STORYTELLING:
TRANSFERRING TACIT CORPORATE KNOWLEDGE
IN DIFFERENT CULTURES
A RESEARCH-IN-PROGRESS PAPER

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Abstract

Storytelling is an instrument to transfer tacit knowledge within organisations, which is little explored. In this paper a first framework to structure the storytelling process is developed. It consists of four phases: intention, creation, narration and reception. Since tacit knowledge is highly culture-bound, this process, its effectiveness, and importance differ in low-context and high-context cultures. The authors develop first research propositions to investigate differences in using storytelling as a knowledge transfer tool. A qualitative research design to explore variables and relationships influencing the transfer of tacit knowledge via storytelling in Japan and Germany is proposed.

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1 INTRODUCTION

Knowledge is widely recognised as a primary resource of organisations (Drucker 1992). Some authors propose that knowledge is a company’s only enduring source of advantage in an increasingly competitive world (Birkinshaw 2001). The problem and the challenge companies encounter is to manage it in an effective way to increase their competitive advantages. Nelson and Winter (1982) argue that a large part of human knowledge is context-bound, highly firm-specific, and tacit in nature; and that there are limits to which it can be effectively articulated and transferred. The problems and the challenges companies encounter are to manage it in an effective way to increase their competitive advantages. The capability of multinational corporations (MNCs) to efficiently combine knowledge from different locations around the world is becoming increasingly important as a determinant of competitive success (Doz et al. 1997a). Thus, MNCs derive a potential competitive advantage from managing knowledge flows between their subsidiaries. The management of knowledge in the multinational corporation involves projecting knowledge between different units of the corporation, e.g. from the centre (home-base) to the periphery (subsidiary) or vice versa (Schulz et al. 2001).
TACIT AND EXPLICIT KNOWLEDGE

Nonaka and Takeuchi (1995) distinguish between explicit and tacit forms of knowledge in corporate settings. Explicit knowledge is expressed in formal and systematic language and shared in form of data, scientific formulas, specifications and manuals. It can be processed, transmitted and stored easily (Nonaka et al. 2001).

Tacit knowledge, on the contrary, is very hard to formalise. Subjective insights, intuitions and hunches fall into this category of knowledge. This form of knowledge is deeply rooted in action, it is tacitly implied in skills possessed by individuals, their experiences and intuition, their relationships, and their understanding (Snowden 1999). Therefore, it is highly contextual and culture-bound (Nonaka et al. 1995). Tacit dimensions of knowledge build up overtime in peoples` heads, hands, and relationships. Knowledge management is challenged because these tacit elements of intangible assets accumulate in the organisation through dynamic, unstructured, and often subtle processes that are not easily codified into formal training programs or captured in information systems (Swap et al. 2001). Personal contacts and interactions are very suitable for transferring tacit knowledge within multinationals (Davenport et al. 1998).

Hence, it is difficult for an organisation to transfer tacit knowledge. There are various possibilities, e.g. workshop techniques for firms, to get hold of the tacit knowledge of its members, but they vary in their effectiveness (Snowden 1999).

TRANSFERRING KNOWLEDGE WITHIN MNCs

Dealing with knowledge creation, transfer, and exploitation will be increasingly critical to the survival and success of corporations, and of societies (Hedlund et al. 1993). Knowledge flows are strategically important to organizations for several reasons. First, knowledge flows transmit localized know-how, which is generated in one sub-unit to other locations in the organization. Second, knowledge flows facilitate the co-ordination of work flows linking multiple, geographically dispersed subunits. Third, knowledge flows can enable organizations to capitalize on business opportunities requiring the collaboration of several subunits. Knowledge flows are also crucial to the orchestrated execution of unified strategic responses to moves of competitors, customers, and suppliers. Finally, knowledge
flows enable the recognition and exploitation of economies of scale and scope (Schulz et al. 2001). This paper deals with storytelling as a tool to transfer corporate knowledge.

4 STORYTELLING: A VALUABLE MANAGEMENT TOOL

The importance of the social interaction between people working within an organisation is a major issue concerning knowledge management. Doz et al. (1997a) also describe a shift of emphasis from the form to the essence of knowledge transfer. A growing body of theory and practice in knowledge management, starting with Nonaka and Takeuchi, stresses the role of metaphors and careful choice of language as ways in which organisations need to get hold of corporate knowledge (Ward et al. 2002). People prefer to talk to their colleagues on their latest ideas (Birkinshaw 2001). They tell stories to exchange knowledge. So, narratives are used in order to transfer the complex contents of tacit knowledge (Snowden 2002).

4.1 Storytelling in an organisational context

An organisational story is defined as a detailed narrative of past management actions, employee interactions, or other intra- or extra-organisational events. These stories are usually communicated informally within the organisation. Normally, such stories consist of a plot, major characters, and an outcome (Swap et al. 2001). Purposeful stories will be able to capture and hold the attention of the audience. They are rooted in truth and they are self-propagating (Snowden 1999).

Snowden (1999) distinguishes between two kinds of storytelling: Storytelling as a knowledge disclosure mechanism and storytelling to create meaning and understanding. Storytelling as a mechanism for disclosing knowledge can be a helpful tool to get hold of the valuable tacit knowledge of members of the organisation. It creates a self-sustaining, low cost means by which knowledge can be captured on an ongoing basis. Storytelling to create meaning and understanding creates metaphors to transfer knowledge in a more transparent way.
In this paper, we stress the cultural embeddedness of knowledge which is vital to successful knowledge transfer. Our major argument is that the transfer of tacit knowledge through storytelling affects corporate culture and organisational performance.

### 4.2 What knowledge can a story transfer?

We assume that stories can not be used to transfer all kinds of organisational knowledge. It is important to show that storytelling is a powerful tool, but also that it is very difficult to use it intentionally as a management instrument, e.g. teaching core capabilities within an organisation by storytelling would be very difficult. For these forms of knowledge formal education is widely used. Still stories allow the transfer knowledge with all its complex connections (Davenport et al. 1998).

Stories can successfully transfer knowledge about managerial systems, norms, values and moral of a company. They can be easily identified with, are a powerful in transferring knowledge rich in tacit dimensions (Swap et al. 2001). Stories allow the listener to comprehend new experiences and to make judgements about the persons, objects, and beliefs of the storyteller. Stories help developing general attitudes and beliefs (Adaval et al. 1998).

As mentioned before, the organisational as well as the cultural context impact the tacit dimension of knowledge heavily. For this reason we consider that this kind of knowledge transfer is extremely organisation- and culture-specific. Thus, knowledge transfer through stories is supposed to differ in low-context and high-context cultures. A logical consequence would be that organisations in high-context-cultures emphasise storytelling more.

### 4.3 Importance of storytelling

All important knowledge that people acquire and retain in their memory is based on stories dealing with past experiences (Schank et al. 1995). Empirical evidence shows that information has significant impact on judgements and understanding, when it is conveyed in form of a story (Rughase 2002).
The importance of storytelling for memorising information is explained by cognitive science research. Memorable information is more likely to be acted upon. Stories are more vivid and entertaining. Thus, they often relate to personal experience than to rules. They are more memorable, considered more important and more likely to guide behaviour. Storytelling promotes the transfer of the tacit dimension of knowledge because it initiates the creation of shared mental models by clustering within familiar archetypes (Swap et al. 2001). Storytelling is the most personal way of transferring knowledge (Post 2002). Stories tend to attract more attention than other forms of knowledge transfer, where the intention is clearly defined. They help to launch a listener to action (Davenport et al. 2000). Storytelling has been practised in organisations for many years but “it is only recently that storytelling has been explicitly used as a management tool” (Lelic 2002). Thus storytelling is hardly ever used intentionally in organisations to transfer knowledge (Swap et al. 2001).

4.4 Context

The means by which a story is communicated is also very significant (Snowden 1999). A story can be transferred in different settings, e.g. meetings or in the cafeteria. It can be transferred orally or via different instruments and media, such as video, TV, radio etc. To this basic model we want to add that storytelling can be depicted as a continuous spiral of contextualization and decontextualization. The ‘core’, which is tacit in nature is enveloped in the contextual and cultural setting of the participants. Culture can be defined as “the form of things people have in their mind” and their model for perceiving, integrating and interpreting new ideas. It also refers to theories that they use to make sense of their social and physical reality (Sackman 1991). Culture is only one aspect an individual can be influenced by. Organizational and individual context can also have great impacts on the storytelling process.

4.5 The Process of Storytelling

Purposeful stories are self-propagating. They have a life of their own and they are not linked with an individual storyteller. In order to do this they need to be oral or tacit in nature, so the storyteller can invest his or her own authority around common structures or themes of value (Snowden 1999). Due to the early stage of our research we developed a first model to analyse the process of storytelling. It is divided into four sequences:
Intention

As we focus on the potential application of storytelling as a management tool, we have to concentrate on the intentional initiation of storytelling in order to transfer knowledge. People receive knowledge informally and sometimes even unconsciously. They learn much when watching colleagues or chatting to them. Thus knowledge transfer can occur without a deliberate intention to teach (Swap et al. 2001). Telling a story does not always have the purpose to teach either. Storytelling may have many other purposes too: entertaining, understanding or culture bonding (Snowden 1999). Storytelling might be an intentional transfer of knowledge but this knowledge transfer could also happen implicitly. Telling a story can take place via differing methods. Some corporations show video films to their employees introducing important business events or situations to them (Davenport et al. 1998).

Creation

The context of the setting of the storytelling influences the creation of the story. The means by which a story is told differ according to corporate and country culture. The methods of knowledge transfer are always related to the culture of the organization. Knowledge is closely connected with readiness of an organization’s employees to share and distribute knowledge (Davenport et al. 1998). Company culture defines the way people within the organization talk to each other and the way a story is told. Country culture is another factor
that influences the way a story is created. Denning (2001) analyzes different structures of stories in different cultural settings.

Narration
The main actor in the story creating phase is the story teller. A story can be told in different ways. The plot of the story can be structured differently. The knowledge transferred via a story can be stressed and obvious or hidden in fables or anecdotes. Denning (2001) defined voice, eyes and conviction as the main elements of “performing” a story. The way a story is told has a major impact on its reception.

Reception:
Stories can be accepted, treated indifferently, or refused. They can seem laughable or sad to the listener. The reception phase is strongly dependent on the narration phase. A story told has an impact on the receiver in any case. The intention of telling the story does not necessarily become understandable to the listener. Powerful stories become self-propagating and thus spread easily within the organisation. The listener becomes the storyteller. He also develops an intention of telling a story and activates the process of storytelling. In doing so, his intention can differ from the intention of the original story teller.

5 KNOWLEDGE TRANSFER IN DIFFERENT CULTURES

A central aspect of transferring knowledge is the cultural and social background of the persons transferring knowledge. Knowledge itself and consequently the usage of knowledge are deeply embedded in their cultural context (Bendt 2000). The differences in cultural background and consequently the differences in transferring knowledge have become of great interest in research lately.

5.1 Storytelling in low-context and high-context cultures: Japan and Germany

Edward T. Hall (1989) distinguishes cultures according to their way of communicating. He developed the concept of high-context cultures and low-context cultures. In a high-context culture, like Japan, information is contained in the physical environment or within the person, but not mainly in the verbal part of a message. A person does not primarily
communicate via talking, because very little information is in the coded, explicit part of the message. In a low-context culture, like Germany, the information is transferred via the explicit code. Much more reliance is placed on the words used. Things that must be said in a low-context culture are often self-evident in a high-context culture.

Doi (1981) points out, that there a differences in philosophical traditions between the “West” and “Japan”. Western tradition is always suffused with an emphasis on the importance of words. Japanese tradition implies that words do not reach and show reserve over eloquence. Accordingly, there is a difference between the Japanese and the “Western” approach to knowledge. In Japan knowledge does not only consist of data or information that can be stored in the computer, it also involves emotions, values and hunches. Japanese managers put more emphasis on tacit knowledge (Takeuchi 2001). Western epistemology on the contrary has traditionally viewed knowledge as explicit (Nonaka et al. 2001).

Snowden (1999) calls storytelling “an old skill”. Stories have been used in all cultures to communicate values, norms etc. for centuries. Still differences in cultures concerning the processes and effectiveness of storytelling have not been examined yet in business literature.

6 TENTATIVE RESEARCH PROPOSITIONS AND METHODOLOGY

The premise of this paper is to point out that there are differences in the usage of storytelling as an instrument of tacit knowledge transfer within organisation in low-context and high-context cultures. Thus the aim of our research is to contribute in this field by investigating the following basic propositions:

- The importance of storytelling as a knowledge transfer tool differs between high-context cultures and low-context cultures
- There are differences in the usage and in the acceptance of using storytelling as a knowledge management tool
- There are differences in the processes of storytelling between high-context cultures and low-context cultures
• There are differences in the effectiveness of storytelling as a knowledge transfer tool between high-context cultures and low-context cultures.

Due to the explorative nature of our propositions a qualitative research design is used. A qualitative research approach was found appropriate, when the examined phenomenon requires an explorative investigation (Rubin et al. 1995), which provides the flexibility for identifying new variables and new relationships among them.

Qualitative Interviews are held with knowledge carriers (members of the middle management) in different organisations in Japan and Germany. These interviews contain open-ended questions referring directly and indirectly to the different sequential phases of the process of storytelling.
7 CONCLUSIONS AND IMPLICATIONS

The empirical investigation is currently in process. First results support our proposition, that there are differences between the importance of storytelling in low-context and high-context cultures.

The aim of this procedure is to improve the model introduced above. The next step in this research process will be an attempt to test the results of this explorative study in a quantitative investigation in Germany and Japan.

At this stage of the research process it is far too early to draw any further reaching conclusions. Still we hope to identify managerial strategies arising from these findings. As a consequence, a more precise knowledge about the effects and the strategic use of storytelling will have strong managerial implications. The overall aim is the operationalisation of our findings in order to enable a more intentional use of this instrument according to the cultural background of the organisation.
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