



Nonaka meets Giddens: A critique

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Abstract

Nonaka's recent incorporation of Giddens into the knowledge movement is superficial and problematic. The incorporation accepts uncritically Giddens's controversial conceptions of structure and agency, avoids his concerns of power and domination, exaggerates his elaboration on contradictions, and shares with him the search for an omelette-like theoretical totalising. Using Giddens as an illustrative vehicle, this paper analyses the pattern of Nonaka's recent borrowing of others' work and the consequent tensions built up in his simplistic model of the knowledge creating company.

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Introduction

Ikujiro Nonaka is certainly a phenomenon in the present knowledge movement (KM). His 'knowledge creating company' (KCC) has inspired a huge body of secondary literature and many have taken his knowledge division and spiral conversion as a starting point for further research. Given his great influence (Edwards *et al.*, 2003), Nonaka's moves deserve attention and scrutiny. One of his recent interesting moves is incorporating Giddens into KM in conjunction with an attempt to 'build a new knowledge-based theory of the firm' (Nonaka & Toyama, 2002, 2003, 2005). While efforts in building such a theory are not new (e.g., Quinn, 1992; Kogut & Zander, 1995; Grant, 1996; Spender, 1996; Tsoukas, 1996; Nahapiet & Ghoshal, 1998), Nonaka's incorporation of Giddens certainly is.

Nonaka's move is, in my view, in itself long overdue and therefore should be whole-heartedly welcomed. We witness Giddens being incorporated into other fields such as technology (Orlikowski, 1992; DeSanctis & Poole, 1994) and strategic management (Whittington, 1992; Jarzabkowski, 2004) which has generated significant impacts. However, we also note that there are growing debates and controversies around the incorporations and upon Giddens's theory, which we should not overlook if we want our inquiries be healthy and fruitful. Hence, in the regard of Nonaka's move, it is not an issue whether we should incorporate Giddens, but what from Giddens are to be incorporated, for what reason, and how. In this paper I intend to offer a critical analysis of Nonaka's incorporation in order to invite clarifications and debates which I wish be useful for KM.

However, Giddens is merely one of the many heavyweights that Nonaka in the last few years has touched in passing, who include Nietzsche, Husserl, Heidegger, Whitehead, Dewey, Merleau-Ponty, Bhaskar, Rorty, etc. To each of them, Nonaka gives a superficial reading, picks up catchwords, inserts them into his jumble of increasingly disconnected and often contradictory threads. By focusing on Nonaka's recent incorporation of Giddens, I do not imply that Nonaka is a dedicated acolyte of Giddens with a comprehensive conviction to structuration theory. If Nonaka has not taken Giddens

seriously but simply touches him in passing, as I aim to show below, how can one charge Nonaka as being inconsistent toward Giddens and structuration theory? But this is exactly the point I want to convey: Nonaka's theoretical cherry picking has not been engaging, critical, dedicated or insistent, toward Giddens as well as other theorists. I am using Giddens as a vehicle to show a more general pattern: Nonaka's cavalier style in his treatment and appropriation of other people's work in the course of expanding his own canon.

With the above said, my critical discussion of Nonaka's incorporation of Giddens will take place along a number of interrelated lines: his uncritical acceptance of Giddens's controversial conceptions of structure and agent, his conspicuous silence toward Giddens's concern of power and domination, his exaggeration of Giddens's treatment on contradictions, and his affinity with Giddens in searching for totalising synthesis in their fields of study. In the conclusion, I will comment on the consequences of Nonaka's incorporation.

The confused structuration

A central criticism towards Giddens's structuration theory levels at his collapsing structure into social action (Mouzelis, 1989; Thompson, 1989; Layder, 1994; Archer, 1995). To Giddens, structure does not have any independent existence, nor is it patterns of interaction: 'structure only exists in and through the activities of human agents' (Giddens, 1989, p. 256). Explicitly, therefore, Giddens's conception of structure is eminently voluntarist. But implicitly, when it comes to historical analysis of the dominance of system tendencies against the agents' ability to change the world, Giddens cannot be otherwise but writing in tone with more 'conventional', for example, Marxist, structural-functionalist, ideas of structure (Anderson, 1990; Craib, 1992). Any serious incorporation of Giddens is expected to take into account the criticisms and Giddens's internal complexity and ambiguity.

Giddens's voluntarist conception appears accepted wholesale by Nonaka. '[I]nstead of a logical analysis of structure or action', Nonaka declares, 'strategy and organisation should be re-examined as the synthesising and self-transcending *process*' (Nonaka & Toyama, 2003, p. 2; *emphasis* original), which is coupled with a typical Giddensian ontological view that 'social structure does not exist independently outside of human agency. Rather, structure and humans are two ways of considering social action and they interplay in defining and reproducing each other' (Nonaka & Toyama, 2003, p. 4). We found perfect affinity between Giddens's 'instantiation of structure' and Nonaka's manipulation of 'ba', as ba is said to have 'a "here and now" quality as it can be instantly created and can quickly disappear' (Nonaka & Toyama, 2002, p. 1002). Indeed, Nonaka might have gone farther than Giddens could have expected by citing Nietzsche that 'there are no facts, only interpretations' (Nonaka *et al.*, 2000, p. 14).

Of course, one should not be criticised simply for adopting the conception of Giddens instead of the critics or of Bhaskar (whose critical realism Nonaka claims also wanting to incorporate, see Nonaka & Toyama, 2003, p. 3). The choice is 'a matter of ontological affinity' (Pozzebon, 2004, p. 250). No one can prove that an ontological assumption is in itself correct or wrong with certainty. However, one can still demand that the adoption should be internally logical, consistent, clear, and hence rationally contestable. It is in this I have problem: it is difficult to know what structure means to Nonaka, given his uncritical acceptance of structuration theory, his acknowledgement of 'ontological differences' between Giddens and Bhaskar, as well as the internal ambivalence in Giddens.

Adopting Giddens, Nonaka now frequently talks about 'the entities and structure', 'the agents and the context', and so on. Such usage of the pairs of keywords is strange and unconventional. But that is not my main concern. The critical point is: given the almost 30 years controversy around Giddens, what is structure to Nonaka? As Nonaka does not give a definition, one can only guess. Is it equivalent to 'environment', 'context', or simply ba? My reading of Nonaka suggests that ba is perhaps the best candidate: 'The context for dialectic knowledge creation is ba' (Nonaka & Toyama, 2003, p. 9).

But ba in Nonaka is at once physical, mental, virtual, social, emotional, practical, including the market, brought in, shared and taken out by participants at will, constantly moving and self-transcending. If this is what ba means in Japanese, so be it. It is difficult and perhaps inappropriate for an outsider to question a particular meaning attached to a specific word by a specific culture. Yet the problem remains: how this all-embracing and highly culturally charged concept ba is related in a systemic way with Giddens's 'structure'? Is the physical ba (e.g., 'meeting room', 'office space') or virtual ba (e.g., 'computerised communication networks and large-scale databases') having merely 'a virtual existence' in human's head only? Does Nonaka's model allow structures their own external existence, emergent properties, generative mechanisms and intransitive effect? Or does structure denote something else, not ba? Does Nonaka agree with Giddens or with Bhaskar given he notices the 'ontological differences' between the two (Nonaka & Toyama, 2003, p. 3)?

Nonaka can of course choose to adopt Giddens's 'duality' over 'dualism'. But I have difficulty in reconciling Nonaka's propositions, with 'social structure does not exist independently outside of human agency' (Nonaka & Toyama, 2003, p. 4) on the one side, which is nicely lined up with Giddens, and 'the dialectic process is driven by the dualistic nature between the agents and structure' (Nonaka & Toyama, 2003, p. 9) on the other, which is terribly at odds with structuration theory. I am not quite sure what Nonaka is actually trying to say about all this, but I think I may have at least discovered the source of my confusion: Nonaka is, in his recent writings, impatient to grasp the difference.

Furthermore, in Nonaka, on the one hand, 'ba is created, functions, and disappears', 'fluid and can be changed quickly'; on the other, ba has 'its own intention, direction or mission' (Nonaka & Toyama, 2003, p. 7). Confusion reigns. In the sense that it is created and changed instantly by participants, ba seems to be the structure, albeit conflated; but with its own intention and mission, ba looks more like human agents, knowledgeable and reflexive, having the motivation to act, or 'to act otherwise'. I must admit that I got lost. Perhaps Nonaka has found a third way, for example, accepting actor-network theory (Latour, 1987) in that transformative capability belongs not merely to human agents. But he did not say.

There is recently a further invention by Nonaka which makes my confusion deeper: '[I]n this paper, the conceptualisation of ba is extended to cover the interdependent interaction between agents and structure' (Nonaka & Toyama, 2003, p. 6) (this time, it appears clear enough that the 'extension' is not what the Japanese concept ba originally means). Put all the above together in plain language, ba in Nonaka is now at once (1) the structure itself, (2) the agents that create it, and (3) the interactions between the two. Covering everything with one magic word is of course exciting, but is ba as such an analytically and empirically useful concept any longer?

The nice-guy agents

Compared with the conflated structure, agents in structuration theory are all powerful and empowering in a way that 'any individual in any situation could not *not* be an agent' (Thompson, 1989, p. 74). Critics argue that Giddens's happy, feel-good, nice-guy portrait of the agent is based on the oversimplified, progressive, modernist ideology in which the agent is always knowledgeable, reflexive, skilled, able to monitor his/her actions, cannot be simultaneously non-agent (Mestrovic, 1998, p. 86). Indeed, Giddens assumes thus:

... human beings are purposive actors, who virtually all the time know what they are doing (under some description) and why (Giddens, 1989, p. 253).

Against Giddens's excessively cognitive agent, the critics call for a stratified, socio-psychologically thicker conception, asking 'Are humans really that free and rational all or even most of the time?' (Craib, 1992; Archer, 1995; Mestrovic, 1998, p. 86).

In Nonaka's model, we found, too, excessively skilled and over reflexive employees, from 'top management' to workers at the 'front line', who are free and able to bring their own ba into the 'greater ba' at will, change it 'according to need', become the centre of the 'greater ba' if they want to (Nonaka & Toyama, 2002, 2003). In Nonaka's KCC, employees are so committed and knowledgeable that they could not *not* be knowledge creators. Whereas Giddens does not rule out unintended consequences and unacknowledged conditions of social

action, in Nonaka's KCC there are in the end all and only success and happy stories.

Nonaka makes it clear that the focus of his model is particularly on the 'cognitive dimension' of knowledge (Nonaka & Takeuchi, 1995). In his early writings, Nonaka talks about emotions, passions and bodily experiences, but not in their own terms. These non-cognitive properties are always in the service of rational, cognitive knowledge. The unspoken assumption is: we know what we are doing even if we cannot say what it is. The problem is therefore not whether we do or do not know, or even how we know, but centrally we cannot tell or share fully what we know in totality, and this is why the 'conversions of knowledge' are critical and central in Nonaka's model.

From Giddens, Nonaka quickly seizes the notions of practical and discursive consciousness, leaves out unconsciousness, relates consciousness to the 'two types of knowledge'. In the critics' eyes, what Nonaka incorporates is not an insight, but a problem: Giddens's agents are always knowledgeable and reflexive, but only in the cognitive sense and nothing else. Giddens's agents are 'all mind but no heart', 'know much but feel little' (Mestrovic, 1998). Leaving out unconsciousness, which is already weak in Giddens, Nonaka's model of the employee in the KCC is thinner than Giddens's agents. S/he is always a nice company man, a cognitively socialised *me*, not a multi-facet, robust *I*. In Nonaka's later writings, we see more and more synthesis, transcendence, rationalisation, monitoring, upgrading, protecting, the 'greater ba' and the 'higher viewpoints', less and less emotions, passions and the 'bringing forth a world' by individuals. The invisible hand of Giddens's one-dimensional agents has produced visible impacts on Nonaka.

Critics further challenge Giddens's progressive modernist ideology which sees knowledgeability and rationality as simply a sort of virtue, an unqualified good (Mestrovic, 1998, p. 95): Giddens writes 'as if action is always creative, transformative' (Archer, 1982; Craib, 1992, p. 35), 'Giddens is oblivious to any negative consequences of knowledge and skill on the part of the human agent', 'Giddens's vision of human agency is so "nice", that it might seem uncharitable to criticise it' (Mestrovic, 1998, p. 23 and p. 94), etc.

In Nonaka, as in Giddens, knowledge cannot be otherwise but always a liberation, a progress motor. There is no room in Nonaka's model that allows knowledge to be thought of as a source of domination and oppression, no possibility of manipulation and misrepresentation of knowledge by vested interests, no place for a human being whose nature is complex enough to experience both love and hate, cooperation and competition, personal inspiration and collective harmony, reflexivity and ignorance, self-determined and other-directed. To Nonaka, knowledge creation is a one-way exercise: knowledge workers in the KCC create knowledge. He never asks the question that at least at times bothers Giddens: how knowledge constitutes agents, their

structural relationships, and the society? Nor can he ask the Foucauldian question: is knowledge necessarily a good thing (Foucault, 1980)?

No one can deny that Nonaka's model of knowledge and knowledge workers is pretty. But since Plato and Aristotle in the West and Mencius and Sun Zi in the East, philosophers have been aware that human being is a complex animal, that excessive virtue of any sort can become a vice. The ugly side of knowledge and human nature have not disappeared from our life simply because we did not model them in. Nonaka's model is not wrong, just seriously incomplete and selectively blind. No doubt we need to be optimistic living in this chaotic and uncertain world, but 'unrealistic optimism in the face of mounting social problems is not serious' (Mestrovic, 1998, p. 4).

Recently, Nonaka repeats the following message on several occasions:

In the knowledge creation process, dialectics is a method of thinking and acting. It is a way/process to approach a reality to find a truth in it. The absolute truth may never be found. It may never exist. However, dialectic tries to approach the elusive 'absolute truth' through the process of examining and denying the series of 'relative truth'. It is this process that is important, rather than whether one can reach the absolute truth or not (Nonaka & Toyama, 2003, p. 9).

I have problem with this message, not because I am anti-dialectic-thinking/acting, nor because the message sounds surprisingly like the Maoist version of Marxist epistemology, but because I believe that any process, dialectic or otherwise, consumes resources and produces consequences. The 15th-century Confucian philosopher Wang Yang-ming teaches us that knowing and acting are but one, for purpose and with consequences. Whatever 'truth' we 'find' or 'deny', we live in the consequences. Six hundred years later, the American scholar Karl E. Weick (2003) informs us that knowing and learning is an act of enactment and enactment 'often has material consequences' (p. 185 and p. 191). That 'it is process that is important, not outcomes' is credible only when human nature is necessarily good and knowledge is in itself a good thing. In this complex world, wishful assumptions and simplistic models, however nice they look and however good they make us feel, are dangerous.

The cosy company

Nonaka's borrowing of Giddens's theory is specific and does not take on the whole of it. That is fair enough since no one can escape selectivity. But sometimes what is left out tells more than what is incorporated. What I found left out from Giddens by Nonaka are sectional interests, power structure and domination in 'the company' and the society.

Giddens consistently emphasises that no social theory of knowledge is seriously relevant without addressing the issue of power and domination. To Giddens (1979), cognition and power mediate each other: on the one

hand, domination is the very condition of signification since it is inherent in human action, whereas on the other, this allows powerful groups to mobilise interpretive schemas to serve their sectional interests. Knowledge hence cannot be studied separately from issues of power and legitimation.

In contrast to Giddens's social world, Nonaka's KCC is a cosy paradise, full of happy contradictions and comfortable synthesis, but void of nasty interest conflicts, absent of material and mental manipulations. Power and domination are not in Nonaka's vocabulary. There are no such things as differential interests of the workers, the top management, the consumers, the sub-contractors and the wider community. There is only one interest: that of 'the company'. Whereas Giddens (1979) suggests us to analyse the process of 'reification': how dominant groups present their sectional interests as if they are neutral, Nonaka would have us to accept that those interests are neutral in nature.

Giddens (1982) qualifies his structuration theory as critical, arguing that it does not take the society that it analyses as given but asks questions about the types of social change that are feasible, which are desirable, and the means we might find to pursue them. Although we cannot 'seize history' and bend it to our collective purpose, Giddens (1990) argues, we can and need to envisage possible alternative futures in a way that links an emancipatory politics with a politics of self-actualisation. Whereas in Nonaka's KCC, workers need not look beyond products, all problems boil down to the cognitive conversions between tacit and explicit knowledge. As long as cognitive barriers are overcome, knowledge creation follows, new product development sets in motion, market share increases and everybody is closer to the world we all want to live in. As Silverman (1968, p. 225) concisely criticised almost forty years ago:

Conflict is thus not the outcome of the different goals pursued by organised groups with separate interests; rather it stems from faulty communications, difficult personalities and 'misunderstandings'. It is, therefore, neither endemic in the industrial situation nor insoluble. Where it exists, it can be eliminated by intelligent managements who, by providing 'satisfying' conditions and disseminating 'information', can encourage their workers to develop favourable definitions of their situation.

On the one hand, Nonaka would have us believe that in the KCC '[E]very participant in ba is at the same distance from the centre, as there should be no difference among the participants in terms of the access to the centre. ... In ba, anyone has a potential to be a centre' (Nonaka & Toyama, 2002, p. 1002). Nice paradise. On the other, there is not any doubt at any time in Nonaka that it should be 'the leaders' and 'the leaders' alone, or 'top management' for that matter, who are to build, justify, maintain, keep, protect the ba, to 'select the participants of ba', and to 'define the vision and strategy' that is then to be shared 'by the whole organisation' (Nonaka &

Toyama, 2002, pp. 1002–1004), with the middle level managers '[S]erving as a bridge between the visionary ideals of those at the top and the chaotic reality of the front line' (Nonaka *et al.*, 2000, p. 24). Cold reality. Perhaps this tells us why Nonaka substitutes Giddens's key concept 'rule-following' with 'role-taking' (Nonaka & Toyama, 2003, p. 4).¹

But what would happen if 'the leaders' 'personal belief', and hence all the 'visionary ideals and strategies' 'of those at the top', turn out to be unjustified? This never bothers Nonaka. That is a question that should not be asked. Nevertheless, one need not look beyond Japan to note that the 'leaders' vision is not always noble or novel. I am not talking about the wars tens of years ago, I am talking about the recent bankruptcy and troubles of the household-name Japanese equity houses, construction firms and service industries, 'the companies', for the last 10 years (e.g., *The Economist*, 2004a, b).

Giddens is criticised by some for his ignorance toward emotions and passions on the one hand, and by others for his rationalist manipulation of cultures and traditions on the other (e.g., Mestrovic, 1998). The critics have their point as Giddens (1994) demands that 'Traditions have to explain themselves, to become open to interrogation and discourse' (p. 5). While Giddens (1979) considers that 'a conception of the unconscious is essential to social theory', he maintains that 'the unconscious, of course, can only be explored in relation to the conscious: to the reflexive monitoring and rationalisation of conduct, grounded in practical consciousness' (p. 58). What Giddens fails to recognise, the critics argue, is that traditions cease to be traditions if they are reflexively deconstructed and emotions are no longer emotions if they are purposefully rationalised.

In this regard, no one can deny that Nonaka is mindful of cultures and emotions. '[L]ove, care, trust and commitment' (Nonaka & Toyama, 2003, p. 1003) are at the core of his model, particularly in its early version (Nonaka & Takeuchi, 1995). Some regard Nonaka as bringing a 'cultural revolution' into KM. But make no mistake: all the cultural stuff in Nonaka is carefully and thoroughly engineered through cognitive filters in the name of 'the company', so as not to up-set the *status quo* but to be embodied into marketable products. Like Giddens, Nonaka treats culture, tradition, emotion and care in a rationalist way. He is not interested in those

emotions that are not useful for 'the company', he is not concerned with knowledge outside the cognitive realm, he rules out individual goals that in the end vary from that of 'the company', and he cannot face such questions as 'if I am fired tomorrow, why should I share my knowledge with the company' even at a time when lifetime employment is shaken in Japan's mighty companies. Nonaka's later writing on such things as incentive systems, motivation management, self-satisfaction, peer recognition, sense of belonging, etc. (Nonaka & Toyama, 2002, pp. 1004–1005), looks more and more like the human relations school of the Hawthorne sort. Sadly, the revolution deteriorates into regression.

The omnipresent contradictions

A theme that gains overwhelming significance as Nonaka incorporates Giddens is 'transcending and synthesising contradictions'. To offer an opposite injunction to structural functionalism, Giddens takes the concept from Marx: for understanding society and social action, do not look for functions, look for contradictions (cf. Craib, 1992, p. 59). Throughout his theory, Giddens (1979, 1982, 1984) maintains that contradictions are produced and reproduced in social practices, that there remain contradictions in capitalism, primary and secondary, etc.

Contradictions, of course the apolitical, cosy sort, now become more essential in Nonaka than ever before: 'Today, firms are facing many contradictions' (Nonaka & Toyama, 2002, p. 995) 'in terms of its employees, customers, suppliers, related firms, and so on' (Nonaka & Toyama, 2002, p. 998); 'Contradiction is a necessity ... for creation' (Nonaka & Toyama, 2002, p. 999) since '[K]nowledge is dynamically created out of contradictions' (Nonaka & Toyama, 2002, p. 996); '[T]he key to understanding the knowledge-creating process is dialectic thinking and acting, which transcend and synthesis such contradictions' (Nonaka & Toyama, 2003, p. 3); '[I]t is such a synthesising capability that gives a firm a reason to exist' (Nonaka & Toyama, 2002, p. 1006), etc.

Underneath the rhetoric, here is the logic: (1) anything in and around the firm is in contradiction with everything else, (2) which is good for the firm but (3) need to be synthesised and transcended (4) into a 'higher stage of truth'. Simply put: no contradictions, no organisations. To contradict or not to contradict, to synthesise or not to synthesise, that is *not* a question.

Dialectics, synthesis, transcendence and integration are obviously attractive ideas, but what they mean and how they are done is much less clear. To acknowledge that organisation boundaries become increasingly dynamic and blurred (Nonaka & Toyama, 2003, p. 8) is plausible, to suggest that firms can share *ba* with competitors and customers (Nonaka & Toyama, 2003, p. 5) is interesting, although not novel ideas. But these are not necessarily the same thing as synthesis or transcendence. It appears that Nonaka treats all ideas and writers as one and the same thing as long as they take on the 'synthesis' or

¹There is an interesting development from Nonaka recently. After the first draft of this paper was submitted to this journal in 2004, Nonaka published a paper in 2005. In that, as if anticipating and replying to criticism, Nonaka acknowledges that 'the issue of power in organisations needs to be developed further' (Nonaka & Toyama, 2005, pp. 433–434). Such an acknowledgement is apparently overdue and hence should be welcomed. But to acknowledge an issue under criticism is one thing, to take it seriously can be quite another. It remains, therefore, to be seen what power, domination and politics mean to Nonaka and how they are to be incorporated into his idealist KCC.

'dialectics' hat. This is evident in the following short paragraph:

The word 'synthesise' is defined as 'the dialectic combination of thesis and antithesis into a higher stage of truth' ... It is not 'either/or' but 'both/and', and it is not just finding an optimal balance. It is an action to transcend the existing self, which in essence is the interdependence, interpenetration and unity of opposites ... Dialectic has a long history in Western philosophy, from Plato to Hegal [*sic*] to Bhaskar ... It is also a major part of Eastern philosophy (Nonaka & Toyama, 2002, p. 999).

This is of course a convenient and harmonious treatment. But it glosses over so much diversity and difference, produces more confusion than stimulation. As an Easterner myself, I doubt whether 'combination of thesis and antithesis into a higher stage of truth' is in the 'major part of Eastern philosophy'. In Far-eastern traditions, as far as I know, *yin* and *yang* never melt down into a 'synthesis', the loss of opposites means death.

So much trouble for synthesis. But why should we see organisation as in contradiction with all and everything within and surrounding it in the first place? Why should there be only one type, that is, contradictory, of relationship? Nonaka asserts that '[S]ince individuals have different goals and contexts, contradictions are inevitable among individuals and the organisation to which they belong' (Nonaka & Toyama, 2003, p. 3). But are differences 'inevitably' equivalent to contradictions? Nonaka implies that it is, but does not argue for it. If things different are necessarily in contradiction, as Nonaka would have us to believe, the world would be very dark indeed. Men and women are different, for example, but are they 'inevitably' always in contradiction? How are a cleaner and a driver in 'the company', for further example, 'inevitably' in contradiction, given that they are indeed 'different individuals'? Seeing the organisation as in contradiction with everything else, that is, 'its employees, customers, suppliers, related firms, and so on', Nonaka falls into the trap of Porter's (1980) five-forces model of which he claims to be critical (Nonaka & Toyama, 2003, p. 4).

My view is that life in the world and organisations are much more variegated and rich than Nonaka's theory allows for. Contradiction does not exhaust all possible relationships within an organisation, nor between it and other 'entities', and that synthesis and transcendence is not always the only solution, let alone the best one. An organisation is dealing with different kinds of 'entities' and issues which constitute different types of relationships, and this calls for different forms of understanding and different kinds of action. We had better learn to live and work with heterogeneity and variety in and of relationships. A 'synthesised' 'higher stage of truth' or a 'transcendent' 'higher viewpoint' is not always a better one. Or it may be better for some, not necessarily for all. There are limits to single-minded, wishful synthesis and transcendence.

In a recent paper (Nonaka & Toyama, 2005), Nonaka speaks of 'soft dialectic' 'which embraces contradictions and incorporates conflicting views' and goes on to submit that such a dialectic 'is more suited to synthesis in management than the Hegelian dialectic, that does not allow contradictions to stay' (p. 426). Yet how does it work? In that same paper, Nonaka tells us a presumably successful story of a supposedly good KCC, Eisai, a Japanese pharmaceutical company and its unique 'hhc (human health care)' vision. 'This vision made the employees of Eisai recognise that the mission of the company is to be on the side of patients and their families, not on the side of doctors or pharmacists' (p. 424). But why and how patients and doctors are at two 'sides'? No descriptions or explanations, we are simply taught to assume that patients and doctors are in contradiction by default, and to take side between them. Is this what Nonaka means by 'synthesis in management'? How does this 'allow contradictions to stay'? And how is it 'more suited than the Hegelian dialectic'? Again, Nonaka says nothing beyond convenient assertions and unquestionable cases. It appears that, no matter 'hard' or 'soft' synthesis, Nonaka has become a prisoner of his own obsession with contradictions.

Nonaka is correct that any theory of the firm is to answer the question 'Why does a firm exist' (Nonaka & Toyama, 2002, p. 1005). To transaction cost theory, the firm exists because it can handle some economic exchanges internally more efficiently than in the market (Coase, 1937). For other knowledge-based theories, such as Nahapiet & Ghoshal (1998), the firm exists because it has an advantage over markets in creating and sharing intellectual capital due to more dense social capital within the firm. Why does a firm exist for Nonaka, then? This is what Nonaka has to say:

The basic argument is that knowledge creation is a synthesising process through which an organisation interacts with individuals and the environment to transcend emerging *contradictions that the organisation faces* (Nonaka & Toyama, 2003, p. 3; *emphasis mine*).

It is such a synthesising capability that gives a firm a reason to exist (Nonaka & Toyama, 2002, p. 1006).

To put it in plain language, the firm exists to synthesise the contradictions it faces. The problem is: if the firm does not exist, it need not face any contradictions at all. If there is not the firm, there will be no 'its employees, customers, suppliers, related firms, and so on', and hence no contradictions and no need of synthesis. So why should the firm bother to be there at the first instance? In other words, why should we create the firm simply for the purpose of synthesising contradictions which will not exist if without the firm? All other theories of the firm have defects, big or small, this or that kind, but none has such an existentialist problem as Nonaka's theory which is due to his narrowly-minded obsession with contradictions and synthesis.

I do find troubling contradictions in Nonaka's model and incorporation, however. On the one hand, knowledge is context-specific (Nonaka & Toyama, 2003, p. 6), 'cannot be readily bought and sold' (Nonaka & Toyama, 2002, p. 997), on the other, it can be bought from 'the outside', 'through a market' (Nonaka & Toyama, 2002, p. 995); at one place, there is 'the dualistic nature between the agents and structure' (Nonaka & Toyama, 2003, p. 9), yet at another, the dualistic two are only merely 'ways of considering social action' (Nonaka & Toyama, 2003, p. 4); at one moment, we are told that "'Truth" differs according to who we are (values) and from where we look at it (context)' (Nonaka & Toyama, 2005, p. 421), while at another we are instructed to guard against cases where 'it is hard to create new knowledge or achieve the universality of knowledge' (p. 422), and so forth. I do not see how Nonaka can seriously have them both ways. I do not think these contradictions are synthesisable or transcendable. They must be discarded.

The omelette synthesis

Many have criticised 'the imperialist synthesising and totalising project' with which Giddens (1) attempts to offer an overarching order for social sciences, for which he (2) denounces almost all 'traditional' social theories from Durkheim, Weber, Marx to Parsons, but (3) draws bits and bites from others at will and (4) leaves out valuable insights of others which appear not fit for his grand theory (Craib, 1992; Mestrovic, 1998). One found these same tendencies in Nonaka's recent work.

While Nonaka once famously preached that knowledge is 'justified personal belief' (Nonaka & Takeuchi, 1995; Nonaka & Toyama, 2002), there are recently moments when he rules out the justified beliefs of others. Nonaka appears to be forgetting that there can be no certain, best single theory for KM or of the firm across time and space, as he now frequently writes in either/or terms thus 'An organisation is not a collection of small tasks ... but an organic configuration of ba ...' (Nonaka & Toyama, 2003, p. 9), and as he believes that he has captured and represents the fundamental essence of things thus 'Western epistemology has traditionally viewed knowledge as explicit. However, to understand the true nature of knowledge and knowledge creation, we need to recognise ...' (Nonaka *et al.*, 2000, p. 8). The implication: only one representation of the social world is valid and all others must be 'synthesised', i.e., homogenised, into it.

Like Giddens, Nonaka presents his work as breaking with 'conventional theories'. This is a fair aim as long as other theories are treated fairly and room is left for learning from them. Yet his treatments are usually sweeping and distorting. Nonaka comments on neoclassical economics theory, transaction cost theory and the resource-based view of the firm altogether, as if they were the same thing, thus: 'Traditionally, these theories focus mainly on the production of physical goods' (Nonaka & Toyama, 2002, p. 995). I must admit that I failed to find such a 'focus' in transaction cost economics and the

associated principal-agent theory. Instead, I found that Alchian & Demsetz (1972), Jensen & Meckling (1976) and Williamson's (1980) main concern, for example, is cooperation, or the lack of it, and incentives in teamwork when the production is not of easy-to-measure physical products but difficult-to-disentangle knowledge. As to the resource-based view, as far as I know, intangible resources and products have gained prominent attention since Barney (1991), if not earlier since Penrose (1959) and Marshall (1965). In fact, it is Nonaka himself who has been focusing exclusively on the 'production of physical goods': his KCCs are almost all machinery or household product manufacturers: Honda, Toyota, Cannon, Kao, Maekawa Seisakusho, etc., and his analysis domain is seldom beyond physical goods development.

I have particular difficulty with his wholesale denunciation of the information-based theories of the firm. Nonaka criticises the theories at a time nearly everybody is rejecting the 'information-processing machine' metaphor. This is easy, like attacking a dead man. However, to reject the machine metaphor is one thing, to dismiss the information paradigm altogether 'in the long tradition of Western management' (Nonaka *et al.*, 2000, p. 6) is quite another. It is this line of research, I shall argue, that reveals something important which Nonaka's KCC model cannot handle and does not tell: information asymmetry, information manipulation, information manufacturing, sectional interest, dependence, legitimacy, politics, etc. The problem is, Nonaka reads the rich information-based theories of the firm in organisation studies merely through the superficial machine metaphor which he conveniently picks up, and then throws out the baby with the bathwater.

A critic describes how he feels when handling Giddens's 'theoretical omelette' thus: 'I have occasionally felt I was getting lost... He moves around from topic to topic, point to point, thinker to thinker, and I find myself struggling to find the "point"' (Craib, 1992, p. 31). One may feel the same frustration when reading the recent Nonaka.

Personally, I was excited by Nonaka's early inspiring writings on chaos theory, the rugby team metaphor, the concept of ba, and his earnest analysis of differing performances of Japanese industries in conjunction with the Japanese ways of knowledge management (Nonaka, 1986, 1990a, b; Kusunoki *et al.*, 1998; Nonaka & Konno, 1998), all of which are well related with each other and bear a distinguishable Nonaka intellectual mark in the 1980s and 1990s. I become disappointed when Nonaka adopts a me-too, I-am-everything strategy, daily expands his now all-encapsulating model by adding-on almost everything we can find in the management literature: knowledge visions, assets, routines, incentives, leadership, etc. One wonders what is Nonaka's present 'point'. Nonaka criticises 'traditional organisation theories' because they 'try to solve such contradictions through the design of organisational structure, incentive systems, routines, or organisational culture' (Nonaka & Toyama,

2003, p. 3). Yet we see Nonaka brings all these 'traditional' mechanisms into his own model through the backdoor without any hesitation. They are, after all, nice things to have, yet only for his model, not for others. The once inspiring, energetic intellectual spin-off has now become a grand, totalising bureaucratic machine, become an end in itself.

I do not in principle have a problem with 'theoretical totalising', since any theory or model contains, explicitly or implicitly, its broad view upon itself as well as its relations with other theories. Even postmodernism cannot help but presents a unique fabric of narratives upon how all other 'texts' should be locally and temporarily 'consumed', in spite of its anti-totalising-narrative rhetoric. Therefore, I am not against theoretical totalising *per se*. What concerns me is Nonaka's distorting omelette totalising. It is distorting because it bundles the resource-based view and other knowledge-based theories such as Grant (1996) altogether with classical economics as one and the same thing simply because those theories do not fit well with his narrowly-minded, one dimensional synthesis; it is a theoretical omelette because of the lack of consistency and coherence in recent theoretical incorporation due to his uncritical, superficial cherry-picking of Giddens and many others.

Practically, as Nonaka's organisational mechanism checklist gets longer and longer, it is less and less instructive when and where application is appropriate. If you fail, there must be something *you* got wrong, for example, the wrong ba, the wrong spiral, the wrong vision, the wrong assets, the wrong routine, the wrong incentive system, the wrong leadership, the wrong manager who failed the role of middle-up-down bridges, the wrong synthesis of contradictions, etc. While the all-synthesising model can in no way be challenged since it tells all and everything *ex ante* regardless of context, it gradually lost its distinctive explanation and creative power.

My point of all this is that I am happy to have Nonaka's model, but I also want to learn from other theories of the firm, since these theories, for all their defects, still provide useful perspectives to probe the questions in organisational life which Nonaka's model failed to address, for example, why individuals come to share and exchange knowledge in teams and firms, and how to solve associated problems such as information asymmetry, social embeddedness, domination and political actions (e.g., Arrow, 1962; Granovetter, 1985; Aoki, 1988; DiMaggio, 1988; Roberts, 2004; for a summary see Swedberg, 2003). These issues may not be as new or 'transcendent' as Nonaka's theory, but they are no less crucial to practical managers. To me, the most striking feature of the modern firm is its complexity and variability. Information- and knowledge-based theories, and others, offer not mutually exclusive descriptions, but different descriptions, each of which focuses attention to different aspects of the firm, useful in different ways, in different contexts. There is no point for indiscriminatory, blanket denouncement upon others.

As to Nonaka's theory itself, what I am arguing in the above is not so much that it is wrong, but that it is, like many others, only partial, and hence needs to be complemented with, not replace, others. Further, all elements in the theory have something to aid our understanding, but they do not fit together. Crucially, when these elements are taken out from their original contexts and inserted into the Nonaka model, much has been lost or distorted: the 'two types of knowledge' taken out unhandily from Polanyi is just an often criticised example (for critiques see, e.g., Tsoukas, 1996, p. 14; Boisot, 1998, p. 56; Nahapiet & Ghoshal, 1998, p. 248; Cook & Brown, 1999, p. 384; Brown & Duguid, 2001, p. 203; Orlikowski, 2002, p. 250).

Conclusion

In this paper, I have tried to show that Nonaka's appropriation of Giddens, as an illustrative example of the more general pattern of his recent incorporation of other heavyweight theorists, is confused, confusing and intentionally partial. He uncritically accepts from Giddens the controversial conceptions of structure and agency, sometimes makes them more problematic. Let me make myself clear on this point: I am not critical of his incorporation of controversial conceptions, but critical of his lack of engaging analysis, justification and argument for it. He exaggerates Giddens's 'contradiction' into an all-dominant mechanism, whereas he reduces Giddens's 'practical-discursive consciousness' into the whether-we-can-tell aspect only. He is almost the double of Giddens in the project and the way of search for a grand synthesis, which only turns out to be a disconnected and self-contradictory omelette sort, while he keeps as far away as possible from Giddens's concern of power and domination.

At another level, however, Nonaka is all conscious, sharply focusing and perfectly consistent. He incorporates Giddens's conflated structure because it justifies his own magical ba. He appreciates Giddens's rationalised agent because it mirrors well his own one-dimensional, idealistic knowledge creators. He praises Giddens's two kinds of consciousness because they are thought to support his own 'separation of the two types of knowledge'. He spreads Giddens's contradictions because they seemingly allow him to bend the diversity, complexity and richness of organisational life into one homogeneous conceptual device. But he manages to keep conspicuously silent toward Giddens's concern of power and domination due to its potential in disturbing the cosy *status quo* of his KCC. As a consequence of such superficial and incoherent theoretical borrowing, however, tensions, contradictions and existential problems gradually build up in Nonaka's recent writings.

Overall, the incorporation leads to an illusory confirmation of the idealistic yet simplistic Nonaka model, rather than a critical review of it. To some, this is satisfactory since no uncertainties emerge and previous intellectual investment is safe. To others, this is regretta-

ble since an innovation opportunity is wasted. But both views are premature because Nonaka's is not the only way Giddens can be incorporated into KM.

This paper is meant to be critical, not toward Nonaka personally, but toward his recent theoretical appropriation, his superficial and idealistic style, and associated consequences, which can be significant due to his huge and usually unquestioned influence. In KM, as in any other field of human inquiry, critique and debate are as important as theory building and extension. No model,

however popular or influential, shall be beyond scrutiny and contestation. For some time now, there have been plenty of praises and convictions, few questions and debates, which is hardly a healthy sign for a field of inquiry. It is against this situation that I offer my critique in order to invite clarifications, dialogues, refinements and further innovations. I firmly believe, and wish my critique be read as such, that it is precisely by critically appreciating their work that we keep faith with our intellectual pioneers.

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