

CASE STUDIES AS A TOOL FOR THE EXTERNALIZATION OF TACIT MANAGERIAL KNOWLEDGE

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Abstract

Case studies are used by the Knowledge Management Society (KMS) as a tool in promoting the dissemination of Knowledge management to other agents.

To begin with, case studies are used in teaching. Here the relationship between university and firm facilitates the externalization of tacit Knowledge. What is new is that these case studies relate to Basque firms, are mainly SMEs. This is an important point, since the managerial practice in question is described in its proper context. Moreover, the purpose of these case studies, from the point of view of the Knowledge Management Society, is to promote new Knowledge on the basis of the socialization, internalization, and combination of knowledge through such agents as consultancies, universities, and management-related institutions and other firms.

MANAGEMENT AND CONTEXT

Ideas about management need to be proved useful in practice. Managers and other professionals refer constantly to what works and what does not. The problem is less a scientific one than one of social acceptance. Social acceptance is a cultural phenomenon in which social agents must modify ideas for adaptation to the requirements of the local culture.

-Case studies as a tool for the externalization of tacit managerial knowledge-

There is a system in which agents and institutions interact in this process. No one has control over management. Rather managers, politicians, and consultants are value creators, forming part of the national skill formation system [Mohr, 1982].

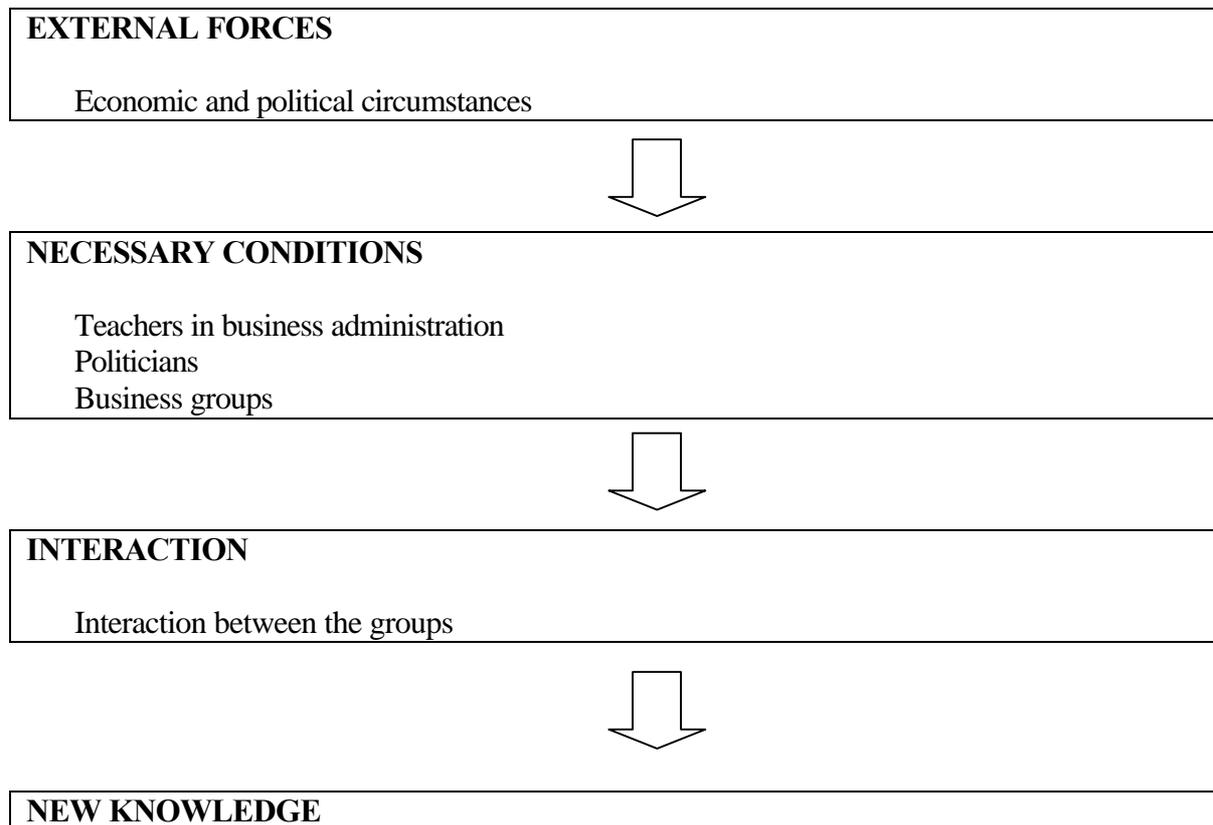


TABLE 1. Adapted from Mohr (1982)

This theory of social context would appear to run counter to globalization. One of the most important topics dealt with in the area of globalization is that of business knowledge, which has emerged in full force over the last few years. Here knowledge has grown exponentially, as can be seen in the literature regarding management structures and their various types.

The term globalization generally connotes a world that is becoming more uniform, one in which Western capitalism is imposing standardization on technological, commercial, and cultural phenomena. However, recent studies suggest that each region establishes its own characteristics. And this can indeed be seen in managerial practice. With Witley we assert that "management is more social- and context-dependent than other so-called sciences."

On the other hand there is a tendency, in transferring managerial Knowledge, to concentrate on the context at source rather than on the context within which the transfer will be received. Thus a lot of managerial Knowledge is concentrated within large firms. In large firms there is

Arbonés, A.; Landeta, J.; Rivera, O. (1999)

-Case studies as a tool for the externalization of tacit managerial knowledge-

no problem in acquiring such Knowledge, while a mere reduction in scale may not be the way to adapt it to the needs of SMEs. For one thing the management of the smaller firm in industry is not necessarily less complex than that of the large one.

Newel, Robertson, and Swan have shown that the professional associations have a major role to play in the diffusion of Knowledge by providing a forum for the setting up of networks between organizations.

The Knowledge Management Society in the Basque Country is a network of universities, business schools, consultants, firms, agencies, and public bodies, engaged in producing and disseminating business Knowledge. In the era of post-bureaucratic organizations, knowledge theory has come to endorse change and creativity, and some consultants are developing products aimed at the diffusion of management Knowledge. In particular, Knowledge Management Society is concerned first with creation, adaptation, diffusion, and implementation, and secondly with the institutional conditions for the social acceptance of ideas in management. Knowledge and action, theory and practice follow one another.

The Knowledge Management Society is put into practice in accordance with the concept of the KNOWLEDGE MANAGEMENT VALUE CHAIN

Creation Adaptation Dissemination Action

	Creation	Adaptation	Diffusion	Action
Universities Business sch.	◆◆◆	◆◆	◆◆◆◆	
Consultants		◆◆◆◆	◆◆	◆◆
Mass Media			◆◆◆◆◆	
Public Bodies		◆◆◆	◆◆◆	◆◆
Associations			◆◆	◆◆
Firms	◆	◆◆◆		◆◆◆◆◆

TABLE 2. Knowledge Management Value Chain

Managerial culture in the Basque Country is technically oriented, with an emphasis on SMEs, and with an incipient but strong commitment of working with public bodies. The Basque Country has emerged from an industrial crisis but many companies have been transformed and have become leaders. Accordingly we suspect that there is a lot of implicit knowledge to be disseminated.

-Case studies as a tool for the externalization of tacit managerial knowledge-

Case studies are a powerful tool, useful as an aid not only to teaching but also to making knowledge available to others and thus to enhancing the performance of firms in a given region. Where the objective is to introduce new, advanced practices into firms less aware of developments, the credibility of the company or manager supplying the case history must greatly bear on the effectiveness of dissemination, since many managers are looking for knowledge that can be translated into action. A detailed case history will help managers by affording lessons for learning, especially if it is chosen in light of the geographical and cultural conditions in question.

THE KNOWLEDGE MANAGEMENT VALUE : CIRCULAR PERSPECTIVE

In a linear perspective the agents chiefly concerned with creating fresh management knowledge are to be found in the academic community. The fruit of their research must be converted into tools and methods so that firms can apply it. This conversion is the task of consulting firms. Academics, consultants, publishers, pioneer firms, and so on publicize the new advances. The process comes to an end when the knowledge is adopted by firms in general. Their role is passive to the extent that they simply take aboard the new knowledge coming from the external agents.

The foregoing might be regarded as a linear view of the matter. A circular view is closer to Schumpeter's theory of the firm. Here it is recognized that knowledge can be created by firms as well, even if their means differ from those of academics and consultants. The theoretical work of Tackeuchi & Nonaka in regard to the mechanisms used by firms to create Knowledge is truly insightful:

* A given firm, or individuals within it, can receive knowledge from external agents or from other members of the organization, but the process in one case is different from that in the other.

* A given firm, or individuals within it, can create vast stores of tacit knowledge, but this must become explicit if it is to be shared by other agents, or by other individuals in the firm.

Where the question is how they should relate to one another, this new perspective represents a challenge for the various agents involved in the management Knowledge value chain. The status quo is no longer good enough.

-Case studies as a tool for the externalization of tacit managerial knowledge-

CASE STUDIES AS A TOOL USED IN UNCOVERING AND DISSEMINATING MANAGERIAL KNOWLEDGE

USING WRITTEN CASE STUDIES TO EXTERNALIZE KNOWLEDGE

If we take a circular view of the Knowledge value chain, and note the importance of the firm as creating agent, then we are designing instruments that make it possible to pick up the knowledge generated and accumulated in company organizations. This is the first step in the process leading to its dissemination.

Managerial Knowledge is basically tacit, so that it must be drawn out, arranged, and externalized. The methods used must enable the investigator to understand the circumstances in which the Knowledge has come into being and in which he finds its effective application. This means making a major effort to understand the business context in question, as well as the history behind it.

The methods already developed for the writing up of cases¹, and in a broader framework for social research, may prove a valuable aid toward achievement of the objective. Where these research methods are not known, and, as often happen in a business environment, time is not as abundant as it might be, external specialists should be involved. These will include researchers, consultants, and students.

Naturally, any research method employed in uncovering tacit knowledge should ascribe major importance to the members of the organization in question. The researcher must observe and delimit the circumstances, formulate hypotheses and test them, get information, arrange it and write it up, and so on, but the Knowledge and the guidelines that might be used in getting at it are inside the members of the firm. Interviews with important people in the organization and in its environment are the most appropriate aid to picking up that information in its entirety. It is useful to consult the written and graphic material available (brochures, memos, web pages, accounting data, questionnaires mailed in by executives), but this is not enough.

CASES AS AN INSTRUMENT IN THE DISSEMINATION OF MANAGERIAL KNOWLEDGE

When the Knowledge has been externalized, then the risk of its loss, from the point of view of the firm or of society, is naturally lessened². Its attractive and faithful exposition in the form of company cases will facilitate its diffusion.

On the one hand, it may in this form be easily conveyed to the actual members of the organization in question. It will be an interesting instrument for use in communicating and educating, for use along with other means of dissemination employed inside the firm³.

On the other hand, knowledge may be conveyed to individuals outside the firm. Here we are concerned with the use of cases in external diffusion and management training.

Executives generally wish to acquire knowledge that can be related to what they already know, that will find practical application in real situations, and that will help them in the work they already do. The learning undertaken should be suited to these particularities. In addition, it should entail experimentation and reflection⁴.

If we take for reference the classification proposed by Ausubel, learning may range from rote to significant, the aim in the latter case being to raise the quality and intensity of the links established between the new material and the old. Or it may range from learning by reception, i.e. where the teacher is the main transmitter, to learning by independent discovery, i.e. discovery with external aid. Somewhere in between we find guided discovery (See Table 4)

Learning via cases is thus significant, or it may be tantamount to learning by discovery (independently, or, more probably, under guidance).

Depending on the manner in which it is carried out, it shares a field of operation with teaching methods that seek basically to develop skills, such as guided discussion, role-playing, structured exercises, business games, group undertakings, seminars, or even reading. Without doubt, however, it exhibits different characteristics. (See Table 5)

The case method makes it possible to move appropriately and directly from theory to practice, to the acquisition of information regarding life as it really is for executives in the firm, with a look at team work, the taking of decisions, the summing up of information, the exercise of creativity, and oral reasoning.

The Knowledge and skills here referred to can be dealt with in various ways. There may be variations in the method of case study, e.g. the Kogan method [García del Junco and Castellanos, 1997], the situation method [García del Junco and Castellanos, 1998] and the critical incident method [García del Junco and Castellanos, 1997].

These achievements are of particular interest in higher-level business courses, i.e. when there is already a theoretical basis on which to undertake significant learning, as well as continuous and postgraduate training. In this latter case the student's experience may conduce to more

-Case studies as a tool for the externalization of tacit managerial knowledge-

active participation, as well as to more efficient use of class time, with assimilation and swifter application of the proposals that have arisen.⁵

In whichever case, the didactic value of this method like that of any other, derives more from the context in which it is used than from its intrinsic qualities. The context is what gives it real value and allows one to adjust the objectives and mechanics of each exercise and training method to the interests and potentialities of the students, trainers, and firms.

Thus the one case, on paper, may be used in very different ways. It may be used as a basis for taking business decisions in a group or in the classroom, whether or not the students have experience. It may be used as an example of corporate strategies within the framework of a teacher's exposition. Or it may be used as reading material in relation to outstanding practices and events in a business, suitable for the interested student or as a vehicle for conveying executive Knowledge, cultural values, or any other information of interest to the members of the organization in question.

Significant learning	Clarification of relationship between concepts	Well-designed self-instruction	Scientific research (new architecture or music)
	Conferences or presentation of most of the textbooks	School work in the laboratory	Strictly routine research, or intellectual production
Rote learning	Application of tables to multiply problems	Solutions to formulae	Trial-and-error problems
	Learning by reception	Learning by guided discovery	Learning by independent discovery

TABLE 4. Types of learning (Ausubel)

-Case studies as a tool for the externalization of tacit managerial knowledge-

Significant learning	Tutorials with principal paper	Tutorials, seminars, group or individual undertakings, guided discussion, Cases	Group or individual undertakings, guided discussion, Cases
	Principal paper, lectures, computer-aided teaching	Readings, structured exercises, Cases , Seminars, business games, computer-aided teaching, role-playing, guided discussion	Cases , role-playing, free discussion, business games
Rote learning	Memorization of notes and texts	Structured exercises, Cases , business games	Business games
	Learning by reception	Learning by guided discovery	Learning by independent discovery

TABLE 5. Teaching methods (based on Ausubel)

CASE STUDIES AT THE KNOWLEDGE MANAGEMENT SOCIETY

The Knowledge Management Society in the Basque Country is using case studies as an aid not only to teaching but also to collaboration between agents of the management system, the final aim being to make people aware of new ideas in management.

- The most traditional way to use the case method is focused on the learning process of students or practitioners in formation and educational programs. From the point of view of learning process is a way to internalize the explicit knowledge transferred at the formal educational program, by the assumption of the manager role at the case study
- Our experience shows that the case method can also be used inside the firm on which the case study is being based, to achieve a process of externalization of the tacit knowledge created by the firm through their experience.
- Once this process of externalization has been accomplished, the results are not only useful for the firm but also can be diffused and adapted by other firms and agents of the Knowledge Value Chain.

A relation of this sort between the academic and business worlds makes it possible to rectify one of the most serious deficiencies where the creation of new knowledge by practitioners is concerned, as well as one of the major restrictions on the process of learning through experience. It provides the time needed to reflect in a structured way on decisions and initiatives taken in the past.

Arbonés, A.; Landeta, J.; Rivera, O. (1999)

METHODOLOGY

The principal distinguishing feature in our method is that cases are closed and finished. In a given case there is no first part, devoted to exposition, followed by a reply. And the student is in no way put in the place of the decision-makers.

A case adheres to the following rules, which in this way contribute to the achievement of the objectives described in the course of the present paper:

Selection of Cases

- * Firms with growth rates above average in the sector, associated with the generation of employment, and enjoying a certain social prestige. The key to success should lie largely in changes undertaken in management.

Advantages

- * They act as driving forces, providing encouragement to firms that are reluctant to use advanced management tools.

Real and Nearby Data

- * Names and other data are real.

Advantages

- * Better credibility.
- * Concentration is on Basque industry, specifically industrial SMEs.
- * Use of the cases in different situations between the university, the firm, consultants, etc.

The Expressions Are Respected

- * The writers are university professors of the highest level, but they do not write up reality as they would like it to be, or from a critical point of view. Their aim is to get the facts, sum them up, and arrange them in organized fashion.

Advantages

- * The teacher learns in the process.
- * There is no repetition of theoretical schemata already set forth in books on management. Rather the approach is to adapt this knowledge to particular circumstances.
- * Real tacit knowledge is conveyed.

Cases Are Not Classified

- * They do not belong to any area, e.g. Marketing, Human Resources, and Finance.

-Case studies as a tool for the externalization of tacit managerial knowledge-

Advantages

- * They make it possible to take a closer look at corporate circumstances and at how knowledge is applied in management, as executives know it.

A Work Nucleus, Various Derivatives

- * A work nucleus is considered that has inspired the management of the firm and hypothetically has contributed to its success.
- * In the notes for the teacher there are other themes suggested for discussion and use.

Advantages

- * They can be used with absolute flexibility in various areas.
- * Overall it is demonstrated that there are many routes to success.

The Teacher's Notes Are Not A Solution for the Case

- * No solution is proposed. The teacher does not have control of the case.

Advantages

- * They are useful especially for open discussions, examinations, group work, comparative work, etc.
- * They can be used on a visit to the firm or on executives' visits.

CONCLUSIONS

The Knowledge Management Society at the Basque Country (Spain) is using case studies using a wide scope, thus is to convert tacit knowledge embedded in firms into explicit knowledge. The writing and teaching of case studies is used in a process of knowledge management conversion.

ENDNOTES

¹To include a reference or two consulted in preparing the methodology employed in the study of advanced-management firms in the Basque Country.

² The chance that Knowledge will be lost through the disappearance of its possessors is reduced, but there is a greater possibility that it will be shared, and this may be an aid to the enhancement of operations within the company in question, in other companies, and in society generally. There is, however, the chance that competitive advantage will be lost. The firm will therefore wish to determine how much diffusion is wanted, and what its scope should be. See Grant, R.M. (1991), "The Resource-Based Theory of Competitive Advantage: Implications for Strategic Formulation", *California Management Review*, 33, pp. 114-135. And also Grant, R.M. (1996), "Toward a Knowledge-Based Theory of the Firm", *Strategic Management Journal*, vol. 17, pp. 109-122.

³For a closer look at the types and mechanisms of internal Knowledge diffusion, see the following: Fernández, E. (1996): *Innovación, tecnología y alianzas estratégicas. Factores clave de la competencia*. Cívitas, Madrid.

-Case studies as a tool for the externalization of tacit managerial knowledge-

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Nonaka, I. and Takeuchi, H. (1995), *The Knowledge Creating Company: How Japanese Companies Create the Dynamics of Innovation*, Oxford University Press, New York.

⁴Mintzberg, H. (1983): *La naturaleza del trabajo directivo*, Airel, Barcelona. "Learning is most effective when the student develops a skill in as realistic a situation as possible and later examines explicitly what he has done.... He should put skills into practice and examine the results, and he should study the critical comments of someone versed in the matter." (p. 246)

⁵Snow (1976), cited by Díez de Castro and others (1989, p. 164), observed that low-order managerial achievements, such as the identification or description of object or subject, are more easily attained to via more passive methods, methods more controlled by the instructor, e.g. exposition, reading, debates. On the other hand, managerial objectives at higher level, e.g. the acquisition of skills for the resolution of complex problems, call for methods in which the student's contribution is more active (cases, experiments, simulations, etc.).

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