot-com market, which depressed corporate spending, caught up with the management consulting industry (D’Amico, 2001). The market growth was now only a few percent (Konsultguiden 2002/2003, 2002). We believe that the sudden shift from constant growth to a significant slowdown is a very interesting phenomenon. Our aim is, however, not to search for answers to the volatility in the consulting industry, rather we seek to understand how knowledge management within these companies have been affected. In existing research literature we believe that this connection between uncertainty and knowledge management is absent. Since the management consulting industry is facing an uncertainty they never before have experienced, we find it important to study this connection. We believe that management-consulting firms will find the contribution to theory in this study useful since how to handle knowledge management in times of uncertainty is a current problem where little research has been conducted.

1.2 Problem discussion

Even though knowledge management is not a new field of research, it was not until the 1990’s that chief executives started discussing it (Hansen et al, 1999). Knowledge management includes different activities – diversely named by researchers – such as how the knowledge is generated, transferred, retained and used (e.g. Dunford, 2000, Werr, 2000, Hansen et al 1999). The ultimate goal for a company is to ensure that the knowledge “does not go home at night”, i.e. knowledge should become a part of the organisation as a whole (Stewart, 1997, requotated in Kreiner, 2002). As we see it, the knowledge management field has

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1 Figures from Konsultguiden 1988 until 1997, put together by Jonas Bengtsson, editor Konsultguiden, 2003-01-08
been developed in order to make organisations deliberately think about how to handle existing knowledge, and how to generate new knowledge in a firm.

The management consulting industry has been facing uncertainty during the last couple of years. As a consequence of the uncertain market many firms have problems with decreasing revenues and some firms have even been forced to lay off employees. When employees leave, knowledge, which is the most important asset of a management-consulting firm leaves as well. The only way to keep knowledge within a firm is then if the employee that leaves has transferred his or her knowledge to others in one way or another.

As stated above, for knowledge to be useful it has to be spread throughout the organisation, i.e. transferred between employees, to a database or via e-mail etc. Consequently, the more knowledge that has been transferred, the more all employees will know, and the smaller the damage will be for the company if employees have to leave. We are, therefore, interested in how companies seem to transfer knowledge in times of uncertainty. Since transfer of knowledge is vital, we believe that it must be a part of the strategy for managing knowledge. As a result, we find it interesting to investigate how knowledge is transferred within management-consulting companies today.

As discussed in the background many theorists underline the great importance of managing knowledge in order to be successful. Knowledge management has, hence, been a very popular word among theorists for at least a decade. Since it of such importance in theory, the question is how the issue is handled in reality today.

Many management consultants have been selling knowledge management consulting for some time now. It is clear that knowledge management has been a popular phenomenon during the recent economic boom. Hence, the issue has been important in prosperous times, but our interest is whether knowledge management still remain as important, or that companies have as much focus on the issue when the market is uncertain, i.e. which may bring about less money to spend and sometimes layoffs. As we see it, there may be a possibility that with more limited resources than before, focus is more on efficiency and cost saving than on internal development like improving strategies for managing knowledge.
From the discussion above two questions emerge:

- How is knowledge transferred within management-consulting firms in times of uncertainty?
- To what extent do management-consulting firms focus on knowledge management strategies in times of uncertainty?

### 1.3 Purpose

The purpose of this thesis is to study how management-consulting companies follow their knowledge management strategies in times of uncertainty.

### 1.4 Delimitations

Due to our limited time, we only aim to study the internal knowledge management strategies of our chosen companies. This may, however, have the consequence that a holistic picture of the knowledge management strategies may not be covered since companies may develop strategies for managing knowledge in e.g. the supply chains or customer relations. Another limitation is that we seek to concentrate on management-consulting companies on the Swedish market. This choice is mainly due to the fact that we find this particular segment interesting, and that a great deal of recent research has been focusing on the larger international firms and how they handle knowledge management issues. On the other hand, this delimitation may have the effect that our results will only be relevant for Swedish management consultants.

### 1.5Disposition

This thesis is divided into six chapters. After a section with introduction to our chosen area of research, our defined problem, purpose and limitations, we will continue the thesis with our theoretical framework. Here we will present the theories that are relevant for the empirical studies as well as for the analysis. In the following chapter a discussion of our methodological choices and standpoints will be held. Our aim is that the reader through this will get a great insight into our way of approaching the problem and also into how we have practically been working during the thesis. Our empirical findings will thereafter be treated and here our focus will mainly be to give the reader a view of what was discussed during the interviews with our chosen companies. In order to be able to find out how knowledge management strategies are handled in management-consulting companies in the uncertain market environment of today, we then aim to combine the theoretical framework with our empirical findings. Finally we will end this thesis with a presentation of the conclusions that have been drawn from our work.
2 Frame of Reference

In this section of the thesis we will present the chosen theoretical framework. In order to map out how management-consulting firms follow knowledge management strategies we will initially give an overview of the history of the consulting industry. After a discussion of what knowledge is, which is important for our view of how knowledge can be managed, we will go deeper into theories of knowledge management, and more specifically how knowledge is transferred in a company. Before discussing different strategies for transferring knowledge, the debate around knowledge management theories will eventually lead us towards the creation of a new model around knowledge transfer. In the creation of this model, which is called the cycle of knowledge, we have hence been inspired by some existing theories on knowledge creation and knowledge transfer. In order to be able to create the cycle of knowledge, we will conduct a critical discussion around all theories and take our own standpoint where we feel that it is necessary.
2.1 The consulting industry

Before we go into the history of the management consulting industry we want to clarify what a management-consulting company is. According to Karlöf (2001) it is a company that develops, manages, and guides the business in other companies, i.e. a company that acts as a coach, controller and strategist in combination. The Swedish Association of Management Consultants, SAMC, gives the following definition: “A management consultant and management-consulting company is a consultant or consulting company that independently provide advice or help in management issues.” (SAMC, 2002:11) A management consultant hence work with the overarching strategic management issues, in contrast to the consulting companies that work with more specific systems in companies (e.g. accounting, logistic, IT).

2.1.1 The history of the management consulting industry

In 1930 the newspaper ”Business Week” informed its readers of a new professional service: management consulting. The service arose due to the need of advisers to sort out the existing system of business professionals that had become so complicated. McKenna (2001) argues that management consulting was a combination of three professions (engineering, law, and accounting). Management consultants furthermore took over the consultative role of merchant bankers that was practised at the beginning of the twentieth century. (McKenna, 2001)

Consulting firms were, however, already founded before Business Week published the article. In the 1920s, local companies hired management engineers to analyse specific departmental problems. It was, nevertheless not until the 1930s that the business began to expand beyond a handful of clients. By then, hundreds of large organisations such as Union Carbide and Upjohn routinely hired consultants to improve the most fundamental aspects of their organisations, including the strategy, structure and financial performance. According to McKenna, commercial bankers were the once that used to handle much of the work that consultants took over. That the commercial bankers took a step back was a result of the separation of commercial and investment banking in the 1930s. The separation made it possible for management consulting to expand. (McKenna, 2001)

The consulting firms grew rapidly during the post-war boom, and by the mid-1960s, American entrepreneurs dominated the world market for organisational advice. International non-profit organisations, businesses, and governments were by this time included in their client base. The management-consulting firms could
at this time be seen as institutional conduits for the spread of American organisational models throughout the world and in McKenna’s opinion consultants were above all transferring organisational innovation. (McKenna, 2001)

The Swedish management consulting industry has had an averaged growth rate of 16.9% during the years from 1988 to 1997 (Bengtsson, 2003-01-08). Between 1998 and 2000 the growth rate was as high as 25-30 percent. There are several reasons for this fast development of the industry, which furthermore is a part of an international trend; markets are becoming deregulated as well as more global, new technology is changing the business logic in several industries and organisations are becoming more flat and flexible (SAMC, 2002). New disciplines, profiles and skills are furthermore necessary to remain competitive in the new economy and clients increasingly require consultants to provide them with complete solutions (FEACO, 2000).

However, “the golden years” eventually ended with the dotcom crash and the slowdown in the American economy in 2001 (D’Amico, 2001). A slowdown in the economy with less investment capital on the market, and saving programs in large companies that had become important clients, practically erased the growth of the management consulting industry (Konsultguiden 2002/2003, 2002). Hence, as we see it, this was of course a large setback for the industry and in many ways a new situation for management-consulting firms. Since there has been such a strong trend towards growth and expansion in many firms, for a long time, we believe that the downturn caught many by surprise. Companies simply did not see the signs fast enough. According to SAMC (Konsultguiden 2002/2003, 2002) the largest management-consulting companies has reduced their staff with 15-20 percent.

Nevertheless, management consultants live on changing and developing other companies and their businesses are still important in today’s society. Figures for how much the turbulent times has effected the industry during 2002 will however not be shown until the beginning of next year.

If we go over to the Swedish market, Swedish management-consulting companies alone constituted of two thirds of the 20 largest companies’ turnover in 1988. The international companies, i.e. mostly American management consultants, however became more and more dominant during the 1990s. In 1997 Swedish companies only answered for less than one fifth of the 20 largest companies’ turnover. During the same time period the American management consultants’ turnover share has

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increased from 14% in 1988 to 81% in 1997. (Furusten, 2000) Today, the five largest companies that dominate the Swedish market are all international management consultants (Konsultguiden 2002/2003, 2002).

2.1.2 Knowledge-based companies

Consulting companies, in which knowledge plays an important role, are by Sveiby & Risling (1986) labelled knowledge-based companies. A knowledge-based company sells knowledge and is characterised by having well educated personnel that are handling complex problems. Furthermore, an organisation, where knowledge is the primary asset, is continuously innovative. (Sveiby & Risling, 1986) This definition is, however, rather broad and vague. In our opinion all companies sell knowledge of some form and most companies have departments where employees’ knowledge is the most important asset. E.g. a company like Ericsson is difficult to place. On the one hand they have consulting and also an R&D section which can be described as knowledge based. On the other hand they are a manufacturing company.

According to Alvesson (1992) and Sveiby & Risling (1986), consulting companies have similar features to what Mintzberg (1983) calls an adhocracy. Adhocracies are characterised by having activities that are organised in projects. These often show differences in both complexity and uniformity. Some projects imply that you break away from established patterns and shape new solutions, other projects are seen as an extension of earlier projects and its accumulated and prevalent knowledge and experiences. Normally the projects demand flexibility and learning on the basis of technical knowledge and methods and tools on project work. The organisation has everything from qualified innovations to professional routine work. (Alvesson, 1992) Since consultants often innovate (i.e. break away from established patterns) and solve problems directly on behalf of their clients, the management-consulting firms would, according to Mintzberg (1983), have an organisational form close to an operating adhocracy.

Due to the uncertainty in the management consulting industry, we believe that it is not only important to evaluate how these firms have been affected when it comes to results and number of employees. We also see the importance of studying how this downturn has affected how companies handle their most important asset, which knowledge can be seen as.


2.2 Managing uncertainty

Since we seek to find out what happens to knowledge management strategies in times of uncertainty, it is important for us to give a clearer view of the concept of uncertainty. Our intention is not to go deep in the theoretical studies within this area. We rather want to discuss features of uncertainty that are relevant for this thesis. Our aim is thus to give a clearer view of what uncertainty means.

Uncertainty is a topic, which has been frequently discussed over the years. According to Thompson (1967, quoted in Abrahamsson & Andersen, 1998), uncertainty is occurrences that arise because of the cognitive limitations of the management and because of unforeseen or uncontrollable events. Uncertainty can, hence, arise from both internal and external factors. Management’s cognitive limitation is typically an internal factor whereas unforeseen or uncontrollable events can emerge both from internal and external surroundings.

Abrahamsson & Andersen (1998) express the context of uncertainty in another way, where they only focus on the world outside the company. The authors mean that it is the surrounding environment and the dependence on this that cause a great deal of uncertainty for organisations. Thompson has an interesting point in discussing both internal and external factors. The point of separating the two can however be discussed, since it is often not possible to isolate and evaluate the effects of one single event. Uncertainty is instead in our opinion often a combination of internal and external factors.

That uncertainty is the effect that limits the organisation’s ability to plan or make decisions in advance is another way of explaining the phenomenon (Galbraith, 1973). Galbraith (1973) further defines uncertainty as: “Uncertainty is the difference between the amount of information required to perform the task and the amount of information already possessed by the organisation.” (Galbraith, 1973:4) The amount of uncertainty is, hence according to the author a combination of a specific task and a specific organisation. The author continues: “...the greater the uncertainty of the task, the greater the amount of information that has to be processed between decision makers during its execution.” (Galbraith, 1973:4) The explanation for this is that if the task is not understood in advance then during the realisation of the task more knowledge is acquired which leads to changes in e.g. resource allocations and priorities.

Courtney et al (2000) argue that it is important not to underestimate uncertainty, since it can lead to strategies that neither defend against threats nor take advantage
of the opportunities that a higher level of uncertainty may provide. To assume that the world is totally unpredictable is furthermore negative for a company since this can lead managers to abandon the analytical rigour of their traditional strategic planning processes altogether and base their strategic decisions primarily on gut instinct. Risk avert managers often avoid making strategic decisions in uncertain times and instead focus on quality and cost reduction. (Courtney et al, 2000) A common response to high uncertainty situations is, however, that power is centralised (Staw et al 1981, requotated in Eisenhardt, 1988).

Organisations furthermore try to limit uncertainty as much as they can (Abrahamsson & Andersen, 1998). E.g. there are often positions or departments within organisations, whose purpose is to register changes in the environment. If the changes are important to the organisation, these particular departments or positions send signals to other parts of the organisation, which react to the changes. This can however not be a substitute for a strategy. Neither approach can make the challenges of uncertainty go away.

Courtney et al (2000) believe that even the most uncertain business environments contain much of strategically relevant information (Courtney et al, 2000). Factors that are unknown today are e.g. often knowable with the right analysis. Abrahamsson & Andersen (1998) further argue that strategies or methods for managing uncertainty can be both internal and external. The internal strategies contain limiting or smoothing out the effects of changes in the environment. The external strategy instead focuses on directly controlling, limiting or affecting the environment. Organisations that experience large uncertainty in their external relations can change their surroundings or domains by changing strategy.

### 2.3 What is knowledge?

Knowledge of markets, events, technology etc. has always been crucial to business, and the company’s information-gathering and processing abilities have constantly been a significant means of strategic competition (Spender, 1996). However, researchers agree upon the fact that knowledge has become an even more important strategic factor in the new economy (e.g. Spender, 1996; Smith, 2001; Nonaka, 1991). Drucker (1992) even goes as far as claiming that knowledge nowadays is *the* primary resource for individuals and for the economy overall.

Nonetheless, researchers also contend that knowledge by its nature is very abstract and therefore hard to pinpoint and handle (e.g. Nonaka & Nishigushi, 2001; Smith,
Reportedly, 90 percent of the knowledge in an organisation is embedded and synthesised in peoples’ heads (Buckman of Buckman Labs requotated in Wah, 1999). In our opinion, it is this personal attachment of knowledge that makes it hard to pick up and hard to transfer.

Before we go into detail in the definition of knowledge we believe it to be important to make a distinction between knowledge and information, which has been an ongoing discussion for a long time. Cowan and Foray (2000) makes a distinction between the two by stating that information is seen as a message containing structured data, whereas knowledge instead has to be put in a cognitive context that the individual provides in order for the information to make sense and become meaningful. Ancori et al (2000) stress that the difference between knowledge and information is that the former can not be regarded independently from the process, through which it is obtained. How information becomes knowledge is hence dependent on both the context in which it is created, and process through which it is obtained. Nonaka & Takeuchi (1995) claims that information is a flow of messages, while knowledge is created through that flow of information. This knowledge, they continue, is further anchored in the beliefs and commitment of its holder.

### 2.3.1 Definition of the concept

The abstractness or intangibility of knowledge has implicated that there are many highly diverse understandings of it (Alvesson & Kärreman, 2001). Different schools of knowledge has therefore come and gone over the years. One of these is the so called traditional Western epistemology or the rational-cognitive approach to knowledge (the theory of knowledge) where knowledge is defined as a “justified true belief” (e.g. Nonaka, 1994; Tell 1997; Anchori et al, 2000). Here, abstract, rational and analytic thinking is highly rewarded.

The Greek philosopher Plato was the first one to build up an elaborative structure of thought on knowledge from a rationalistic perspective during the classical antiquity (Nonaka & Takeuchi, 1994). Plato discussed what the difference could be between having a true perception or opinion and having knowledge, i.e. to really know something. The answer he came up with was that knowledge has the added aspect of justified reasons for the opinion, which has the advantage that it does not disappear so easily. (Nationalencyklopedin, 2000) Plato claimed that human beings aspire toward the eternal, unchanging, and perfect “ideas” that can not be known through sensory perception, but rather through pure reason. Aristotele, who was
Plato’s student, was closer to the empiricism perspective of the rational-cognitive approach, and criticized his mentor. He meant that an idea can not be separated from its physical object, i.e. from the person who has it. Furthermore, he claimed that the idea does not have an independent existence from its sensory perception, since knowledge of forms is always caused by this perception. (Nonaka & Takeuchi, 1995)

Moreover, in traditional western epistemology it has been commonly assumed that people’s knowledge is objective and they can be expected to act in accordance with their considered judgements (Blackler, 1993). Nonaka (1994) stresses that “truthfulness” was seen as the essential attribute of knowledge in traditional Western epistemology. Researchers in present knowledge literature seem to focus on a more social dimension of knowledge. The conventional rational-cognitive approach to understanding knowledge is thus breaking down (Blackler, 1993), which we have observed when studying recent literature. Knowledge is no longer viewed as static, logic and nonhuman, but the focus has been on knowledge as a personal “belief”. This view emphasises the importance of “justification” of knowledge. (Nonaka, 1994) According to Tell (1997) justification means that one must be able to give grounds for the claimed knowledge.

2.3.1.1 Two perspectives of knowledge

When studying theory of modern epistemology we have observed that two ways of approaching knowledge seem common. First knowledge may be seen as an object. Some people may think of knowledge as the sum of everything they have learned. (Allee, 1997) This opinion is supported by Smith (2001:312) who claims that: “knowledge is a human, highly personal asset and represents the pooled expertise and efforts of networks and alliances.” Viewing knowledge as an object also impacts how it would be managed; an object needs to be maintained, kept or stored someplace and recycled. Therefore, thinking of knowledge as an object leads people to focus on databases and other storage devices. Furthermore, when viewing knowledge as an object the focus is on identifying, organising, collecting and measuring knowledge. (Allee, 1997)

In contrast to viewing knowledge as an object it can also be seen as a process. The process perspective entails a different focus to the concept of knowledge. Those who take the process perspective focus on dynamic aspects of knowledge e.g. sharing, creating, adapting, learning, applying, and communicating. (Allee, 1997) Nonaka & Takeuchi (1995:58) supports this perspective and claim that knowledge is: “a dynamic human process of justifying personal belief toward the “truth”.”
The authors believe that knowledge is dynamic since it is dynamically created in social interaction. This standpoint is also emphasised by Gilje & Grimen (1992:164) who claim that knowledge; “...is nothing static. It changes, and we assume also that our knowledge grows.” The process perspective is, as we see it, a constant accumulation of the existing knowledge, which in turn creates new.

On the one hand, since we believe that knowledge is constantly created, adapted, enhanced and applied, our perception of knowledge is closer to the process perspective. On the other hand we believe that knowledge also has features of an object since it is possible to catalogue, organise, and measure it to some extent. In some cases this can furthermore be useful for a company to manage, store or transfer knowledge in order to spread it throughout the organisation. Knowledge-based companies, like consulting firms, can benefit from using already existing knowledge, which has emerged from old projects over time. Because of the intangibility of knowledge, which was discussed above, it is, however neither possible, nor desirable to store, manage or transfer all knowledge.

2.3.2 Types of knowledge
A common way to discuss knowledge is by dividing it into two dimensions; explicit knowledge and tacit knowledge. This terminology was initially developed by Polanyi (1967). Explicit knowledge can be expressed in words and numbers and is shared in the form of data, manuals, copyright and patents (e.g. Nonaka, 1991; Smith, 2001; Hedlund, 1994). Furthermore, explicit knowledge is carefully codified, stored in a hierarchy of databases and is accessed with high quality- and fast information systems. The advantage of this type of knowledge is that it is easily accessible for other people, and can therefore be reused to solve similar problems. (Smith, 2001) We see, nevertheless, that it is important to remember that explicit knowledge is interpreted by an individual and the document therefore becomes an interpretation of that individual’s tacit knowledge. However, this type of knowledge, which also is known as “articulated” (Hedlund, 1994; Werr, 2000), only represents the tip of the iceberg of all possible knowledge (Nonaka 1994; Spender 1996).

Polanyi (1967:4) stated that “we can know more than we can tell”. By this he meant that humans are not always able to express all tacit knowledge and as opposed to explicit knowledge it becomes difficult to share it. Therefore, tacit knowledge is often seen as the iceberg below the surface of the water, i.e. unseen and embedded in our social identity and practice (Spender, 1996). Tacit knowledge is deeply rooted in actions and experiences as well as in the ideals, values or
emotions that an individual embraces. (Nonaka et al, in Nonaka & Nishigushi, 2001) Therefore it is hard to formalise it and, difficult to communicate or share it with others. Due to this difficulty in formalising tacit knowledge, it is often transmitted through face-to-face contact (Smith, 2001). Furthermore, tacit knowledge is technical or cognitive and is made up of mental models, values, intuitions, insights and assumptions (Smith, 2001). Technical tacit knowledge is demonstrated when people master a specific knowledge like the one gradually developed by master craftsmen (Smith, 2001). These master craftsmen have years of experience and therefore also a wealth of expertise. Nevertheless, they often have difficulty in articulating the technical and scientific principles behind what they know. The cognitive dimension consists of mental models, beliefs, and perspectives so ingrained that we take them for granted, which hinders us to articulate them. (Nonaka 1991)

2.4 Knowledge management

Since knowledge is abstract and intangible it is also very difficult to manage. As knowledge furthermore is known as the icon of the new economy, handling it becomes increasingly important in today’s organisations (Kreiner, 2002). Goh (2002), who claims that knowledge management will be the key to organisational success in this millennium, is one of many researchers who support this opinion.

2.4.1 The emergence of Knowledge Management

Knowledge is known to increase in value the more it is used, and therefore knowledge in itself is as we have discussed earlier not valuable. Instead it has to be applied in order to generate value (Claycomb et al, 2001; Drucker 1992). The activities for handling employees’ knowledge within companies are today known as knowledge management, which is, in spite of its recent origin, an extensive research area.

The concepts of knowledge and management have separately been around for a long period of time, but the combined concept of knowledge management is relatively new (Alvesson & Kärreman, 2001). Hansen et al (1999) claim, nevertheless, that the concept has existed unconsciously for hundreds of years already, but chief executives initially started discussing the concept of knowledge management around 1990. Furthermore, Hansen et al mean that the recent emphasis on managing knowledge has emerged from a societal shift. Nowadays, companies are commonly based on intellectual assets, whereas they were earlier...
based on natural resources. Finding the underlying knowledge and how it is used within the company has, due to this shift, become an increasing challenge (Hansen et al, 1999). In order to be profitable and long-term focused, knowledge management has thus turned out to be an important activity in today’s knowledge based organisations (Blomé, 2000).

The concept of Knowledge Management might sound very simplistic and straightforward when described in this way. According to Ruggles (1998) knowledge management is instead a great and complex challenge, which is important for companies to be aware of. In our opinion, it is important to remember that, even though knowledge management has emerged, there are no standard recipes for how to deal with knowledge. The reason is, as we see it, that knowledge is an abstract concept, which is relational-as well as context dependent. Before discussing our specific area of knowledge management, we will present some different views of knowledge management.

### 2.4.2 Definition of the concept

Knowledge management has above been described as an important but difficult activity, for companies to handle in order to stay profitable and competitive in the long run. Before going deeper into the chosen study area of knowledge management we want to present and discuss some different definitions of the area.

Knowledge management can be seen as the activity for influencing knowledge, which can be seen as an intangible asset. This is in accordance with Sveiby’s definition of knowledge management: “The art of creating value by leveraging the intangible assets” (www.sveiby.com.au/definition.html). In our opinion, the definition is however rather vague and too broad, since we feel that the actual processes for managing knowledge must be further explained in detail. Liss (1999), takes a clearer but narrower standpoint here when emphasising that: “Knowledge Management is a formal, directed process of determining what information a company has that could benefit others in the company and then devising ways to making it easily available” (Liss, 1999 requotated in Smith, 2001:313). This definition contains two important aspects of the knowledge management, which Sveiby does not focus on. Firstly it handles the process of finding relevant knowledge, and secondly it discusses the ways to transfer the acquired knowledge throughout the organization. We believe that it is important to

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According to Skandia an intangible asset is: “An asset that is not visible in the traditional balance sheet but still adds value to the company.” (Words of value - giving words to IC, Skandia and Ericsson business consulting in cooperation)
consider both of these aspects. However, Liss claims that knowledge management contains an informational aspect. We rather believe that the process of knowledge management is the activities for managing knowledge and making it available, not information. Furthermore, she expresses that it is the formal, directed process, which we do not agree with. Managing knowledge can, in our opinion, also take place in an informal manner.

To fully understand the width of the knowledge management field, the process of finding and distributing knowledge can be described in more detail. In our opinion, Blomé (2000:12) gives us a deeper understanding of the concept as he declares that: “Knowledge management encloses the regular activities an organisation undertakes to gather, structure, create and reuse knowledge. Knowledge that is needed in order to develop the employees’ competence and to increase the satisfaction of the customer”. In our opinion, the definition above gives a detailed description of the different activities of knowledge management. Blomé also highlights the usefulness of having structured knowledge management activities since it enhances the possibilities to create competitiveness. This view is also emphasised by Stråhle & Hong (2002:178); “Knowledge management is concerned with practical means of leadership and management which aim at improving the capability of an organisation to transform knowledge into added value”.

The definitions above emphasise the importance of finding the relevant knowledge, the activities for transferring, creating, using it etc. Moreover they highlight the possible added value for the company as a whole as an outcome of having developed knowledge management activities.

According to us one important process of knowledge management is the transfer of relevant knowledge, which makes it possible for other parts of the organisation or other individuals within the organisation to benefit from it, and thereby create added value. Therefore we find that the most significant activity in knowledge management is the transfer of knowledge, i.e. to make it available for the rest of the organisation. We see knowledge transfer as an umbrella process that affects the other activities in knowledge management. Having a culture that promotes transfer of knowledge will enhance the possibility to detect knowledge that exists within the organisation. If an individual actively gives knowledge, it is easier for the company to find it than if an individual is being protectionist about it. When knowledge is transferred, more people will be able to use it, and thereby new knowledge can be created.
Knowledge transfer is furthermore an important activity when pursuing knowledge management strategies. We will, therefore in the following sections go into detail in the activities of knowledge transfer within an organisation. Some theorists use a different terminology for knowledge transfer. Nonaka (1991), which will be referred to below, discusses how knowledge travels from person to person in terms of knowledge creation.

### 2.5 Knowledge transfer

In the previous chapters we have argued for the importance of knowledge and how to manage it. According to Nonaka (1991), knowledge creation always begins with the individual. Since it is the individuals in the organisation that create knowledge it is, in our opinion, crucial that the organisation creates processes for making this knowledge a part of the organisation as a whole. When making the individual knowledge a part of the organisation, it increases organisational knowledge. If knowledge is just stored in someone’s private knowledge domain, then the organisation cannot use it (Goh, 2002). Researchers claim that the key for this process of making individual knowledge a part of the organisation, is personal commitment (e.g. Goh, 2002; Nonaka 1994) In order to achieve this commitment the company must create an environment where trust is a key word. Furthermore, a shared understanding of what the company stands for, where it is going, i.e. values, vision and mission is required (Goh, 2002; Dunford, 2000; Blomé, 2000). This implies that knowledge transfer will not occur in an organisation unless its employees have a high willingness of co-operation (Goh, 2002).

We will in this section go into detail on how knowledge is transferred on an individual level, from an individual to an organisational level and also from an organisational to an individual level.

#### 2.5.1 Individual knowledge-conversion

Making personal knowledge available to others is a central activity in knowledge management. Nonaka & Takeuchi (1995) argue that the two types of knowledge; explicit and tacit interact with and change into each other in the creative activities of human beings. In the authors’ views, this interaction between explicit and tacit knowledge, is the fundamental element to what they call knowledge creation. It is important to note that the interaction is a social process between individuals and not within an individual (Nonaka & Takeuchi, 1995). The explicit and tacit levels
of knowledge are important to discuss, since they will be a building stone in the creation of the cycle of knowledge further down (see figure 5).

Nonaka & Takeuchi (1995) bring forth four ways of knowledge creation, which also is known as the spiral of knowledge: (1) **socialisation** (from tacit knowledge to tacit knowledge); (2) **externalisation** (from tacit knowledge to explicit knowledge); (3) **combination** (from explicit knowledge to explicit knowledge); and (4) **internalisation** (from explicit knowledge to tacit knowledge).

### 2.5.1.1 Socialisation

This term indicates that tacit knowledge needs to be shared. The apprentice learns from the master or learns from the master’s tacit knowledge, i.e. obtain tacit knowledge through observation, imitation and practice. The tacit knowledge is hence transferred in a shared experience, or put another way, the apprentice is “socialised” into the craft. The key for acquiring tacit knowledge is experience (Nonaka, 1994). Without some kind of shared experience, it is extremely difficult to share another person’s thinking process. Socialisation can for example occur when a trainee is observing a master baker how this person is twisting the dough so that the master baker’s tacit knowledge becomes the trainee’s tacit knowledge.

Socialisation also occurs when employees are meeting on an informal basis and discuss for example politics. Through these “meetings”, a common tacit knowledge is created. These meetings may also in turn enhance mutual trust, which as mentioned above is an important prerequisite for knowledge transfer. (Nonaka & Takeuchi, 1995) However, it is important to emphasise that the tacit-to-tacit knowledge creation cannot be leveraged by the organisation as a whole unless their knowledge ever becomes explicit. Normally the socialisation process is followed by externalisation where the tacit knowledge is translated into explicit knowledge (Nonaka, 1991).

### 2.5.1.2 Externalisation

Through externalisation, knowledge can be shared by many, and may also be a basis for new knowledge. Tacit knowledge is here expressed and translated into such forms as metaphors, concepts, hypothesis, diagrams or prototypes so that it can be understood by others (Nonaka & Takeuchi, 1995). Werr (2001) claims that the externalisation allows critical analysis and testing, which can enhance knowledge development. However, externalising tacit knowledge is hard and, therefore, what becomes explicit may be insufficient and inadequate. These “gaps”
between a person’s tacit knowledge and the articulated knowledge, may encourage interactions between individuals to discuss the discrepancy (Nonaka et al in Nonaka & Nishigushi, 2001).

According to Hedlund (1994) the process of externalisation is crucial for the growth of the firm. Without the externalisation, it is, according to him, difficult to involve new employees and to divide the work. Hedlund further claims that the current fascination of the difficulties with tacit knowledge has turned organisations to a large extent into “articulation machines”. The organisations are built around codified practices and are deriving some of their competitive advantages from clever and unique externalisation. Kreiner (2002) argues nevertheless that the resourcefulness of such knowledge, which in fact is made explicit, may possibly be lower after the transfer than before. He maintains that the organisation should not only focus on making existing knowledge explicit but also on tacit knowledge which, according to Kreiner, can enhance the potential of producing better results i.e. innovations.

The debate of whether tacit knowledge can become explicit, in other words the codification debate, is a recurrent theme in knowledge management literature/epistemology literature. Some researchers claim that codification is possible, it is just a matter of cost. Others claim that codification of tacit knowledge is not possible since tacit knowledge is contingent upon the cognitive abilities of the particular person that holds it and the situation in which it was created. The codification debate will however be discussed further down.

2.5.1.3 Combination
Combination is the process of converging explicit knowledge into more complex and systematic explicit knowledge. Knowledge is here collected from the inside or the outside of the organisation and then combined and exchanged through media like documents, meetings, telephone calls, or databases. Reconstruction of existing knowledge through sorting, adding and categorizing can create new knowledge. Explicit knowledge is often dispersed in the organisation, but computer communication networks and databases can facilitate this mode of knowledge conversion. The key activities are here communication, diffusion, and systematisation of knowledge. Combination can also include breaking down an overall concept such as the corporate mission or vision into operated business or product concepts. (Nonaka & Takeuchi, 1995) An example of combination is when a controller of a company collects information throughout the organisation and puts it together in a financial report. The report is new knowledge in the sense that
it combines information from different resources, and puts it in a different context. However, Nonaka (1991) highlights that this combination does not really extend the organisation’s existing knowledge base. (Nonaka, 1991)

2.5.1.4 Internalisation

Internalisation is the process of embodying explicit knowledge into tacit knowledge (Nonaka & Takeuchi, 1995). Explicit knowledge is shared throughout the organisation, and when individuals start using it, they broaden, extend, and reframe their tacit knowledge (Nonaka, 1991). According to Hedlund (1994), internalisation is about making the explicit knowledge available to the individual with less cognitive effort and attention. The aim is to shape shared mental models or technical know-how in the individuals’ tacit knowledge bases, which in turn becomes a valuable asset. (Nonaka et al in Nonaka & Nishigushi, 2001) Hedlund (1994) highlights, however, that this internalisation can be negative in the sense that it shapes unreflective and unconscious beliefs of how things should be within the organisation, i.e. taken-for-granted thinking. We support Hedlund’s opinion in the sense that we believe that an excessive use of explicit knowledge may reduce the individual’s creative thinking, i.e. use of the tacit knowledge in problem solving. On the other hand, the use of explicit knowledge may speed up the learning process of an individual.

The tacit knowledge accumulated at the individual level is in turn shared with others through socialisation, and thereafter the conversion of knowledge can continue.

![Figure 1: Four modes of knowledge conversion, Nonaka & Takeuchi, 1995:62](image)
According to Nonaka (1991), externalisation and internalisation are the critical steps in the spiral of knowledge. The reason is that both require active involvement i.e. personal commitment. Commitment is one of the most important components for promoting the formation of new knowledge within an organisation (Nonaka, 1994). Therefore, we believe it to be important to create an environment within the organisation that encourages the individuals to share the knowledge and that they are remunerated for doing it.

The knowledge conversion spiral developed by Nonaka & Takeuchi (1995) is, in our opinion, a sound base for describing how knowledge is transferred between individuals and how knowledge is transformed into any of the four dimensions described above. The model will hence serve as a source of inspiration for the cycle of knowledge further down (see figure 5). There we will however develop the authors’ reasoning around tacit and explicit knowledge as well as around individual and organisational knowledge, which will be discussed during the next section.

2.5.2 The interaction of individual and organisational knowledge

In the previous section, we have discussed how knowledge can be transferred between individuals in the knowledge-conversion spiral (Nonaka, 1994). Now, we will instead focus on the interaction between the individual and organisational knowledge, which together with tacit and explicit knowledge constitute the building stones of the cycle of knowledge (see figure 5).

Nonaka (1994) discusses how individual knowledge is expanded through different levels. The knowledge levels are according to Nonaka (1994) called the ontological dimension. Some authors divide the dimension into four different levels of knowledge; individual, group, organisational and inter-organisational (Nonaka, 1994; Hedlund, 1994). Since we will only discuss knowledge transfer within a firm, the inter-organisational level will not be relevant for our study. In addition to this, we are of the opinion that even though a few individuals have worked with a project together, the knowledge they have achieved, differs from individual to individual. Therefore, the group level will in this thesis be included in the individual level. Hence, we believe that the individual and organisational levels will be the levels relevant to discuss in this thesis.

According to Nonaka (1994) a continuous interaction with the external world is involved in the knowledge creation at the individual level. The organisational contribution in the process of creating knowledge is that it supports the individuals,
or provides a context for individuals to create knowledge within. As mentioned earlier, knowledge is, in Nonaka’s opinion, created on an individual level, and therefore the organisation can not produce knowledge without its individuals, i.e. the organisation itself has no knowledge. The individual knowledge conversion process, described in the previous section, will tend to become larger in scale and more actors in and around the organisations become involved. Organisational knowledge is, therefore, the sum of accumulated individual knowledge within the organisation. (Nonaka, 1994) How the knowledge conversion spiral moves up the ontological dimension is shown in his figure below.

![Figure 2: The spiral of knowledge (Nonaka, 1994)](image)

Nonaka’s model gives us an understanding of how individual knowledge may be transferred within an organisation. We furthermore agree with Nonaka (1994) who stresses that knowledge creation starts with the individuals. In contrast to Nonaka we believe, nevertheless, that the organisation has the ability to store knowledge and to affect the creation of it. The organisation could, according to us be seen as an organism where knowledge is available for the individuals working within the organisation. Our opinion is, therefore, closer to the explanation given by Werr (2001) on how the individual and organisational level is interrelated.

Werr’s (2001) explanation of the features of the interaction between the individual and the organisational level is found in his discussion of the knowledge sharing in an organisation. He is of the opinion that individual knowledge can become organisational and the process, where individual knowledge becomes organisational, is labelled extension (Werr, 2001). In the process of extension, the
individual share his/her knowledge with the rest of the organisation. Organisational knowledge can also be transferred into individual in a process, which Werr calls appropriation. An example is when a new employee is provided with a manual of the organisation, or is “socialised” into the organisational culture during the day-to-day work (Werr, 2001). Appropriation as well as extension can take place in both tacit and explicit ways (Hedlund, 1994; Werr, 2001). We hence see that these ways of creating knowledge is also appropriable in interaction between different levels, which is illuminated in his model below.

Even though we believe that Werr’s model explains that knowledge on an individual level and organisational level interact, we consider it to be static to some extent. It does not show how knowledge is dynamically created or transferred within the organisation. In this sense we find that Nonaka’s model is better since it shows knowledge creation and interaction in the form of a spiral.

In our opinion, the reason that the two authors have different points of views of organisational and individual knowledge can be that they have diverse ideas of what an organisation is. On the one hand Nonaka (1994) seems to have an individualistic organisation perspective, i.e. that the organisation can never be more than the sum of its individuals and their thoughts and actions (Gilje & Grimen, 1992). Werr (2001), on the other hand seems to a collectivistic organisation perspective, where the organisation is something more than the sum of the individuals and their actions and characteristics (Gilje & Grimen, 1992).
Since we do not find these models completely satisfactory to explain our view of how knowledge is transferred within an organisation, we will now present the cycle of knowledge. The model will however be inspired by the authors we have discussed above.

2.5.3 The cycle of knowledge

Both Nonaka & Takeuchi (1995) and Hedlund (1994) present their theories on the basic assumption that there are four different levels of knowledge. As we have discussed earlier, only the individual and organisational levels will be interesting in our case. In addition to this we find that the two models are not good enough for explaining our view of knowledge transfer and interaction within an organisation. Instead we have used the models by Nonaka & Takeuchi (1995) and Werr (2001) as a starting point from which we have developed a new model that suits our perception of how knowledge is transferred and interact within a company. Below, we will present our perception of how knowledge “travels” through different levels and types.

As we have stated earlier, knowledge transfer is a very important knowledge management process. In our opinion, knowledge transfer can be seen as a cycle, which has some similar features with Nonaka & Takeuchi’s (1995) spiral of knowledge. Like the spiral of knowledge, the cycle of knowledge shows how different types (explicit and tacit) and levels (individual and organisational) of knowledge are interrelated. However, in contrast to Nonaka & Takeuchi, we believe that the cycle does not have a beginning or an end. Instead it creates the pattern of a wheel that goes round and round. What should be noted here is that we believe that the organisational and individual knowledge is interrelated in our cycle. Four different combinations of knowledge types and levels are contained in the cycle of knowledge; organisational-explicit, organisational-tacit, individual-tacit and individual-explicit. Knowledge tends to be transferred between these four in the particular order showed in the model. To describe the cycle, we will start at the organisational-explicit level.

Organisational-explicit knowledge, transferred to organisational-tacit knowledge can be viewed as one of the steps in the cycle. This process is typically necessary when a company wants a vision statement, which has been developed in writing on an organisational level, to be internalised into the organisation as a whole. Another example of the process is how a new, explicitly stated working procedure in a company is implemented and internalised into the organisation, so that it becomes organisational-tacit knowledge. On an individual level, Nonaka & Takuchi (1995)
refers to the transfer of individual-explicit knowledge to individual-tacit knowledge as internalisation. We have therefore chosen to call this process *organisational internalisation*.

Knowledge can be transferred in two alternative ways in order to become individual tacit. This process, where organisational knowledge becomes individual, is in theory called *appropriation* (Hedlund, 1994, Werr, 2001). When following the cycle, the next step is when organisational-tacit knowledge becomes individual-tacit knowledge. An example of this can be when a new employee is “socialised” into the organisation culture during day-to-day work (Werr, 2001). I.e. a new employee gains individual-tacit knowledge of the working procedures within an organisation by observing and interacting with other employees. This can, according to us, be called *tacit appropriation*. There are however times when organisational-explicit knowledge directly can be transferred into individual-tacit. An example of this can be when an employee gets documentation of an old project directly from the company database and turn this into his/her own tacit knowledge. Since the appropriation in this case has a starting-point in the explicit dimension, we have chosen to call this process *explicit appropriation*.

According to us, the following step in the process is when the individual transfers tacit knowledge to explicit, which is known as *externalisation* (Nonaka & Takuchi, 1995). The main benefit of this process is to make tacit-individual knowledge more easily accessible for other individuals. Furthermore, Werr (2001) believes that externalisation does not only facilitate the transfer of knowledge, but it also allows for critical examination and testing of existing individual knowledge. In this process the working procedures in the example will be externalised from the individual that holds the tacit knowledge. The individual has hence followed the working procedure during e.g. a project. Thereafter the tacit knowledge gained during this project is transferred to explicit.

The next step in the cycle involves how the individual-explicit knowledge is turned into organisational-explicit knowledge. In this process the individual’s explicit knowledge developed in the previous process becomes accessible to the other employees in the organisation. Organisational-explicit knowledge is typically stored in databases which all employees have access to. With the explicit knowledge stored here, the reuse of knowledge is possible (Hansen et al, 1999). As we have discussed earlier, Werr (2001) and Hedlund (1994) call the conversion of knowledge between the two different levels *extension*. We have chosen to use the same term for this particular process. When knowledge is accessible at an organisational level it can enhance the knowledge level of all employees within an
organisation. In our opinion, knowledge does not have to be contingent upon an individual’s social network within the organisation when organisational-explicit knowledge exists.

![Cycle of Knowledge Diagram](image)

Figure 4: Model of how knowledge is transferred between different types and levels of a company, inspired by Nonaka, 1994 and Werr, 2001

It is important to remember that knowledge is, as we have stressed earlier, not easy to transfer because of its intangibility. Therefore, there is a risk that the processes are not completed or completed in an unsatisfactory way. This can lead to that knowledge is not shared as intended. Examples of such difficulties can e.g. be when an individual is not good enough at externalising his/her own tacit knowledge or when the organisation does not take care of the documentation of cases, which might hinder extension.

The model we have presented above will together with the knowledge-conversion-process (Nonaka & Takeuchi, 1995) be the basis in the analysis of knowledge transfer within or chosen case companies.

### 2.6 Strategies for managing knowledge

As previously mentioned, we believe that transfer of knowledge has a significant importance in knowledge management. If knowledge is not transferred so that other people may have access to it, it will not, as we see it, have the possibility to enhance the organisational knowledge base and its competitiveness on the market. Knowledge that only exists within an employee’s head is useless. In our opinion it has to be applied and shared. In addition to this, we believe that the transfer of
knowledge internally will increase the possibility that new knowledge is created within the firm. But in order to handle these processes, companies need to develop strategies for managing knowledge.

We are of the opinion that every company has developed its unique ways of managing knowledge due to the company history, the corporate culture and naturally the people within the company. Knowledge transfer is not easy; it requires major elements like motivation and willingness to share, which has its roots in the core culture and values of the organisation like for example trust (Goh, 2002). Two different strategies have been identified as most common in management consultant firms; personalisation and codification (Hansen et al, 1999). Having an understanding of the strengths and weaknesses of the strategies will, according to Hansen et al, help companies make more surefooted decisions about knowledge management and their investments in it.

A company that focuses on dialogue between individuals, and not on knowledge stored in a database, are pursuing a personalisation strategy. It is common that these kind of companies use brainstorming sessions, lunches, discourses and incitements for face-to-face conversations between the employees since this encourages people to meet. In our opinion the mechanisms that trigger these conversations, happen however just as often on a spontaneous basis such as at the coffee machine, during Friday pub etc. This strategy requires high investments in building networks of people. The company need to foster networks by transferring people to other offices, by giving incitements both to contact other employees and to return messages or phone calls etc. A personalisation strategy is often accompanied with a developed database. The purpose of the database is not to provide knowledge objects but instead to find out who has done work on a particular topic. Thereafter the employee approaches those people directly to share the knowledge the person possesses. (Hansen et al, 1999)

In the company where the computer and databases are central for transferring knowledge, a codification strategy is pursued. Knowledge is here detached from the person that first developed it and normally stored in a database. It can for example be interview guides, benchmark data, market segmentation analysis, work schedules etc. This codified knowledge is thereafter easily accessible for other employees within the company. In turn, this strategy also has the effect that an employee who searches for a specific knowledge does not have to contact the person who originally developed it. Pursuing a codification strategy furthermore opens up possibilities for achieving scale in knowledge reuse within the company, something that may hinder that “the wheel is invented twice”. (Hansen et al, 1999)
Now we would like to turn our focus to the discussion concerning whether knowledge in fact could be codified. This subject has been a frequent debate. There are pros and cons of codification of knowledge, which by Anchori et al (2000:257) has been labelled; “absolutist position on codification” and “absolutist position on tacit knowledge”. Advocates of codification stress that, an investment in codification can be economic worthwhile (e.g. Cohendet & Steinmuller, 2000; Cowan et al, 2000). The initial costs for codification are high, but when messages can be circulated and reconstituted, agents are able to carry out operations at very low marginal costs (Cohendet & Steinmuller, 2000). Knowledge codification transforms knowledge to a certain extent to a commodity that can be either bought or sold in markets, or as a means for entering into other forms of commercial relationships such as consultant relationships, joint ventures etc. Thereby codification allows firms to purchase knowledge instead of developing it internally. In addition to this it has been stressed that codification can reduce the risks of losing tacit knowledge stored in individuals. (Prencipe & Tell, 2001)

Advocates of the tacit knowledge argue, however, that knowledge is closely dependent on the cognitive abilities of the actors who hold it, i.e. tacit knowledge has a personal quality, which makes it hard to formalise and communicate. Knowledge cannot be regarded independently from the process through which it is obtained (Ancori et al, 2000). As mentioned earlier, tacit knowledge can be known as the iceberg below the surface of the water, i.e. unseen and embedded in our social identity and practice (Spender, 1996). As a result, many researchers contend that it is impossible to codify this type of knowledge in a satisfactory way (e.g. Ancori et al, 2000; Goh, 2002; Kreiner, 2002).

According to Ancori et al (2000), codified knowledge requires some tacit knowledge in order to be useful. Therefore, researchers raise the important question to whether companies may develop an over-reliance on codified knowledge (cf. Dunford, 2000). This over-reliance may have the risk that the innovation spirit or creativity thinking may be reduced. Furthermore, the resourcefulness of knowledge that has become codified may be lower after the transformation than before. (Kreiner, 2002) This entails that codified knowledge can in many cases be apprehended as rules and thereby imply that the organisation may be rigid (Prencipe & Tell, 2001).

The codification debate should at this stage be related to the use of knowledge management strategies. If it is impossible to codify all knowledge it would be natural to pursue a personalisation strategy. However, if it is possible to codify knowledge it seems relevant to consider either the personalisation- or codification
strategy. Theorists claim that knowledge exists both in an explicit and tacit dimension (e.g. Polanyi, 1967, Goh, 2002, Smith, 2001). The question is, nevertheless, to what extent a company should pursue either of the strategies. According to Hansen et al (1999) it is important to make a clear distinction of which strategy the company pursues. The authors claim that companies need to invest 80% in one strategy and then 20% in the second strategy to support the first.

As we see it our developed knowledge cycle serve as a basis for a knowledge management strategy. Depending on the emphasis of each step in the cycle, the company may pursue either the personalisation- or codification strategy. Which strategy that is most common and how our case companies view knowledge management strategies is still to come in this thesis.

2.7 Reflections

To sum up, the focus of our frame of reference has been to discuss how knowledge can be transferred in a company and different knowledge management strategies. In order to achieve our purpose we have decided to study how three different companies handle the problem area. We will leave this frame of reference with two interesting questions.

- What does the cycle of knowledge looks like in reality?
- How are the strategies for managing knowledge thereby followed?
3 Theory of science and methodology

Lundahl & Skärvad (1999) argue that scientific research aims at contributing to the theoretical base and is planned and carried out through scientific methods. We have an ambition with this thesis to make a contribution to existing scientific research. In order to attain this, we have two fields of theory at hand: theory of science and methodology (Andersen, 1994). The theory of science helps the researcher to understand what science is, how it is developed and what role it has in relation to various areas of application. Methodology discusses which methods to use in order to produce a scientific contribution. (Andersen, 1994) In the following section our aim is to describe our standpoint in theory of science, and also to explain our methodological choices when conducting the thesis. We will end with a discussion of the concepts of validity and reliability of our study.
3.1 Theory of science

Within theory of science, an ongoing analysis is made of what scientific knowledge actually is and the pondering over the reasons of which methodology to use or not to use. Andersen (1994) argues that it enables the researcher to better judge and assimilate new knowledge, as well as to generate a new production of it. Scientific knowledge has developed significantly due to the increased interest in it, and also due to an increased importance in society. At present, the environment changes rapidly and conditions for companies, nations and individuals are constantly altering. (Andersen, 1994) Therefore, we believe that the theories about the dynamic world need to be constantly revised. As we stated in our introduction much research has been conducted during recent years. However, we believe that there has not been much research on how companies follow knowledge management strategies in times of uncertainty. This is why we aim at contributing to the existing knowledge base of our area of research; knowledge management.

3.1.1 Point of departure

When conducting a thesis of this kind, we believe it to be relevant to discuss our pre-understanding that guided us to our particular research area. Our pre-understanding within this area has been constantly developed during our time as business students but also when reading newspapers, watching news and discussing with other people. We have come to understand that knowledge is an important asset in the companies that does not produce anything else but advise. The companies we were particularly interested in are in the management-consulting industry. Through media we have learned that these companies have faced a tough and uncertain market. We also contacted SAMC (Swedish Association of Management Consultants) in order to get an understanding of the Swedish management consulting industry.

Our interest in knowledge and that it is an important asset in these companies that are facing a difficult time caught our interest. We asked ourselves what could happen with knowledge management in these companies during at this point in time. By linking the uncertain times in the management-consulting industry to knowledge management, we approached our problem area. How we relate theory and reality and how the thesis is structured will be discussed under research approach.
In order to understand the problem area, we have studied a large amount of literature and developed the cycle of knowledge that shows how knowledge transfers within a company. Through the distinction of the different processes in it we will be able to approach and analyse how knowledge management strategies have been followed within our case companies.

3.1.2 Research approach

A researcher’s aim is to produce theories that can give the most truthful knowledge of reality. Hence, the researcher seeks to relate reality and theory. However, the most fundamental issue, and also one of the most current problems within scientific research, is how reality and theory should be related (Patel & Davidson, 1994). According to us, our chosen area of research has connections with both theory and reality. Literature on knowledge management strategy has naturally been our theoretical base. Since our purpose has been to analyse what is happening with consulting firms’ strategies for managing knowledge today, our area of research is also closely connected to reality.

We believe it to be important to stress that during our work process we have taken some information and certain facts as true and objective to some extent, e.g. theories, in order to proceed in our work. However, we have also constantly undertaken interpretations during the work process, e.g. when analysing the answers given in the empirical findings.

With a starting-point in our own pre-understanding of the research area i.e. what we have learned of management-consulting companies and knowledge management during our times as business students, when reading newspapers, watching news etc., we formulated our problem. Once our problem had been formulated, we could either proceed our research with empirical investigations, or building our theoretical frame of reference. We did not consider ourselves to have enough knowledge of our research area to conduct interviews. Therefore we chose the second path. Knowledge management literature, together with literature on the consulting industry, and theories on uncertainty was important for our purpose, and with these different areas the frame of reference was created.

From the chosen theories, we thereafter formed our interview guide and conducted our interviews. With help from the theories we also developed our own model of how knowledge can be transferred within an organisation, which has served as a basis both for our interviews as well as our analysis of the empirical findings. It is, hence, both the cycle of knowledge and theories in the knowledge management
field that has helped us to conduct an analysis and to finally come to conclusions on how knowledge management strategies are followed in management-consulting companies in the current uncertainty. As we have discussed in the introduction, the recent economic slowdown within the consulting industry is something that has never occurred earlier and in turn little research has been conducted within this area. Therefore, our aim with this thesis is to contribute to the discussion by creating an understanding for how knowledge management strategies are followed in management-consulting firms in this new context.

As described in the model above, we see ourselves as moving between a theoretical- and an empirical standpoint several times throughout our work. This process seems natural to us, since reality and theory are closely interrelated in our purpose.

The classical approaches of conducting research are known as deductive and inductive research. When conducting deductive research, the researcher starts from existing theories known to be true, and with the knowledge of those, conclusions are drawn of different observed phenomenon (e.g. Patel & Davidson, 1994, Andersen & Gamdrup in Andersen, 1994, Gummesson, 2000). An inductive research approach instead starts with empirical data and out of this material general conclusions are drawn and eventually theories emerge (e.g. Gummesson, 2000, Patel & Davidson, 1994). According to us, our thesis has elements of both, but neither of them describes our process in a satisfying way. This, since one chosen stand-point does not give a holistic view of how our research was conducted. Instead, we believe that an abductive approach is more suitable to describe our
research process. According to Alvesson & Sköldberg (1994), the process of altering between a theoretical- and empirical standpoint and the interpretation of both, is called *abductive*. If one connects the authors’ views of abduction as the altering between empirics and theory to our model above, we believe that these two show a resemblance.

### 3.1.3 Scientific research

Now that we have discussed how we have approached our research problem as well as how we relate theory and reality during our work procedure, we believe it to be interesting to discuss whether our research can be called scientific or not. According to Gilje & Grimen (1992) science is based on empirical findings or experience. This means that a phenomenon is being studied from which knowledge is received. In addition, science requires that the theory that is being developed should be tested through observations or experiments. (Gilje & Grimen, 1992) Also Andersen (1994) argues that reality as well as theory should be related in scientific research.

As discussed we have studied knowledge management theories, and theorists’ opinion of its significant importance within companies. We found this area interesting and wanted to investigate how knowledge management is handled in these uncertain times within consulting companies. We, therefore, conducted an empirical study, from which we wanted to receive this knowledge. Our aim has, thereby, been to contribute to the existing area of knowledge management with knowledge of how companies consider this important activity in times of uncertainty. As we see it, our problem area and the theories of knowledge management were compared to reality through our observations and interviews.

Due to our relation between reality and theory from where knowledge has been received of how knowledge management is handled in times of uncertainty, we believe that our research can be called scientific.

### 3.2 Methodology

Methodology as a subject is characterised by giving concrete and useful tools in the search for a problem solution within scientific subjects and different project works. It can be seen as the craft that gives us knowledge of what methods to use, and also which rules to follow in order to conduct thorough scientific research.
(Andersen, 1994) We will in this section present the type of investigation we have chosen, and also how our research has been practically undertaken.

### 3.2.1 Type of investigation

When a researcher wants to examine reality, several different methods can be used. The two groups, which are usually mentioned in this context, are qualitative and quantitative research. Quantitative research is connected to statistical analysis methods whereas verbal analysis methods are more important in a qualitative study. A crucial aspect to consider when choosing method is to apply the one that is most appropriate for the research problem. This usually has to do with how the empirical material is supposed to be collected and handled. (Holme & Solvang, 1997)

Since knowledge and knowledge management are abstract issues and often have different meanings to people, we felt that it would be most appropriate to meet and have discussions with our respondents in person. Therefore, we decided that a qualitative approach with in-depth personal interviews would be the best way to collect the empirical data. According to us, personal interviews are, in our case, the only way to have a deep discussion of how knowledge has been managed in the companies within the recent uncertainty in the management-consulting industry.

Andersen (1994) claims that addressing a problem from the inside and going deep into the organisation often characterize qualitative research. Due to our time limit, we have only been able to conduct one or two interviews at each company and we can therefore not say that we have gone deep into the organisation. However, we believe that we have, through our personal interviews, managed to address the problem from the inside. The advantage of doing this is that, by discussing with people who have insight into knowledge management issues, we have achieved a more balanced and complex understanding for our problem than theory alone has provided. Furthermore, the emphasis of a qualitative study is to create a holistic view by increasing the understanding of social processes and contexts. The inside perspective and the closeness to individuals also brings possibilities to study experiences and meanings of the respondents’ world (Holme & Solvang, 1997). By discussing with our respondents, we above all increased our understanding of the difficulty of handling knowledge management questions in an uncertain context. Therefore, we have achieved a more holistic view of our problem area and of how the problem is perceived in management-consulting companies.
Without interviews, we do not believe that we could have created a holistic view of the internal knowledge management strategies in the case companies. A questionnaire is not, in our opinion, suitable in this thesis since the abstractness of knowledge and knowledge management strategies demands a closeness to the individuals that handles these questions.

### 3.2.2 Collection of secondary data

As mentioned above, during the first period of our course of investigation we searched for and studied already existing theories of knowledge management. This can also be known as secondary data. This data improved our pre-understanding of the research problem and helped us to acquire a deeper knowledge of the concept of knowledge and knowledge management. As Arbnor & Bjerke (1994) argue, it is important to be aware of that secondary data are not always reliable and, therefore, the researcher always needs to consider the truthfulness of it. In order to manage this problem we have had the ambition to study many different theorists’ opinions in the knowledge management area. In order to find research, which is up to date, we have focused on literature that has been published during the 1990s and on. Patel & Davidson (1994) emphasize the importance of not just choosing material that supports our ideas, since it may cause distortion in the work. Also this problem has been managed through our ambition to study many theorists opinion. We will compare the different theories and models with each other and by doing this, a discussion of the weaknesses and strengths in different models have been brought forward.

### 3.2.3 Collection of primary data

When we had reached a deeper theoretical understanding of our area of research we considered us ready to prepare our collection of primary data. In all studies reality cannot be totally captured, instead the researcher needs to or can only study, explain or understand a part of it (Arbnor & Bjerke, 1994). A selection of the reality was therefore needed. According to Holme & Solvang (1997) a selection of respondents in a qualitative study is systematically based on certain criteria. As we see it these criteria are based on our purpose and delimitations. Consequently we selected management-consulting companies in which knowledge is an important asset and therefore essential to manage. These companies were particularly interesting since their industry has faced times of uncertainty recently, which was discussed more thoroughly in the frame of reference. We have further limited our study to the Swedish market and, hence, only Swedish companies were selected.
Before we selected our case companies we consulted our tutor, Fredrik Tell, as well as Jonas Söderlund, on which companies to select. We believe that the recommendations were trustworthy since both have insight in the consulting industry. They have both studied the market and have many contacts within the industry. According to Arbnor & Bierke (1994) this type of selection, when actors give the researcher recommendations on which person he or she should interview, is called a recommended selection.

As has been brought forward in the frame of reference, knowledge management is a rather abstract area of research. We have therefore been aware of that different companies may have different opinions of the area and the activities within it. In order to get a comprehensive view of how management-consulting companies handle knowledge management, we decided to interview three different companies. The three companies have different sizes, which, in our opinion, further helped us to receive a great span of the different opinions of the area. It should be noted here though that we have not done a comparative study between the companies’ opinions of knowledge management in relation to size.

Since we did not have knowledge of which persons who had insight into knowledge management issues in these companies, we asked them to give us suggestions of suitable respondents. The respondents in all companies were furthermore engaged within the area of knowledge management or had great insight to their companies’ knowledge management activities. Since one company wanted to be anonymous, we made the decision to also leave the other two companies unnamed. Altogether we interviewed four people, which imply that we interviewed two people in one of the companies. The reason for this is that this company is larger than the other two and we considered that two interviews would give a more thorough picture of the company’s opinion about knowledge management and its activities.

In our empirical studies a more thorough presentation of our case companies will be held.

In addition to the interviews we have also heard Jonas Bengtsson at Konsultguiden for information about the management consulting industry. He provided us with information of the industry’s growth between 1988 until 1997.
3.2.4 Conduction of interviews

After studying the collected data and selected, what we found, the most appropriate respondents, we prepared our interview guide. In our opinion, an interview guide is an appropriate tool when conducting interviews. According to Holme & Solvang (1997) one of the purposes of qualitative interviews is to establish a deeper and accomplished understanding of the phenomenon studied. The interview should, hence, support the purpose of the thesis. Patel & Davidsson (1994) stresses that between the introduction and end, the interview questions should focus on the problem area. Therefore we prepared our interview guide in accordance with the main parts of our theoretical framework. Furthermore, the questions within the different problem areas were designed in an order, which seemed to be most appropriate for receiving satisfactory answers from the respondents. E.g. easy introduction questions about the company’s business idea and history were placed in the beginning, whereas more intricate questions concerning knowledge management were asked later on. It should be noted here that we did not ask our respondents directly how they follow knowledge management strategies. Instead this was derived out the answers in all the questions asked within the area.

With a good interview-guide at hand we felt ready to conduct our interviews. According to Lundahl & Skärvad (1999), interviews can differ depending on their degree of standardisation, and also on how the questions are structured. According to us, we have conducted semi-standardised interviews. A semi-structured interview implies that the prepared questions in the interview guide were asked to all respondents in the same order. Follow-up questions were, however, asked depending on the situation and the answers given. (Lundahl & Skärvad, 1999)

Furthermore, we consider our interview questions to be unstructured (Patel & Davidson, 1994), i.e. our questions allowed very open answers which leaves more room for the respondents’ personal opinions. According to Lundahl & Skärvad (1999), unstructured interview questions also bring forth opinions and attitudes of a certain situation or problem as well as facts. The choice of semi-standardised and unstructured interviews were also appropriate since we were able to conduct in-depth interviews where the answers led to a holistic understanding of knowledge management in our case companies. Holme & Solvang (1997) support this standpoint. In their opinion qualitative interviews do not use a standardised method since the researcher should not interfere and guide the interview too much. In this way, they continue, the respondents personal opinions will come forth.

We had informed our respondents briefly on beforehand what we would discuss in the interview and had also set the expected time to one and a half hour. Kvale
(1997) calls this an informed approval, which also implies that the respondent is participating voluntary in the project. In addition to this we also explained the importance of receiving answers that are truthful and that did not glorify the company. We are, however, aware of that despite our information given, it is always debatable whether the answers were totally straightforward of how knowledge management has been affected within their companies. Before the interview started, we made sure that the purpose of the interview was clear to the respondents. According to Patel & Davidson (1994) this is important in order for the respondent to see their usefulness for the study. Furthermore we had discussed how the respondent answers were supposed to be handled concerning confidence already during our first contact over the telephone, but also before the interview started.

With these explanations we believe that we created an atmosphere of trust, which, according to Holme & Solvang (1997), is a prerequisite for having an engaging and knowledge developing qualitative interview, in other words high-quality interviews. In order to give as correct interpretations of the interviews as possible, we furthermore recorded them. To minimise the uncomfortable feelings among the respondents, we had also made sure to get the respondent’s approval for using a tape-recorder in advance.

### 3.3 Method discussion

As stated earlier, our aim with this chapter is to clarify how the research has been conducted and how we have approached our research problem. In the following section we will discuss the reliability and validity of this thesis and as a conclusion criticise our chosen way of conducting our research.

Two different concepts are crucial when estimating the value of the collected information; validity and reliability. Validity can be described as a measuring instrument’s ability to measure what it is supposed to measure (Eriksson & Wiedersheim-Paul, 1999). In terms of research this means that the thesis should handle and in the end provide some kind of answers to the research questions. In qualitative studies it is often not a problem to get valid information, since there is closeness to the studied object. (Holme & Solvang, 1997) In our opinion, we have studied what we have aimed for in our purpose, i.e. how knowledge management strategies are considered in times of uncertainty.
According to different theorists, validity can be divided into internal and external (Lundahl & Skärvad 1999, Eriksson & Wiedersheim-Paul, 1999). With internal validity the authors mean to what extent theories are in congruence with the operational definition, i.e. if the instruments (questionnaires or an interview) chosen really measure what they are intended to measure. (Eriksson & Wiedersheim-Paul 1999). To attain a satisfying internal validity and to connect theory and empirical findings, we decided to create our interview guide in accordance with the frame of reference. In our opinion, this assured us that we covered relevant questions during the interviews. The external aspect of validity handles the ability of the instruments to give a satisfying indication of the problem, i.e. if the samples chosen are representative for the entire population. Our population has been Swedish management-consulting firms. Since we have not chosen our samples with statistical accuracy, we can however not be certain that population is representative, i.e. that the external validity is as high as desired. In order to minimize these errors we chose companies and respondents in accordance with our selected criteria. We decided to focus on consulting companies operating only on the Swedish market and we have also been in contact with three companies. When it comes to the choice of respondents, we made sure, as mentioned above, that they were engaged within the area of knowledge management or had great insight into these issues.

Reliability refers to the absence of random measurement errors (Lundahl & Skärvad, 1999). Holme & Solvang (1997) describe the characteristic of good reliability as several independent measurements producing the same result. Eriksson & Wiedersheim-Paul (1999) come to the conclusion that reliability is a large problem in interpretative research. We believe, however, that we minimise the problem of interpretation, as well as random measurement errors, by studying a large range of secondary data. Furthermore, we conducted interviews within three different companies, which allowed us to create a rather broad view of how knowledge management strategies are considered in management-consulting companies. According to us, these efforts contributed to make the study more reliable, i.e. due to this it is more likely that another researcher would have reached the same results that we have.

As we said earlier our results and conclusions will be based on our studies in the three companies. We also described that our aim is to contribute to existing theory of knowledge management. The relevance of making generalisations on such a small empirical study can, however, be questioned. Gummesson (1988) argues, nevertheless, that it is no longer obvious that a limited number of observations can not lead to meaningful generalisations in the end. Furthermore, he describes...
research as a journey, where existing theory is not the destination. New data never destroy existing theory, it only expands and improves it. We believe that we can make a contribution to the existing theory on knowledge management by using existing theories within this area and applying them to the context of a turbulent environment. Since we have been in contact with three companies, we consider that we are able to provide a description of how management-consulting companies handle knowledge management issues in these uncertain times. Hence, generalisation is, as we see it possible to a certain extent.
4 Empirical Studies

In order to get a view of how consulting firms’ knowledge management strategies have been followed during the last couple of years’ uncertainty, we chose to contact three different management-consulting companies. The questions asked to the respondents focused on how the uncertain market situation has affected how these companies think of, and handle knowledge management activities today. All three companies have management consulting as their main activities and are furthermore only active on the Swedish market. Initially we will provide short descriptions of the three companies.
4.1 Case companies

4.1.1 Company A

In Company A, we interviewed two persons. One of them is responsible for human resource management issues and at the same time part time consultant. The other respondent is a consultant with experience of knowledge management. Company A has about 250 employees, who have a broad and deep experience of both management and technology and the company’s clients are normally larger companies. The consulting firm is furthermore quite recently founded and has, like many other consulting companies, experienced turbulent years recently. The fast organic growth the company had during the first couple of years came to an end in the spring of 2001 and the last two years many employees have been forced to leave. According to Company A, its main focus right now is to achieve projects which keep the business running, rather than handling internal development projects. Therefore, knowledge management and all the related activities have been postponed to a future moment when the company both has time and money to deal with it. One respondent from the company used an interesting metaphor to explain the recent years’ uncertainty:

“It has been really turbulent, since we have been in a storm we have worked a lot with taking care of our crew the last year. The engine still coughs a bit, and we were near to sink. Now we have taken care of that so the ship is floating”

(Company A, 2002-11-25)

The company’s purpose is to identify development possibilities and to realise these together with the client during a short period of time. When the company was founded the ambition was to have quite large teams with different competencies, but today the teams are instead quite small. There are often projects with just one consultant from the company. The company has moreover a developed method for how to carry out a project and it also has a business model with different steps for how to act when selling projects.

4.1.2 Company B

The respondent of Company B is responsible for human resource management issues and at the same time part time consultant. Company B has also experienced uncertain times during the recent years and after a cut down in personnel it has
currently around 80 employees. Its orientation is towards business development, change management and communication, and it has been active on the Swedish market for approximately 15 years. The majority of its clients are companies listed on the stock exchange, but organisations as well as the public sector are part of its client base as well. Furthermore, all of its clients’ head offices and management are located in Sweden. According to the respondent, the company’s vision is quite modest at the moment due to its experiences of the uncertain times. Now the firm only concentrates on areas where the consultants have a large experience. The respondent calls the company a project organisation. It does not have any standard models or concepts, but encourages its consultants to divide a project into three fundamental phases, which are adjusted to each client. The projects also vary a lot in size. Furthermore, the company handles everything from one-man projects to quite large projects where, over time, up to ten people can be engaged in different roles.

4.1.3 Company C

The respondent in Company C is one of the founders and is at the same time working as a consultant. Company C is the smallest of the companies we have interviewed, with only around 30 employees. According to the respondent it is one of the Nordic countries’ leading consulting companies within change management and it has been active on the Swedish market for approximately 25 years. The company’s vision is however to become the Nordic countries’ leading consulting company within change management. Large companies are to a great extent Company C’s clients but the public sector can also be found in the client base. Nowadays the company also sometimes take part in international projects. The uncertain times have not affected this company as much as the other two. Instead of a cut down in personnel, the planned recruitment was postponed. The company also has experiences from the crisis in the beginning of the 1990s. It learned that its special activities were too narrow and were not profitable. Therefore the company put an effort into its core activity; strategy and change, and that is still in focus today.

Just like in the other two companies, the employees work in projects. Normally the company is engaged in large projects. Smaller projects are, however, also common. In addition, the company has developed its own models for running projects. Furthermore, Company C has developed a database where explicit knowledge is stored. However, the respondent expresses the difficulties in using it due to e.g. the differences in terminology between employees. The database is rarely used by the employees within the company.
4.2 The effects of uncertainty

“This is the greatest crisis that has occurred in the consulting companies’ history”

(Company A, 2002-11-25)

As shown by the quote above, the management-consulting firms we have interviewed have not been unaffected by the recent uncertain times on the market. When we asked our respondents how they prepared for this uncertainty, we received somewhat similar answers. The respondents of Company A and B claim that they were a bit surprised by the uncertainty. To prepare for this uncertainty has not really been the case, rather to adapt to a new situation. Company B argue, however, that they prepared by stopping the recruitment of new employees, and furthermore all of the company’s costs have been analysed to see where money could be saved. Company A further claims that it has a tighter follow-up activity after each project now than before in order to analyse what could have been done differently. The companies been forced to have a short-term thinking concerning costs, projects, investments etc.

In addition to the factors above, the respondents claim that the uncertainty has had the effect that their clients demand more. Above all they demand that the recommendations are implemented and also that positive results will be the outcome. In turn this has forced the companies to be more alert and to make sure that their projects is of great quality for the clients. Due to the difficulties of finding project assignments, the companies have been required to analyse the market more actively. This was a new situation for them since, before the market situation turned bad, project after project just landed on the desks. The external focus has become essential due to the importance of profitability right now. This has in turn had the effect that knowledge management issues have been postponed. Company A claims that this is rather paradoxical since they are aware of that these issues are so important in order to work more in a more efficient manner, but at the moment there is not a chance to concentrate on it.

In addition to this all of the companies have noticed that their clients have become more reluctant to make large decisions. Instead of investing in a project with many consultants involved over time, they cut large projects in pieces and buy those them one by one. According to Company B a normal project for them is about
three to four million SEK, but since the customers are more careful right now they buy smaller amounts of consulting. The same company furthermore claims that the terrorist attack on 11th of September affected them greatly, many of their clients were unable to make significant decisions concerning projects for a long time.

4.3 Explicit Knowledge

All four of our respondents are of the opinion that their companies only tend to use a small amount of explicit knowledge. Company A even states that it practically does not use it at all. The reason for this is, according to one of the respondents, that the company never had the time to build up a system for using explicit knowledge in the organisation before the market crisis. Because of the difficult market situation, the organisation must now focus on the external market, i.e. on selling and being profitable instead of on internal questions such as building a system for knowledge management.

In contrast to Company A above, Company C demands that experiences and knowledge accumulated in a certain project should be written down as soon as a project has been carried through. Thereafter these reports are stored in some sort of database. However, the company is not sure of how many of the employees who actually does it, and how many who use the reports in the database as input for new projects. Nevertheless, documentation of the projects takes place, but this is more in the form of a report of the project and it is not easily searchable. Company B also write down reports about each project, which are stored on the intranet. These project documentations are, however, not organised in a way that makes them easily searchable. Instead it is more like looking in files in the bookshelf. The respondent states:

“...all project documentation is there, but it is more...it is not systematised in that way that they are in standard forms, which fit together with a database...you must search more thoroughly in the usual way, i.e. like looking in files.”

(Company B, 2002-12-02)

Company B believes, however, that it is ideal even for a smaller firm to have electronic “meeting places”. Therefore the respondent stresses that it would be good to have a system where it is possible to find what has been documented on old projects, descriptions of clients and descriptions of consultants and structure this in order to make it searchable. About two years ago, the company was
searching for some sort of support systems for knowledge management. However, it did not find a system, which seemed to be suitable for their organisation. Implementing an existing system would have forced it to change its working procedures and terminology in order to satisfy the systems and that was not interesting for them. No systems were furthermore flexible enough, according to the respondent. Another factor that hindered an investment in a system was that the market for these companies that provided the systems was in fact a bit uncertain at the time, and therefore companies of this kind were not reliable as suppliers and partners. It was not only the potential partners that hindered the firm to invest. Also the uncertainty within the own industry contributed to their reluctance to go through with the investment. Instead the company has started to build its own database solution where it at least will be able to store knowledge, search for consultants, competencies, which clients different consultants have worked with and in which industries.

**4.3.1 Positive and negative features of explicit knowledge**

But even if the respondents claim that the use of explicit knowledge and the documentation of the same are not so common, all the respondents give positive features of the externalisation of knowledge. Company A and Company B even admit that the organisation should work more structured and take advantage of the knowledge it has better than it does today. One of the respondents claims:

”I believe that we would like to be better at capturing knowledge and structuring, storing and reusing it, but right now we do not have the energy”

(Company A, 2002-11-25)

According to Company A, it is the uncertainty on the market that has forced it to postpone the use of explicit knowledge. The most positive feature for using explicit knowledge, which is stressed by all of the companies, is that it speeds up the process of gathering relevant knowledge before a project starts, i.e. the starting phase for a project may be shorter. One of the respondents from Company A continues by saying that a faster start-up phase can moreover provide higher quality for the project as a whole, since everything does not have to be invented all over again. Another advantage mentioned by Company C, is that explicit knowledge is in contrast to transferring tacit knowledge available when you need it. Furthermore, one of the respondents of Company A argues that the more knowledge that can be reused, the more competitive a consulting firm can be. If you can take a fixed price and perhaps a third of the job is already done, then that
is quite positive. In addition to this, all of the case companies agree upon the fact that the use of explicit knowledge implies that consultants do not have to invent new knowledge again. Company C argues:

“You do not need to invent the wheel. I go crazy when people come and show me that they have made a great effort and I see that it already exists”

(Company C, 2002-11-25)

Explicit knowledge may also become commonly known organisational knowledge i.e. standards for how to work within the company. According to Company A and Company C it happens when a successful project has been carried out. They stress that it is not enough to simply claim that the conclusions or solutions, which have emerged from a project, function. It has to be proved as well. Company A further stresses that when a project has been successful, this naturally spreads to other parts of the organisation and in that way the knowledge becomes accepted on an organisational level.

All of the respondents, however, also see negative sides of, or difficulties with using explicit knowledge. Firstly, Company B stresses that it is often difficult to work out standards for what to write down and also to get people to actually write things down. Furthermore Company C mentions that explicit knowledge, which has been acquired in a project, is closely connected to a client and to a particular situation and therefore it might not be possible to reuse it. All clients may not demand the same solutions. For some the best thing may be the model of 1980 and for others the model of 2003 is most appropriate.

Another disadvantage with explicit knowledge is that these systems can be very complicated and forces the company to use a different vocabulary than it usually has. According to Company A it further has to be remembered that it is first of all difficult to store the right knowledge, and thereafter to make it accessible and possible to work with. In addition to this, the use of explicit knowledge implies many sources for misunderstanding. First of all it has to be interpreted by the person that holds the knowledge and thereafter it has to be written down. The next person should then interpret this written knowledge and also translate this understanding to an activity when using it. The respondent further argues that this use involves a longer chain of interpretations and it demands several steps where resources are demanded.
Explicit knowledge is however, as stated above, not often made organisational. The experiences of each project often stays at the individual level i.e. the consultants themselves accumulate knowledge and experience e.g. presentations, agreements, models etc. but it is not always, systematically stored on a company level. Nevertheless, Company C stored knowledge and experiences in a database available for everyone, but the respondents doubt that consultants really use it. The company claims that consultants often learn better if they invent something themselves or as the respondent puts it:

“It is hard to internalise someone else’s knowledge. It “sticks” better if you start to dig yourself at the bottom of the sea”

(Company C, 2002-11-25)

All of the companies mean that they have, more or less, been affected by the recent uncertainty on the market, when it comes to the use of explicit knowledge. The recently founded Company A believes that, on the one hand, the use of explicit knowledge has been postponed. It has been forced to think more short-term, which has delayed the foundation of a good infrastructure for this kind of knowledge. On the other hand the other person interviewed within the same company believes that it is even more important to have access to “right” or relevant explicit knowledge in an uncertain environment because of the short lead times. This since, if the company gets the privilege of making an offer, it has to be done quickly, which makes it difficult to start from zero. As mentioned above, Company B postponed the investment of a system where explicit knowledge could be stored, due to the uncertain market. Company C does not see a difference in their use of explicit knowledge.

4.4 Tacit Knowledge

Our case companies express that knowledge transfer takes place to a large extent when people meet in person. To write down experiences and knowledge accumulated in a certain project is not, as mentioned above, demanded with the exception of Company C, and even this company is not sure if everyone actually does it. Instead of putting an effort in writing down experiences, the individuals often meet and talk about projects, clients, potential future clients etc. When we asked the respondents how these meetings were organised, we received several answers.
Firstly, these meetings often take place on a rather spontaneous basis. The
individuals do not plan meetings; instead they start to talk in the corridor, over
lunch, at the coffee machine or during a party that the company arranges. Company
B states:

“*There are a lot of these spontaneous informal meetings, and that is a part of
our behaviour really*”

(Company B, 2002-12-02)

All companies believe that it is to a large extent the consultants’ personalities that
are the driving forces for these meetings. The consultants are characterized as
being open-minded, curious, eager to learn new things, ambitious, etc. and
therefore find it natural to discuss with each other in order to increase the
satisfaction of the client but also to increase the individual knowledge base.
According to Company A it is important that these spontaneous meetings take
place, since this is a way to get inspiration from each other under relaxed forms.
These meetings are very individually driven and they may be of different nature. It
can e.g. be that one consultant has read a book that may interest other people and
therefore send an e-mail and say that it will be presented during a coffee brake. It
can also be that a consultant has attended an external seminar and received
information of a particular client and therefore wants to inform a couple of
interested consultants over a lunch.

Secondly, all of the companies also see the regular meetings they have monthly or
every second week as a forum for exchanging tacit knowledge. These meetings are
often held within the “working groups”, but Company B and C organise meetings,
normally 1-2 times a month, where all consultants meet. In these meetings the
consultants sit down and discuss the coming weeks’ projects, the current projects,
how these projects are running, which potential new clients the company has etc.
Each project group then presents their particular project and thereafter a discussion
is held around this. In this way knowledge is transferred from one project to
another and naturally between individuals.

The meetings might also, according to Company B, serve as an internal market
place if e.g. one project group searches for particular knowledge, which does not
exist within the group. Company B furthermore sees these meetings as a good
alternative to transferring knowledge through databases, at least at the moment.
The respondent argues that these informal meetings create a behaviour that
strengthens the willingness to share knowledge, and also that it may be better to
start here instead of having a database that forces the consultants to share
knowledge. These kind of large meetings are not organised in Company A. Instead it is in this company very much up to the individual to organise meetings in order to learn about other projects.

Thirdly, all of the companies organises more special arrangements such as lunches or lectures where either individuals from the company, or external lecturers talk about different subjects, such as trends in the market, communication etc. The purpose is to transfer knowledge between people. According to the respondent of Company A these more formal meetings may give the consultants a new angle of a problem, as well as to contribute to the creation of new knowledge. This is often done over dinner or lunch in order to get employees to “socialise” and exchange knowledge and ideas and learn from each other in a relaxed environment. According to the companies, these dinner or lunch lectures can be seen as incitements for getting together face to face. However, Company A claims that these arrangements are not organised as often currently due to the external focus of finding project assignments.

4.4.1 Keeping knowledge
Tacit knowledge transfer or face-to-face contact is also common when it concerns the issues of keeping knowledge within the organisation. When discussing the importance of keeping knowledge within the organisation it is a clear difference in opinion. One of the respondents of Company A and the respondent of Company C find that it is not important to try to keep existing knowledge within the company. This statement is based on their experience that knowledge disappears with the persons who carry it, and that if they have been experts working within a specific area; that area is likely to disappear. At least knowledge of this area gets very superficial and it is difficult to get the same depth as that person had. New employees may of course be hired to achieve related knowledge, but it will still not be the same. The respondent of Company C expresses it like this:

“...I have noticed that if a key person, who was good and competent disappears, that area often disappears as well. It is difficult to keep... you live very much on that it is human beings and knowledge in symbiosis with the assignor so that with the person, knowledge disappears”

(Company C, 2002-11-25)

The third company, Company B and the second respondent of Company A support the other respondents in that it is not possible to keep or transfer all knowledge that
4.4.2 The importance and difficulties of tacit knowledge transfer

We have now understood that the consultants in our case companies mostly meet in person in order to transfer knowledge. But why is that so? The reason all respondents agree upon, is that it is extremely important that consultants meet when exchanging knowledge and experiences. The meeting is, according to Company A, invaluable since you actually have the possibility to talk to the person who has done a particular project. Company C means that the personal meeting always gives something that is of value for the future working procedure e.g. it can be a new angle of a problem, new aspects to take into consideration etc. One of the respondents of Company A states:

"I believe that the human meeting is always important. The thing with explicit knowledge is not enough. It is in the meeting that new ideas are shaped and you have the possibility to bandy about, to exchange, you don’t get a body language from this machine. So the meeting is important"

(Company A, 2002-11-25)

To meet in person also has several other benefits according to Company A. Firstly it is easier to internalise the knowledge the other person transmits. Secondly the direct conversation will delimit the possibilities for misunderstandings. Thirdly, in the discussion you will come to the point that is interesting to discuss faster, i.e. what the consultant is really searching for. One of the respondents in Company A claims:
“If you want to know where the knowledge is in an efficient way, then the direct communication is most effective I believe”

(Company A, 2002-11-25)

However, even though all respondents argue that the personal meeting is invaluable, some of them also highlight the difficulties of practising it. One of the respondents of Company A believes that it is difficult to find the consultant, or even know if there is one, that has the particular knowledge needed to fill the gap in a project. According to the respondent, this difficulty has its roots to a large extent in the absence of a database where all consultants gather knowledge derived from projects such as manuals, presentations, project proposals, project plans etc. Instead of searching for a particular consultant in a database, it is the informal discussions that are the driving forces for finding another consultant to exchange knowledge with. The respondent stats:

”Now it is the grapevine that counts for contacting persons”

(Company A, 2002-11-25)

The same respondent also claims that this absence of a database where the consultants can find knowledge of projects and thereby also of consultants, has also the implication that recently hired consultants have even larger difficulties in finding other consultants to talk to. It is to a large extent up to the individual to take the time and effort to find other consultants and thereby make a better project for the client.

Time is another factor that is seen as a hindrance for discussions between consultants. The consultants at the case companies work a lot and have tight schedules. Normally they often spend time at the clients’ office. Therefore they do not always have the time to sit down and discuss a particular problem with several persons, or even listen to another consultant’s problem during a coffee brake. Company C argues:

“You can get a lot of help if you have the energy and the time”

(Company C, 2002-11-25)

Company A and B admit that the use of tacit knowledge has been affected during the recent years’ turbulence. Company A had, as mentioned earlier, the high
ambition to build up a system for handling explicit knowledge but never had the time to realise it before the uncertain times. This tough market situation and the postponement of a system implied, according to the respondent, that the company has come to realise that you actually can catch knowledge and learn from each other without writing everything down. The respondent argues:

“One has to be better at interplaying between individuals”

(Company A, 2002-11-25)

Company B claims that the use of tacit knowledge has increased since all has been dependent on having knowledge of e.g. potential clients. The employees now have to share more of their own knowledge and the networks they have outside work in order to find projects in the uncertain market.

4.5 The role of corporate culture

All of the companies also talk about tacit knowledge in terms of the corporate culture. The recently founded Company A has stated that one of its values is to help each other to succeed, which the respondent sees as proactive. However, the respondent argues that the company has not yet achieved a corporate culture and is therefore dependent on the individuals’ ability and willingness to share. Therefore, the other respondent from Company A believes that the company has been lucky that it has recruited employees who, in their effort to do what is best for the client, search out and gather knowledge themselves.

A respondent from Company B means that it is important to have a corporate culture where everyone likes to share experience and competence, and furthermore that it is a part of the culture to ask for it. The respondent discusses:

“This with Knowledge Management is so much more than just storing information somewhere, it is cultural questions too. How willing is one to share experience and how willing is one to ask orally for someone else’s experience.”

(Company B, 2002-12-02)

The company’s culture has, according to the respondent, the above mentioned features, which is important for the sharing of tacit knowledge. It is explicitly stated in documents that it is a part of their culture to be “generous” in sharing
knowledge. Also the more senior partners dedicate a lot of time in being a support in different projects and to share their experience with others. To transfer knowledge tacitly is rather spontaneous and unstructured, and more a part of a cultural behaviour or way of working than routine or a method, which all of the companies stress. In addition the respondent argues that it is better to establish this working behaviour through encouragements than by using a system that makes the behaviour compulsory.

Company B claims that the culture affects the consultants within the organisation and their willingness to meet and discuss. If a company has a culture that promotes sharing of experience and knowledge, the consultants will also live up to this. The respondent maintained:

“You are curious, you want to learn from others, you want to share your own knowledge and you see that others are doing it around you”

(Company B, 2002-12-02)

When it comes to handling knowledge in an uncertain environment, the respondent believes that it is the culture rather than a particular strategy that drives the work.

4.5.1 Knowledge transfer or not

One of our questions to the respondents was whether it was more important for the company that the employees transfer knowledge to others or if it was more important that the employees have knowledge themselves. Company A and C agreed that the former was more crucial to the organisation, since transferring knowledge in their eyes must also mean that the employee has knowledge to transfer. Furthermore one of the respondents of Company A expresses that when employees keep knowledge to themselves that will only gain that particular individual. The respondent states:

“To keep knowledge to oneself, will possibly make that particular individual rich and happy. Maybe not even rich, but just happy”

(Company A, 2002-11-25)

However, Company B makes a different interpretation, and states that their organisation demands both. On the one hand it is very hard to be successful if you do not have a great amount of knowledge yourself, since there are times when you have to work alone or independently. The respondent says:
4 Empirical Study

“... to be the only person who meets a client, and the client only sees your competence. So, you must be prepared to do that.”

(Company B, 2002-12-02)

On the other hand, to be able to share knowledge with others is, in the respondent’s opinion, also something that consultants must be good at so that the “one man consultant” is avoided. The isolated consultant is not what the company is searching for; rather it is the competent consultants that discuss with each other and share important knowledge.

4.6 Knowledge management: a risky business

To invest in developing and transferring knowledge is risky business since you can not be certain that the knowledge an individual achieves is going to gain the company, but how do the companies handle this difficulty? Company A stresses that the it deals with this problem already when it recruits a new employee. Furthermore, one important thing to focus on is, according to all of the respondents, to make people feel comfortable in order to get them to stay in the company. Right now it is not often the case that consultants leave. In all companies’ opinions, this is due to the fear of not finding another job in the tough market situation. However, all of them further stress that the feeling of convenience is very important right now, since when the market situation becomes better, consultants who think that they have had a difficult time will look for another job. Company A claims however also that the fact that people get jobs elsewhere can be positive:

“It is a sign of health if we have consultants who get good jobs, but of course we also have to keep people here. We must be able to grow even though we have a turnover of consultants. If one goes from our company to exiting new challenges, it is in my opinion a good mark for our company, more than for the individual, because the individual’s development is a result of what he or she has participated in at the company.”

(Company A, 2002-11-25)

Company B has a deliberate strategy to keep the risk down that knowledge leaves. The respondent mentions that the company has tried to identify the most important factors to make people stay also when the market situation becomes better. One of
the things it has done is to make sure that the perquisites are not reduced. Furthermore, the company has renewed the leadership and has younger chief consultants today. The company hopes that this will be a way to develop the organisation and make people stay. In addition to this, social activities are arranged, and therefore the respondent argues that the company works actively with these questions in many different ways.

4.7 Reflections of Knowledge Management and the future

Last but not least we were interested in hearing what the respondents think about the future and how they think that the recent uncertainty has affected their view of knowledge management.

All of the companies believe that the recent uncertainty has contributed to making them more aware of the importance of knowledge management. Company A states that the market has shaken them up a bit and made them think more of knowledge management issues. In addition, the same respondent argues that all the internal knowledge management projects that existed before the crisis around 2000/2001, were unfortunately to a large extent a waist of both money and time. The reason is that many of the people who worked with knowledge management questions have been forced to leave the company. Therefore, the respondent continues, that the uncertainty has lead to less focus on knowledge management today than earlier. The other respondent of Company A thinks that they will reflect more over how the company has acted in the uncertain times concerning knowledge management activities once this difficult time is over, because it is first then that they will have the time to work with internal questions again. The respondent argues:

“Then one will surely look back and think that it was a pity that we were forced to be so inefficient just when we would have really needed to be as most efficient.”

(Company A, 2002-11-25)

Company B claims that the company’s learning experience for the future is that it values capital in form of knowledge or competence more than before. Valuing knowledge will be important in order to make people stay in the company, which according to all respondents will be especially critical when the market situation becomes better.
5 Analysis

In order to find out how consulting companies follow knowledge management strategies during these uncertain times, we will start this section by analysing how knowledge is transferred within the companies. The starting-point of the analysis is our cycle of knowledge, which was created in the frame of reference. The aim of the discussion around the model is to find where our case companies put emphasis on knowledge transfer. This will then be the foundation for the analysis of how the companies seem to have followed their knowledge management strategies during the uncertain times. Furthermore, the analysis will continue with a discussion of why the case companies have pursued the chosen strategy during the uncertainty on the market.
Before going into detail in the different steps of the cycle of knowledge, we want to emphasise what we mentioned in our frame of reference, which is that the cycle of knowledge has no beginning or end. This implies that the model does not necessarily have to start with organisational internalisation, but it might just as well be another process. In addition we find it important to note that we will discuss all of the processes, even though the case companies appear to have less focus on some. We believe that this will give a more comprehensive picture of how they follow knowledge management strategies in these uncertain times.

5.1 Organisational internalisation and explicit appropriation

Organisational internalisation is in the frame of reference explained as the process where organisational explicit knowledge becomes organisational tacit knowledge (see figure 5). The internalisation process is connected to the extension process. As will be described, the process of extension does not seem to be particularly developed in these companies, i.e. the individual explicit knowledge does not become the organisations’ explicit knowledge. Due to the lack of a thorough system for organisational explicit knowledge, which is the case for all the companies due to e.g. money, time, terminology etc., the process of organisational internalisation also naturally then becomes limited. This, since in the cycle of knowledge, knowledge has to be transferred via organisational explicit to organisational tacit. Due to the minimised focused in our case companies to develop the extension process (see extension, 5.5) organisational internalisation is also affected. Therefore, the case companies do not seem to find organisational internalisation important.

We are of the opinion that the lack of organisational internalisation can become a problem or is already a problem. Our respondents mentioned that it is a successful project or a way of conducting a project successfully that makes knowledge organisational tacit. However, since there is little organisational explicit knowledge (because of the lack of a thorough system for this), a successful project or a way of conducting a project successfully, can not quickly, become the organisation’s tacit knowledge. Instead knowledge has to be transferred from individual to individual until the organisation as a whole can internalise it. According to us, these processes, take much longer time than they would have with a system for explicit organisational knowledge. Furthermore we believe that there is a risk that knowledge, which could have been made organisational tacit is lost because it is simply too difficult to find it.
There are two processes of knowledge transfer that emerge from organisational explicit knowledge. Organisational internalisation has already been discussed above, which leaves us explicit appropriation. According to Werr (2001) the process where organisational knowledge becomes individual is called appropriation. As we stated in the cycle of knowledge (see 2.5.3), the explicit appropriation concerns the organisational explicit knowledge that becomes individual.

Due to the absence of a system that makes the explicit knowledge searchable and easily accessible on an organisational level, the focus on this process appears to be minor. If an individual does not have the ability to search for knowledge in an easy manner, explicit appropriation will naturally be reduced.

Another reason for not focusing on this process that is mentioned by all of the case companies is that knowledge is an abstract concept and to use knowledge that other people have developed may be very difficult. The individual must first interpret the codified knowledge and then use it in his/her own particular situation. This reason can be connected to the statement by Ancori et al (2000) who stress that knowledge can not be regarded independently from the process through which it was obtained. Our case companies may hence pursue this perspective of explicit knowledge.

To sum up there is not much focus on either of these processes in the organisations we have studied. The case companies do not internalise knowledge to a large extent, since knowledge never reaches the organisational explicit level in a satisfactory way, in the first place. This will however be discussed more thoroughly under extension. Since there is no focus on either organisational internalisation or explicit appropriation, these arrows are now dotted in our revised version of the cycle of knowledge below (see figure 6).

5.2 Tacit appropriation

As we stated in the frame of reference there are two dimensions of knowledge appropriation, either explicit or tacit. In this section we want to focus on tacit appropriation, which can take different forms. In our companies this process occurs in two ways. Firstly tacit appropriation involves the process where methods and tools, that has become the organisation’s tacit knowledge is spread and used by all members in the organisation. I.e. the methods and tools used in one particular
successful project are later used by many or all employees or teams within the organisation when working with other projects.

Secondly, it can be the corporate culture that forms the tacit appropriation, and encourages the employees to work in a particular manner. Due to the difficulties of organisational internalisation, the methods and tools are not easily spread through the organisation, and all employees do not seem to work in the same way even though methods have been developed. Instead the empirical study brought forward that it is the companies’ tacit incentives that encourage the employees to think, act, and work in a particular manner within the company, i.e. employees are socialised into the organisational culture.

In our case companies it was particularly in Company B & C that the culture for knowledge transfer was well developed. They wanted to reinforce an already established working behaviour where knowledge transfer is important and natural. In addition to this they encourage a willingness of co-operation within the organisation. Also Company A has this working behaviour, but the difference from the other two is that the behaviour is about to be established, i.e. since the company was founded only a few years ago they have not had the time to establish a culture. The reinforcement in all of the companies is done through for example lunch lectures or monthly meetings where a culture for knowledge transfer or sharing becomes custom. We see that the employees within our case companies are formed in accordance with the culture, which is integrated in their day-to-day work.

Furthermore we perceive that the companies have a culture that is characterised by trust and commitment. In order to make the satisfaction among client high employees often also help each other. In our opinion these things point towards personal commitment and trust, which according to Nonaka (1994) and Goh (2002) are key words for making individuals share knowledge throughout the entire organisation. The culture is hence, according to us, a medium that helps the companies to pursue a strategy for managing knowledge.

Organisational tacit knowledge can, in our opinion, still be strong even though the organisational explicit knowledge, where methods and tools may be stored, is not developed. But how can this be the case when organisational tacit knowledge, according to our model, is dependent on the organisational explicit knowledge? In our opinion one reason can be that the culture for knowledge transfer does not, as our empirical study have shown, emerge from internalisation and is hence not dependent on the organisational explicit knowledge. Instead it is shaped by social
interactions, e.g. lunches, lectures, meetings etc. and the organisations’ tacit incentives over time.

However, we also believe that the established working behaviour and the culture for knowledge transfer are not only due to the companies’ incentives. It is also to a large extent due to the employees’ personalities. Our respondents stated that, the consultants often have a high willingness of co-operation, are curious, want to learn new things, as well as open-minded and willing to share knowledge. According to us, the consultants’ personalities have had the effect that the working behaviour and the culture are more naturally established.

The reasons for establishing this sort of working behaviour where knowledge transfer is custom, are, according to us, several. According to Goh (2002), knowledge that just is stored in someone’s private knowledge domain will not come to the organisation’s benefit. Therefore, we believe that the companies see the importance of establishing a working behaviour where everybody share the knowledge achieved and that the employees are willing to ask for knowledge. It should, however, be noted here that the knowledge sharing mostly appears between individuals.

Furthermore, in these uncertain times, we believe that the case companies have understood the importance of meeting face-to-face in order to share the accumulated knowledge. The respondents even mention that this is invaluable. The companies have been forced to have an external focus, i.e. the activities for receiving assignments and conducting them in the best way, and to encourage the employees to share more of their knowledge so that the potential of receiving project assignments may increase. As we see it, the more knowledge that the consultants have of existing clients, potential clients, different markets, and of particular areas within the company’s business orientation etc., the higher the probability to receive new projects.

In addition, as we will discuss further down in our analysis, due to the absence of a thorough system for explicit knowledge sharing, the working behaviour were people meet and exchange knowledge is extremely important. This behaviour may reduce the possibility that “the wheel is invented again and again”, which was seen as a problem by all of the case companies.

The case companies expressed the willingness to create an atmosphere where knowledge transfer is encouraged, and were the employees feel free to ask for knowledge. This willingness can, in our opinion, be related to how our case
companies view knowledge. Employees are encouraged to meet and discuss a problem, which can indicate that the case companies focus on the process perspective of knowledge. According to Allee (1997) a process perspective of knowledge focuses more on dynamic aspects of knowledge such as sharing, learning and communicating. If the companies had viewed knowledge as an object, they would, as we see it, have encouraged their employees to write down their experiences and transferred it in the form of explicit knowledge in e.g. a system or a database.

This implies that, with the empirical study at hand, we have come to understand that viewing knowledge as a process is more close to tacit knowledge transfer, whereas viewing knowledge as an object is more close to explicit knowledge transfer. This can furthermore be connected to knowledge management strategies; personalisation and codification (Hansen et al, 1999) A personalisation strategy, that basically consist of the tacit dimension in the cycle of knowledge is hence, in our opinion, more process oriented, whereas the codification strategy is more related to the object perspective.

The established working behaviour within the case companies and the active incentives on behalf of the organisation is also, as we see it, a way to encourage the employees to stay within the company. According to the respondents at Company A and B it is important to take into consideration that the employees may leave the company when the market situation becomes better. If a working behaviour is established where the employees feels comfortable, the willingness to stay within the company will, according to us, be higher. E.g. Company B has decided to keep the same perquisites as earlier in spite of the difficult market situation. Polanyi (1967:4) expresses that, “we can know more than we can tell”, which means that it is difficult to share and express all tacit knowledge. Therefore the knowledge an individual has, can not be totally replaced. It is, hence, important that the consultants’ willingness to stay within the company is high since their knowledge will be lost to a certain extent if they leave a company.

To sum up, we contend that our case companies seem to have focus on the tacit appropriation process. Furthermore, since thorough systems for explicit knowledge are not developed within our case companies, the tacit appropriation may, as we see it, have received even more focus. Company B stresses that it is easier to reinforce the behaviour for knowledge transfer by encouraging the employees to share, than to implement a system where the behaviour becomes compulsory. What is important to discuss is, however, whether the companies actually had an intended willingness to have such focus on tacit appropriation or if it is just a fruit
of the uncertain times. This will be analysed when discussing the strategies further down.

5.3 Socialisation

From the interviews with the case companies it has emerged that there is great focus on knowledge transfer between individuals, i.e. through socialisation (Nonaka & Takeuchi, 1995). In the frame of reference socialisation is explained as the process where an individual share his or her own tacit knowledge with another individual, i.e. one individual’s tacit knowledge becomes another individual’s tacit knowledge (Nonaka & Takeuchi, 1995). Since the socialisation process has shown to be so dominant and have great influence of the knowledge transfer in these companies, we have chosen to add socialisation to the cycle of knowledge. An extra loop from individual tacit knowledge back to individual tacit knowledge is therefore drawn (see figure 6). Adding the socialisation-loop is furthermore a way of making the model more adjusted to the reality within our case companies.

In our opinion there are two reasons for focusing on socialisation when transferring knowledge in our cycle of knowledge. Firstly, the respondents tend to favour the personal meeting. It is also this meeting between employees that is encouraged by the case companies, i.e. the culture for knowledge transfer has, as explained above, been focused on socialisation as the method for transferring knowledge. Secondly, the frequent use of socialisation can also be due to the fact that the companies do not have a satisfying system for transferring explicit knowledge on an organisational level. Instead it has to happen on an individual level.

We are of the opinion that it is easier or at least more normal to transfer knowledge through oral conversations instead of changing documents with each other. To e.g. ask for someone’s opinion at the coffee machine is more informal and perhaps an easy way to obtain new knowledge. Company C also stresses that the personal meeting always gives something that is of value for the future work. Socialisation, hence, naturally becomes the focus for obtaining knowledge transfer if a thorough system for explicit knowledge is absent at an organisational level.

All of the respondents agree on that the personal meeting is invaluable. One reason for this could be that, in their opinion, it is not possible to codify all knowledge. That codification of all knowledge is impossible is further emphasised by theorists like e.g. Ancori et al (2000), Kreiner (2002) and Goh (2002). Instead the case companies use socialisation from the very beginning, which is related to Nonaka & Takeuchi (1995) who discuss that the social interaction creates knowledge. Since
knowledge is so personally and situational attached, it is only through the meeting that knowledge is most successfully transferred. An example of this is the senior consultant who is about to retire from Company B. This consultant is now teaching other consultants his lifetime experiences within the business.

We believe that the listener learns more and apprehend more how they should approach a problem when meeting another person, which is an advantage with socialisation. Without some kind of shared experience, it is extremely difficult to share another person’s thinking process (Nonaka, 1991). This might be another reason for why socialisation is so frequently used. When interacting or discussing person to person it is e.g. according to the respondents in Company A, easier to avoid misunderstandings and it may also compared to reading a report or an old presentation be an easier way to get the particular knowledge the employee wants, instead of reading endless pages of something that is not relevant.

However, all of the companies stress that their consultants in general have had less time during the uncertain period than before. According to us this might imply that even though consultants want to meet with their colleagues and exchange knowledge and ideas, they need the time for their own projects, which in turn might hinder knowledge transfer. That many consultants further tend to spend little time at the office, and instead are at their clients offices, also make it more difficult for consultants to exchange knowledge under more informal meetings. The conversation then has to be taken over the telephone, which takes away important features such as body languages. Alternatively, the meeting has to be planned in advance, which can be difficult, since it is not always possible to know when help will be needed during a project.

The limited time and possibilities to meet in person, hence, becomes a hinder for the socialisation process. Since there is such focus on this process this can make the companies rather vulnerable. Therefore we believe that it in this case might be positive or at least make it easier for consultants to complement the socialisation with a well-organised database, which could make the consultants a little less dependent on each other. In turn it could also make the company a little less dependent on their consultants.

As discussed above there are several reasons for why socialisation seems to be one of the most central knowledge transfer processes in our case companies. It can, however, be discussed whether socialisation is appropriate in times of an uncertain consulting industry or not. As stated earlier, consultants have less time and the internal projects that used to exist have been turned into a great external focus.
Since socialisation is about cooperation and devoting time to discussion one can question how suitable it is for a consulting firm to focus on socialisation in these times.

### 5.4 Externalisation

Externalisation is the process where individual tacit knowledge becomes individual explicit (Nonaka & Takeuchi, 1995).

In our empirical study, we have found that externalisation seems to occur rather frequently in all of the case companies, but not because the companies stress the importance of it. It is rather a process that takes place as a project proceeds. Initially almost only tacit knowledge is used, as individuals interact in socialisation. After a while, presentation material, reports for customers etc. are produced and eventually some sort of report for the whole project is written. From this point of view, a certain amount of explicit knowledge is always accomplished during a project. This process is related to Nonaka (1991) who claims that after socialisation knowledge is often externalised in the form of explicit knowledge.

The actual meaning of externalisation can, however, in our opinion be questioned from two different points of view. Firstly, as discussed in the frame of reference we are of the opinion that all knowledge cannot be externalised, and moreover it may not always be relevant or useful to externalise all knowledge, which Company A also stresses. The first statement can be based on Nonaka’s (1991) theory that the cognitive dimension, which consists of mental models, beliefs, and perspectives are so ingrained that they are taken for granted. This is furthermore a hinder for articulation of tacit knowledge. A person’s tacit knowledge is, hence, closely interrelated to the context he or she lives in and the own cognitive structure, which the person is not completely aware of. The lack of awareness has, according to us, therefore the implication that not all experiences and knowledge can be written down.

Secondly, since the empirical study has shown that the case companies do not have thorough systems for explicit knowledge on an organisational level, there is also no possibility to use the individual explicit knowledge in a wider perspective. The purpose of externalisation does, hence, not seem to be to transfer knowledge, which in our opinion is most efficient in a system. The respondents argue that externalisation is not a process that the employees are forced to undertake. Therefore, from this point of view, we do not see it as an intended strategy to
transfer knowledge through externalisation, the externalised knowledge is only stored in some place. Instead externalisation occurs when certain parts of projects have to be written down for e.g. the customer’s sake.

It is also important to take into consideration whether the knowledge transferred through externalisation to explicit knowledge is valuable or not. According to Kreiner (2002) the resourcefulness of such knowledge, which is made explicit, is lower after the transfer than before. We see that the case companies prefer that individuals meet and discuss a problem and that the direct contact also is the most valuable manner for the transfer of knowledge. The case companies, hence, tend to be in line with Kreiner and his statement. On the other hand, the case companies believe that the explicit knowledge may simplify the start-up phase during a project as well as making their work more structured. As we see it, they thereby express that externalisation has an importance for their companies’ competitiveness, which can be connected to the statement by Hedlund (1994) that the process of externalisation is crucial for the growth of the firm.

5.5 Extension

The process where individual knowledge becomes organisational is labelled extension (Werr, 2001). The individual explicit knowledge should, hence, become available to all the employees within the organisation. In our empirical study we have observed that this process does not take place in a systematic manner. Sometimes it does not occur at all, and sometimes it does occur, but the knowledge is stored in a manner, which makes it hard to search for. The individuals’ knowledge, consequently, tends to stay at the individual level due to the undeveloped organisational system for managing the individual explicit knowledge.

Therefore, this type of knowledge is, as we see it, normally shared when an employee asks another for it. The focus on socialisation, as described above, can hence, to some extent, be due to the absence of a thorough organisational system for explicit knowledge. Instead of transferring knowledge in a system the respondents argue that individuals prefer to meet face-to-face and exchange knowledge. It should be stressed here though, that Company C had a system implemented but it was not frequently used due to e.g. difficulties with a homogenous terminology.
Even though our case companies do not have a thorough system for explicit knowledge transfer, it was expressed by Company A and B that the intention of actually using it was higher before the uncertain times occurred. It is, therefore, relevant to discuss why a thorough organisational developed system for managing explicit knowledge is absent in our case companies. First of all it is a question of money. To invest in a system where explicit knowledge is stored in a systematic way, probably brings about high costs when the system is initiated. It has to be implemented in the organisation and all the employees must have the possibility to access the system.

Two of our case companies saw the need of a database before the market situation became uncertain and therefore started to investigate the possible outcome of it. However, the investment in a system was not suitable when the companies were forced to turn the attention to external activities such as actually receiving project assignments. The uncertainty on the market has, hence, forced the case companies to postpone an investment of this kind in order to concentrate on staying profitable. The previous internal focus, turned with the uncertain times, to an external focus and the companies chose to postpone the investment in a system.

An investment in a thorough system is not only costly; it is also time consuming. Within our case companies we have apprehended that time matters a lot. At present, and a couple of years back in time, all energy within the companies has been dedicated to keeping the business profitable. Simply put, the companies have been forced to dedicate more time to receiving assignments in the tough market. Therefore, we believe that, to invest in an internal project such as building an internal system for managing explicit knowledge, which is time consuming, has not been relevant. Knowledge transfer has, as mentioned earlier, been dependent on the individuals within the organisations.

However, it is not merely a matter of time and money. A reason for the absence of a system can also be found in the companies’ sizes. We argue that the size of the companies must have had an importance when discussing the investment in or the development of a system of this kind. It is logical that large international companies with a multiple of offices invest in these sorts of systems, but since our companies are only established in Sweden it can be questioned whether an investment is really useful.

On the one hand, if a company just has one office, one might wonder if it is just as easy to transfer knowledge between each other through the personal meeting instead of having a system for this. On the other hand, Company A and B are
relatively large, which may hinder that all employees have concrete knowledge of what all the other consultants are currently, or have been, working with. Therefore a system could serve as a complement. Nevertheless, we believe that the size of the companies could be another reason for not investing in a system for explicit knowledge. It has, simply put, not been demanded to have, what Hansen et al (1999) labels, scale in knowledge reuse.

As mentioned earlier, employees within our case companies seem to meet and discuss problems and other issues concerning projects face-to-face (socialisation), rather than to read a document. Knowledge transfer seems to work rather good since people meet, and therefore the use of a database may be unnecessary. In addition to this, the empirical study has made us understand that it is more positive that the employees meet each other, since this is a source of inspiration. Therefore they encourage this behaviour rather than investing in a system that more or less forces the employees to transfer knowledge among them. In our opinion this behaviour can be coupled to Kreiner (2002) who states that the creative thinking can be reduced if a company has an over-reliance on codified knowledge i.e. systems for explicit knowledge. The working behaviour and the willingness to have creative employees may, hence, serve as another factor for the absence of a thorough system.

Even though the case companies do not have developed systems for explicit knowledge, all the respondents admit that the use of explicit knowledge and its management at an organisational level has positive qualities. E.g. it shortens the start-up phase of a project, i.e. the wheel does not have to be invented several times and employees know whom they should contact when searching for a person with particular knowledge. We believe that the use of a system may have increased the effectiveness of knowledge reuse, which is something that, according to us, could have been useful in the uncertain market. If more employees would have had the possibility to receive knowledge through a system, it could have helped them to sharpen their knowledge in the particular field where a potential project assignment could have been received.

It should, however, also be remembered that, as we have stated above, it is hard to implement a system during an uncertain time. We see that the uncertain time in the consulting industry has had an effect on our case companies. They have been reluctant to invest in, or develop, existing systems for explicit knowledge. This behaviour can be connected to Courtney et al (1997) who stress that risk avert managers often avoid making strategic decisions in uncertain times. I.e. internal
5 Analysis

strategic investments, such as this system, have been postponed in the uncertain times due to the necessity to increase the external focus.

To sum up we argue that our case companies do not focus on the process of extension. Therefore, a dotted arrow will represent this step in our cycle of knowledge below.

5.6 The revised cycle of knowledge

As seen in our model, the processes, which appeared to have less emphasis in the case companies, are extension, organisational internalisation and explicit appropriation. Furthermore the socialisation process has been added since the interaction between the employees in our case companies seem to be most common.

Figur 6: The cycle of knowledge, revised version
5.7 Strategies for managing knowledge

Now that we have analysed how knowledge is transferred in the case companies and what emphasis they put on the different processes, we can go deeper into discussing how companies follow their knowledge management strategies in times of uncertainty.

As shown in the cycle of knowledge above there are three processes related to explicit knowledge that are not focused on in the case companies, i.e. extension, organisational internalisation and explicit appropriation. Since all companies stress that their employees mostly meet in person when discussing different problems the focus is instead more on the tacit processes of knowledge transfer, i.e. tacit appropriation, socialisation and externalisation.

The focus on the tacit dimension in the cycle of knowledge can in the empirical study furthermore be seen through that all companies encourage the employees to take part in different forms of meetings, lunches, lectures or similar activities. According to Hansen et al (1999) a company that focuses on dialogue between individuals and who encourages their employees to meet face-to-face, which all of our case companies do, are pursuing a personalisation strategy. The respondents also bring forward that the discussions by the coffee machine or just over lunch are other meetings that are part of their behaviour. Socialisation hence also occurs on a spontaneous basis. That knowledge is transferred spontaneously is according to Hansen et al (1999) another sign of a personalisation strategy.

Nevertheless, Hansen et al (1999) also maintain that a personalisation strategy entails investments in building networks of people. In our opinion the case companies try to help employees to build such networks, by e.g. encouraging people to meet and to discuss. In addition, Hansen et al (1999) claim that a personalisation strategy is also often accompanied by a database, which has the purpose of helping the employees to search for other employees who have worked with a particular subject, i.e. it can be seen as a helping tool for creating network. Only Company C has developed a database to store knowledge in. However, since the database is not used a lot, due to e.g. use of universal terminology, it does not seem to help Company C to pursue a personalisation strategy.

From the discussion above it appears that all of the case companies seem to have personalisation strategies. Since all companies stress that they have stopped focusing internally and put all of their focus on external issues, the question is,
however, if personalisation was an intended strategy or if it was something that emerged due to the uncertain market situation.

Company A and B describe that before the uncertain market situation appeared they were interested in developing systems for handling explicit knowledge in order to be able to reuse more knowledge. In our opinion, they in other words wanted to approach more of a codification strategy. However, as the market situation got worse, which furthermore seems to have caught all of the companies by surprise, they had to turn focus from internal projects on issues such as knowledge management to more external issues like getting new assignments. The creation of a system for explicit knowledge was hence postponed.

According to the respondents the reasons for postponing the creation of a system for explicit knowledge was a lack of both time and money. On the one hand it takes time to create a system and it is also time consuming to learn how to use it. On the other hand as we have discussed under extension (see 5.5) initiating such a system implies large costs. Since either money or time could be spared, the outcome was hence to put knowledge management on hold for a while. In our opinion it can furthermore be seen as a question of having the courage or to be willing to take the risk when making such an investment. According to our discussion under extension (see 5.5) this can however be due to that risk avert managers are reluctant to making strategic decisions in uncertain times.

As stated above we believe that the uncertain times have forced the case companies to focus less on knowledge management issues. The management-consulting firms’ external focus has, hence, occurred at the cost of developing the knowledge management strategy they intended before the uncertain market situation. As our respondents stated, there was actually no choice but to increase the external focus in order to remain on the market at all.

From the discussion above we have found out that Company A and B put their intended knowledge management strategy on hold, i.e. to approach more of a codification strategy. In our opinion the unintended strategy, which is personalisation, has been kept due to the uncertain market situation. If the uncertainty had not occurred, the companies would hence possibly have developed systems for explicit knowledge. We therefore, believe that the use of a personalisation strategy was continued both due to the need to focus on external matters instead of investing in a system for codification, but also since the companies were used to the personalisation strategy that they had pursued up until then. The personalisation strategy was hence, unintended in the first place, but
became intended when the companies realised the importance of focusing on external matters in order to receive assignments. Knowledge management issues had to continue the way they were when the uncertain times started.

A further explanation for why Company B and C have had personalisation strategies during the uncertainty can be connected to their corporate cultures. According to the respondents both of the cultures are well established and as discussed earlier the cultures encourage employees to meet face-to-face when transferring knowledge. According to us this implies that the cultures support the personalisation strategy, which has made it possible for the companies to maintain the way of working in accordance with personalisation during the uncertainty. However, what appears to be personalisation can in our opinion hence also be a way of working that has emerged over time due to the culture, instead of an intended strategy. This would in turn imply that any kind of change away from this way of working bring about investments, since the culture has to be changed.

5.8 Final reflections

Above we have argued that knowledge management issues have had a low priority during the uncertain times. That both the case companies and many theorists (e.g. Dunford, 2000; Drucker, 1992; Smith, 2001) still stress the importance of it seems, however, contradictory. One way to explain the change of focus in uncertain times can be found in whether our case companies view knowledge management as an investment for the future (like R&D) or as rationalisation, i.e. cost reductions due to the present uncertain situation. In the former case knowledge management is, according to us, regarded as an investment that is significant for the companies’ future market position. If this is the case, a cut down in knowledge management activities is, in our opinion, not a strategically good move. If the latter is the case, i.e. that the companies consider knowledge management as a cost, it can be seen as a normal action that they have turned focus away from the area and instead focus on saving costs and to receive assignments. According to Stern (2002) this is also a natural response to uncertainty.

It should be stressed here that Company A and B addressed that they were aware of their short term thinking during these uncertain times. The companies had no choice but to act like this in order to remain profitable. As we see it, this short-term thinking, which reduces the focus on knowledge management issues, can strike back on the companies in the long run. An inefficient strategy for knowledge management or the lack of a strategy due to short-term thinking and the short-term
thinking can, in our opinion undermine the company’s competitiveness in the long run.

Finally we find it interesting to discuss whether knowledge management actually is as important as many theorists stress. Maybe it is just a popular word that theorists and consultants have used during the 90s when the new economy bloomed. When the companies had more capital, knowledge management seems to have been considered as an investment. Today, when the market situation is somewhat different, knowledge management however seems to be considered as a cost. Nevertheless, our case companies still argue that knowledge management is important. To us it seems, however, a bit unrealistic since no grand efforts have been put to develop it during the uncertain times. As described earlier this can, however, have to do with the particular situation where the companies’ resources are simply not large enough to handle internal projects like knowledge management.
6 Conclusions

In the section of conclusions we will pinpoint our most important findings in this thesis. With these conclusions we aim to summarise the explanations given in the analysis of how knowledge management strategies are followed in times of uncertainty, which was the purpose of this thesis.
As we have seen in the analysis it appears to be focus on the processes in the cycle of knowledge where tacit knowledge is important. People meet and discuss problems rather than reading a document developed by somebody else. Consequently we have come to the conclusion that the case companies seem to have a personalisation strategy.

Because of the uncertain times there has been a lack of both time and money. Consequently companies have been forced to turn focus from internal to external matters. Therefore, developing the personalisation strategy, which the companies aimed to do, was interrupted. This meant that new ideas and thoughts on above all systems for explicit knowledge had to be postponed. From the discussion above we come to the conclusion that management-consulting companies do not focus on strategies for managing knowledge in times of uncertainty. I.e. they do not focus on either keeping an existing or producing a new strategy.

Since there is little focus on knowledge management today, and since the strategy for it was interrupted as the uncertainty emerged, we have perceived that the companies tend to rely on the way in which they transferred knowledge before the uncertain market situation came about. One reason for that the companies work in accordance with personalisation is in our opinion that they are used to this way of working. Furthermore the corporate cultures support the transfer of tacit knowledge. We believe that it is easier to rely on something that is known to work and familiar to every one if a company wants to have as much external focus as possible. Since the culture supports personalisation, the outcome is hence that companies work in accordance with this strategy even if it was not really intended in the first place. This can, hence be a further explanation than just time and money of why they pursue personalisation.

The companies need to focus on external issues in order to stay profitable. In times of uncertainty knowledge management, hence, seem to be considered as a cost in our case companies. However, this does not imply that they do not find the area important. In uncertain times they admit that it is even more important. Nevertheless, it is simply too costly or too time consuming to handle knowledge management in these times, which may be seen as difficult for these companies since knowledge is their most important asset.

To sum up we want to connect to our purpose once more: How do management-consulting companies follow their knowledge management strategies in times of uncertainty. The answers we come up with is that they do not follow the strategies
they had before the uncertain times. Instead their strategy seems to have been
developed towards not focusing on knowledge management in times of
uncertainty.

6.1 Recommendations for further research

Much research has been conducted within the field of knowledge management.
Since the field of research became popular as recently as during the 1990’s most of
it has, however, been made during times of economic growth. Therefore, there is
not much theory written on knowledge management during a recession or
uncertainty. One can, hence, wonder how theorists would argue how knowledge
should be handled in these times. Our thesis has discussed how knowledge
management strategies are handled in management-consulting firms in times of an
uncertain consulting industry. There are, nevertheless, many areas that need to be
studied. Below we will give some recommendations for further research.

Which strategy that is better for companies to pursue in times of uncertainty has
not been our purpose to study. However, we believe that it would be interesting to
examine whether it is a personalisation strategy or codification strategy that is
preferred in times of uncertainty. Is it possible to have one optimal combination of
the two knowledge management strategies in times of uncertainty? Or is the choice
of strategy something that perhaps depends more on the company than on the
environment around it?

Furthermore we have also discussed in this thesis that the culture within a
company may have an effect on which knowledge management strategy that is
chosen and also how it is pursued. We found that it is possible that a company has
a strategy that fits together with the culture, i.e. if the culture encourages
spontaneous meetings, the strategy seems to be personalisation. We believe that it
could be interesting to investigate how the corporate culture may change in
uncertain times and thereby how it affects knowledge management issues. Is it so
that a culture becomes strong in uncertain times and helps the company to maintain
a strong strategy? Or is it so that the culture becomes instable during uncertain
times and hence the knowledge management strategy is affected negatively?
Maybe a strong culture only prevents the company to move towards a new
knowledge management strategy that is needed during uncertain times?
6 Conclusions

These were only a few suggestions for future research within this area. Naturally many others can be found. According to us knowledge management in tough times makes it even more interesting since it seems to be a paradox.
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**INTERNET**


**PRIMARY SOURCES**

Bengtsson, J. Editor Konsultguiden, 2003-01-08
INTRODUCTION

1. Could you tell us about yourself, your background and your role within the company?

2. Can you give us a brief description of how the company is structured?

3. Can you give us a brief description of the company history?

KNOWLEDGE MANAGEMENT

4. How would you describe the working procedure within the company? Do the consultants tend to work in teams, projects or alone?

5. How would you describe the working procedure in a typical assignment/project?
   a) Have you developed models, tools or standards for this?

6. Who are your typical customers?

7. Does the size of the projects vary a lot?

8. To what extent does the company focus on knowledge management issues internally at the moment?

9. In what way do you believe that the current uncertainty in the consulting industry has affected the company?
   a) Are there any specific occurrences that have affected the organisation?
10. How has the company prepared for this uncertainty? Do you work in a different manner?

11. To what extent does the company use explicit knowledge when working with an assignment/project?

12. What use do you think that the individual as well as the company has of explicit knowledge?

13. What are the advantages of using explicit knowledge in a project?
   a) What disadvantages are there?

14. How can the uncertainty within the consulting industry have affected the company’s use of or view of explicit knowledge at the moment?

15. How important is it that consultants meet and exchange experiences and knowledge before an assignment/project?
   a) What incitements does the company give the consultants for meeting and exchanging knowledge and experiences before an assignment/project?
   b) To what extent does the meeting occur spontaneously?

16. Reportedly 90% of a person’s knowledge is embedded and synthesised in a person’s head. How do you work in order to transfer tacit knowledge between consultants?

17. Are there any risks when consultants transfer their tacit knowledge to other consultants or to documents that the organisation has access to?

18. What advantages are there with transfer of tacit knowledge in a project?
   a) What disadvantages do you see?

19. In what way can the uncertainty within the consulting industry have affected your use of or view of explicit knowledge at the moment?

20. Which kind of knowledge transfer do you believe is the most valuable for conducting a project in the most satisfactory way?
21. What is demanded in order for the explicit or tacit knowledge to become commonly known by the organisation? (I.e. the organisation’s tacit knowledge)

22. Do you believe that it is important to keep knowledge within the company? Why?

23. How do you act in order to keep the knowledge that exists within the company? a) Are there any specific strategies for keeping knowledge? b) Is there more focus at the moment on keeping knowledge due to the uncertainty market situation?

24. To invest in the development and transfer of knowledge takes time and is quite uncertain – what does the company do to reduce this uncertainty?

25. What do you believe is most important concerning knowledge – the person who knows him/herself or the one who transfers knowledge to others? Why?

26. How do you consider the future – do you believe that the uncertain market situation will contribute to that you change your working behaviour and your view of knowledge management issues?

KNOWLEDGE

27. How would you define knowledge?

Thank you! ☺

May we get back to you if we have any further questions?