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Title:

Knowledge Communities in Japan A Case Study   Feb. 10, 2004

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Abstract:

 Japan's "high context", consensus-based organizational structure worked very well in the industrial age. With the coming of the knowledge age, however, Japanese cpmpanies are increasingly realizing the need to develop "knowledge building communities". This article traces the origins and development of this paradigm shift in Japanese business culture.

Body:

I. Introduction

 Japan used to be highly competitive in the global market until the end of 1980s. But it is generally believed in the 1990s, there has been a rapid loss of competitivity. I believe that this could be the result of an inward-looking organizational structure, based on factors such as seniority rule, a life-long employment system, and corporate-based union movements; and that the old consensus-based management, nurtured by "high-context " community that was suitable in the industrial age, is no longer suitable now. High-context based communities in many Japanese companies have been gradually crumbling.

 Therefore, when "knowledge-community building" emerged in the USA at the end of 20th century, lots of researchers as well as practitioners, including myself, immediately showed keen interest and started research on knowledge-community building in the USA and Europe.

Since then, as a leading member of Knowledge Management Society of Japan (KMSJ), I kept advocating the importance of this issue in Japanese academic as well as business circles. In 2001, I headed "Theoretical KM Research Group" of KMSJ, one of the special interest group at KMSJ. Under my leadership, this group specialized in knowledge-community building for the past four years, and it is the only public research and practice group of "communities of practice" in Japan.

   Currently, promoting activities of "knowledge-community building" have been one of the main issues in KMSJ, and more than 10 case studies, in my group itself, have been introduced at different seminars. In addition to these, I am sure that there are at least 50-100 "knowledge-community building" operations in Japan. It is surprising that in this short period of three years, so many "knowledge-community building" teams have been set up in Japanese companies.

   One of the interesting feature is that Japanese "knowledge-community building" is not exactly similar to the "communities of practice" as was defined by Etinne Wenger (Wenger 1998 2002) in the USA, but much rather resembles "knowledge communities" on internet such as Askme, Abuzz etc. The difference between "communities of

practice" and "knowledge communities" is that while in case of "communities of practice" the scope of member participation is clearly defined by job description (such as copy-machine repairmen's community), whereas in the case of "knowledge communities" member participation is very vague, wide open and irrespective of minute job description, covering, in some cases, all the employees working in a big company.

II. Increase in Japanese "knowledge communities"

During the past three years, I wrote four books that are related to "knowledge communities" operational in Japanese companies. It is a matter of regret that these books are all in Japanese. However, in this article, I have conveyed some of the essence of my books.

First of all, one of the common features of Japanese "knowledge communities" is that most of them are on-line communities. In Japan, with the tradition of life-ling employment, there is almost no interest in face-to-face "knowledge communities". It is true that in the book "Knowledge Creating Company; How Japanese Companies Create the Dynamics of Innovation", the importance of face-to-face based tacit knowledge transfer was strongly emphasized. However, it is obvious even in Japan that traditional face-to-face based communities are not suitable for new idea generation for knowledge age, but rather are suitable for skill transfer for the industrial age. Therefore, it is suggested in Japan that instead of the "dense-human-field", called "ba" in Japanese, advocated by Nonaka, Granovetter 's "the strength of weak ties" is a more feasible theory of on-line based "knowledge communities".

Second, in these three years, Japanese companies have been experiencing a sort of Cambrian Explosion of on-line based "knowledge communities".

Actually, the size, structure, leadership and purposes of Japanese "knowledge communities" are quite diversified. As far as the size of "knowledge communities" is concerned, to the best of my knowledge, while the smallest one has only 180 members within Japan, the biggest one has more than 10,000 members scattered all over the world. As for structure, while some "knowledge communities" are based on on-line magazines for only issuing newsletters, others are based on Q&A-type community-system just like Askme or Abuzz.

Some of the "knowledge communities" have community-facilitators whiles others don't. The interesting issue is that whether or not "knowledge communities" have community-facilitators, some "knowledge communities" are highly operational and efficient while others are not.

To give you a clear picture of Japanese "knowledge communities" I would like to give you an interesting example.

Ricoh, well known manufacturers of copying machines in Japan, was surprisingly nominated to one of the finalists of MAKE 2003. I am not sure why Ricoh was nominated. However, as far as I know, this company is excellent on knowledge-community building in a typical Japanese way.

Ricoh has on-line newsletter-based "knowledge communities" with more than 10,000 participants from all over the world. This on-line newsletter is full of specific and useful business knowledge, such as how to persuade customers to buy Ricoh digital cameras, as well as the articles useful for employees. It is said that Ricoh's strength lies in the on-line newsletter from "knowledge communities". The "knowledge community" at Ricoh was started by one of its senior staff members. Top management at Ricoh praised his voluntary efforts and nominated him to the position of company coordinator. His work as coordinator of Ricoh's "knowledge community" is very simple. As editor of company newsletter, he issues a mailing-list-based newsletter every week. Employee fan letters from all over the world are also attended to. Most of these letters are automatically made open to public on intranet homepages. The regularity of this simple operation produced a big on-line community, with more than 10,000 participants. In case a participant wanted to communicate with other community-participants, all he had to do was to send a fan letter to the coordinator. These fan letters are actually used for the purpose of message exchange within knowledge

community. This simple community functioned very well as a catalyzer, and as a result, more than 300 directly business related and Q&A-type knowledge communities were born in Ricoh, at a later stage. I suspect that this simple news-letter-community operation brought about a new and strong on-line knowledge- community culture to Ricoh.

III. Company-Community Building for knowledge age
With the long tradition of inward-looking and high-context based company-communities, Japanese companies are highly sensitive to the change of employee mentality as well as company culture. As far as face-to-face based communities, backed by lifelong employment and seniority-rule, are concerned, Japanese companies are confident of its success. However, when it comes to on-line based knowledge communities with open and low-context flavor, they are quite new to Japanese companies. Therefore, I presume that new cultural mix of western COP(communities of practice) and oriental collectivism is emerging in the shape of on-line based knowledge communities at the beginning of 21st Century.

With the mixture of traditional culture and new technology, interestingly, Japanese knowledge communities have the following unique local features that are different from global standard COP Model:

1) Most of knowledge communities are IT based;
2) They retain traditional collective decision-making flavor;
3) Nickname based on-line communities are increasing in number;
4) They prefer one big knowledge community; and
5) There is a vertical as well as horizontal knowledge exchange;
   (The last feature might sound strange to readers outside of Japan. Some readers might insist that knowledge communities for vertical knowledge exchange are not communities, but rather pyramid-based traditional organizations on IT network.)

1. Most of knowledge communities are IT based.
 Actually I can confidently say that 90% of knowledge communities (communities of practice) in Japan are IT based. One of the reasons is that generally, young employees are fed up with inward-looking dense-human-fields that Professor I. Nonaka calls "ba". The younger generation treasures individualism, whereas older generation still sticks to group-type behaviour.

In the new circumstances of economy of speed, Japanese companies are transforming themselves into transparent ones and are making themselves open to employees, to benefit from the flexible knowledge power of young employees. Another important point is that Japanese companies have gradually noticed that "fresh and new ideas" emanates not from an introverted community environment but from an open and individual treasured community environment. That is why low-context and intranet-based knowledge communities are installed so rapidly in Japanese companies.

2, Retaining traditional collective decision-making flavour
 In the building of a knowledge community, companies should give some consideration to middle managers as well as young employees.

In Japanese companies, the current mainstream of middle managers are the people who joined companies, fresh out of college. They have been trained to be adaptable for consensus -based collective decision-making. Interestingly, some sort of a consensus-based traditional flavour can be seen in newly built Japanese knowledge communities.

3, Nick-name based on-line communities
 Another feature is that in some top-level companies, knowledge communities are operational on an employee-nick-name basis (knowledge exchange based on handle name). Actually, this trend is a big surprise even to me, though I was born and raised in Japan. Use of multiple identities such as handle-name on internet had been considered incompatible with Japanese traditional culture for a long time.

However, it is being gradually accepted in business community that the use of a nickname enables employees to exchange knowledge more easily, irrespective of organizational hierarchy. Interestingly, use of nickname revived altruism, another

Japanese tradition of collectivism, in the new form.
4, One big knowledge community is preferred.
 Japanese companies prefer one big knowledge community to a collection of small ones. Some knowledge communities include all employees, including these of subsidiaries. For example, the knowledge network of Mitsubishi Electric Company covers 90,000 employees working in all the group companies. Japanese companies have a long paternalistic tradition, that regards all the employees as family members.
In a sense, development of a large knowledge community is the resurrection of paternalism.
5, Vertical as well as horizontal knowledge exchange
 In Japan, the flexi time system has become more and more popular with companies these days. To take an extreme example, a salesman in an IT-based office uses his cellar phone and PC to customers, and on a given day may return home without visiting company his office at all. In many cases, researchers in the R&D division may work either at home or in the laboratory, depending on their convenience. It is quite natural that in this sort of environment, top managers begin to consider managing employees directly through an IT network. So it is natural that in business circles, knowledge communities look very promising for top managers as they can exchange conversation directly and get their message through to employees, and have them swing in action.
Therefore, as soon as knowledge communities become operational, top managers show keen interest in them and sometimes actively take part in them. The coordination between community members and top management is one of the important jobs for community facilitators.
In Japan, it is said that in knowledge communities on intranet, employees can behave more as self-contained decision-makers and, in short, self-supporting people. Therefore, in knowledge communities, employees and top management could be on equal footing, as opposed to the definite bureaucracy type operation on a face-to-face basis.
In this context, both traditional high-context communities based on face-to-face communication and newly born knowledge communities surprisingly coexist in advanced Japanese companies. I call this "dual context community", the new social environment of Japanese companies.

IV. Some Actual Cases

 Besides Ricoh, there are some other marvelously successful examples in KMSJ. To the best of my knowledge these following cases are the most advanced knowledge communities in Japan. In a couple of cases, I myself proposed and started knowledge-community building. In addition, these cases were heatedly discussed as Japanese version of COP, at seminars at KMSJ. These seminars were held in Tokyo under the auspices of Special Interest Group, which I headed throughout 2002 and 2003.
 1. Sumitomo Life Insurance
 The sumitomo group is one of the biggest traditional collection of financial and industral group companies in Japan. As far as knowledge communities are concerned, their Life insurance wing broke the ice.
  Sumitomo Life Insurance launched a knowledge community in the autumn of 2001. Currently, roughly 6,000 voluntary participants are exchanging knowledge in the Q&A style on intranet. While they use Japanese native software, their Q&A system is along the same lines as the American born Q&A community system. Sumitomo's knowledge community is one big community, covering all its 12,000 core employees. It is said that half of the core employees have voluntarily enrolled in the knowledge community and more than 400 Q&As are exchanged every month.
It is said in KMSJ that Sumitomo Life is a typical success case of knowledge community building. From research by KMSJ some the success factors are;
Nomination of community coordinators.
   These community coordinators were nominated by top management.

#Support of employees.

In Japan, it is very common for life insurance companies to have a huge number of small offices with one or two employees. At Sumitomo Life, employees working in these scattered small offices cheered the emergence of knowledge community and became positive participants.

#Earnest support of CEO.

With the knowledge community operational, the CEO can see through the intranet what is going on in the field every day.

What is interesting is that with the success of knowledge community, official organizations also took part in knowledge communities. Some questions, such as ones relating to fringe benefits, could not be properly answered by individual employees. In such cases general affairs division cleared doubts.

Lastly, I must point out that all the participants at Sumitomo knowledge community use nicknames, the so-called handle names, that is very popular on internet. Resultantly, in Sumitomo Life "knowledge contribution rewards" are all announced and given to employees using nicknames.

In Sumitomo Life the low-context society emerged through intranet, coexisting with traditional high context society on face-to-face basis. I believe that these are the beginnings of the emerging Japanese company.

2. Johnson and Johnson, Japan

Johnson and Johnson, Japan is a subsidiary of Johnson and Johnson, USA. Their Ethicon Div., the core division of their medical company and most profitable one, started knowledge community at the end of 2001. While sales staff numbers around less than 200, they are scattered all over Japan and are working at home offices. Therefore, knowledge exchange definitely requires intranet-based knowledge communities. One of the drawbacks of a home office is that best business practice invented by each sales staff cannot easily be shared by other sales staff members of Johnson and Johnson. Therefore, the first objective of knowledge exchange was to find out hidden best practices and share them throughout the organization.

Johnson and Johnson, Japan, independently launched the knowledge community, without seeking advice from headquarter in the USA. In the USA, Johnson and Johnson is famous for knowledge management and were nominated finalist at MAKE. That is why J&J Japan's knowledge community has a very Japanese native flavour.

As far as employee participation goes, all the members of Ethicon Div., including support staff, were automatically registered into the newly born knowledge community.

Interestingly, at the initial stage of community launch, it was decided that each participant would write a essay or a poem regularly and put it on the homepage of the knowledge community. This may seem like a waste of business time. However, in Japan, this sort of human-touch furthers high quality knowledge exchange. Theoretically speaking, it could be suggested that writing an essay is a sort of context management, just like introducing participants to a knowledge community. In any company, good HR is regarded as essential capital and nowadays it is called "social capital", essential for quality knowledge exchange. I believe that the essay-type approach is from Japanese tradition of nurturing high-context society, seen all along in companies in Japan. However, it is surprisingly feasible for the new working style of knowledge community on intranet.

At the first launch of knowledge communities, participants started seeking and giving advices through Q&A under real names. However, the number of daily Q&A exchanges were few, and many times almost nil. So they decided on the use of nicknames and as a result, surprisingly, the Q&A exchange increased rapidly by almost five times.

As for Mr. top manager at the Ethicon Division, he occasionally uses two different names in different contexts. When he gives official instructions, he uses his real name and official title. He does this also when giving management briefing to knowledge community. On the other hand, when he takes part in knowledge discussion on

intranet, he uses a nickname such as "an Ex-Trading Champ."

Another interesting example is when the top manager compiles strategy plans or reorganization plans all the plans drafted are sometimes disclosed on knowledge community for employee discussion. Any employee in the Ethicon Division can express his opinion as to whether drafts are acceptable, or whether drafts are to be modified or rejected. The point is that through discussion, all the employees well understand the spirit and content of the plan. Therefore, a very quick and smooth installation of a new plan can be expected. It is a sort of new type of consensus-based management through employee participation on intranet. As you know, traditional Japanese collectivism consisted of consensus-based management.

J&J Japan also have a very good community coordinator Mr. K. Onozaki, manager of knowledge engineering department. As a coordinator of the knowledge community, if he feels it is necessary to be physically present anywhere in Japan, he meets with employees for a face-to-face discussion, and work is discussed over a drink or meal.

Here in Johnson and Johnson, it seems that traditional Japanese spirit is being reborn in a new shape - the combination of knowledge communities on intranet and close social community in a physical sense.

3, Q.P.Corporation

Q.P.Corporation is a Japanese company manufacturing and marketing mayonnaise and salad dressings in Japan. They have more than 80 years history behind them in the food manufacturing business, with about 2,200 employees. Q.P.Corporation is a typically traditional company in Japan. However, Q.P.Corporation is well known in Japanese business circles for successful knowledge community design and operation. From my own experience it can be said that there are two different approaches to the launch of Japanese knowledge communities. The first approach is starting to build good social capital, nurturing a good atmosphere for human interaction on intranet at an early stage, then proceeding to knowledge exchange at a later stage. The second approach is breaking the ice, by immediately launching Q&A-type direct business knowledge exchange. In either case "good social-capital building" is definitely essential to avoid risk of project failure. In the past three years I myself have been involved in knowledge community building for several companies and found that promoting knowledge exchange must go hand-in-hand with promoting social-capital building.

In the case of Q.P.Corporation, they started building good social-network on intranet at an early stage and later they proceeded to knowledge sharing through the knowledge community.

To begin with, therefore, they launched only one big knowledge community, covering all the subsidiaries as well as the main company. Two years later, they gradually started setting up sub-communities for pure knowledge-exchange purposes by following natural community evolution.

First, the knowledge management team started a company newsletter service for all the group employees in a lotus-notes environment, and set up a mail-magazine. This newsletter service, together with a bulletin board, where any employee can express his opinion on knowledge-related articles is quite interactive. At an early stage, all the articles in the newsletter were directly prepared by knowledge management team only. At a later stage, some articles were compiled and posted by employees on a voluntary basis.

Nowadays top management as well as official organization participate in knowledge communities. For example, last year, marketing division occasionally recruited employee volunteers for sampling new diet foods, and to promote new products in their neighbourhood. Top management sometimes contact and ask community coordinators for help, to conduct opinion surveys, for food-related matters, of employees or their family-members.

It seems that with knowledge community, Q.P.Corporation is definitely changing its company culture.

V. Conclusion

Given Japan's "high-context" tradition, I have been finding the building of knowledge communities in Japanese companies over the past three years quite interesting. It is quite different from Business Process Reengineering Project, which is full of mechanical flavour. Unlike the BPR style, even at the planning stage, company history and culture are frequently examined and discussed.

Another interesting aspect is that nickname-based knowledge exchange and low-context communication, can coexist with high context communication on a facet-to-face basis. It was this phenomenon of a community at the crossroads of Japanese history that attracted me to the jobs of knowledge-community researcher, promoter builder and consultant. I can say with confidence that the building of knowledge communities is a typical Japanese post-Nonaka approach.

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