

## ASIA AND EUROPE, KNOWLEDGE ECONOMIES IN ENCOUNTER

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### **Intellectual Capital, Western and Asian concepts of knowledge**

With the rise of the knowledge-based economy in Asia, Western-dominated organizational literature is being exported to Asian countries. There is a huge interest from businesses and universities in China, Korea, Taiwan, Indonesia, Malaysia, Singapore, and other countries in Asia and the Middle-East to learn about Western management ideas and techniques in the area of knowledge and intellectual capital management. There is, however, little insight into the success of management ideas and techniques that are based on Western conceptualizations of knowledge in an Asian context.

Two metaphors regarding knowledge are dominant in Western textbooks about Knowledge Management and Intellectual Capital. The first is the *knowledge as information* metaphor. This is used in many publications that view knowledge management from an IT perspective. Information itself is an abstract concept and a 'substance' metaphor is often used to conceptualize it. The *information as a resource* metaphor makes it possible to talk about information that can be stored, retrieved, protected, and distributed. The second metaphor is the *knowledge as thoughts and feelings* metaphor. This metaphor implies that knowledge is not like a substance that can be easily manipulated and controlled. Instead, knowledge is 'tacit' and resides in people's heads and bodies. The *knowledge as thoughts and feelings* metaphor was dominant in the work of the Japanese authors Nonaka and Takeuchi. This metaphor emphasizes the non-instrumental, subjective nature of knowledge.

Peculiar for the Western world view is a 'procedural-linear thinking' with distinctive consequences. Peculiar for the Japanese world view, as part of the surrounding Asian world is a more 'enveloping' perception of being that can be seen as a serious attempt to overcome the procedural-linear thinking of the West. Nonaka and Takeuchi underline the dynamics of knowledge creation as a continuous, self-transcending process, in which the shared context (ba) for knowledge creation is foremost. Knowledge is not a context-free absolute, knowledge needs a context, an environment to be created, shared and utilized. Knowledge is not a thing, but a living process. The Western emphasis on explicit knowledge relies on the separation between subject and object, whereas the Japanese concept of tacit knowledge is based on the unity of subject and object. Explicit knowledge refers to a reality that it denotes from outside. Tacit knowledge refers to a reality that it denotes from within.

### **Asians and Westerners differ in how they think**

Thinking is not universally the same. Asians and Westerners differ in what they observe. People actually conceive –and even perceive- the world differently because of differing

ecologies, social structures, philosophies, and educational systems. In Western organization literature on Knowledge Management and Intellectual Capital, the dominant way to conceptualize knowledge is to make it like a thing or a substance. This 'thingification' of knowledge is not uncommon in management thinking. Thingification makes it possible to treat a phenomenon as something objective outside of human beings and to manipulate and control it.

In Asian philosophy in general, strong emphasis is laid on the basic subjective nature of knowledge. Knowledge is not a thing or substance, knowledge is far more part of a process. Also rational thought is not disconnected from the emotional activity of the mind. Acquiring knowledge through examination and inquiry are dependent on knowing deeper drives and motivation of consciousness. At a level of desirable social values, knowledge is dependent on the disciplined, pure, and alert mind as a precondition of knowledge. Asian philosophy underlines that notions of knowledge are highly symbolic in character, presume the unity of knowledge and action, and refer (because of the unity of man and being) strongly to natural and social phenomena. Asian thought is holistic and drawn to reality as an integral whole and to interdependencies and relations among objects and events. By contrast to Western modes of reasoning, Asian thought depends far less on categories, formal logic or isolated objects. Asian reasoning is dialectic, seeking a middle way between opposing concepts. By contrast, Westerners focus on distinctive objects and isolate these from their context, use attributes to assign them to categories, and apply rules of formal logic to understand their performance.

Differences between Western IC literature and Asian philosophy in conceptualizations of knowledge can be summarized in a table of dominant metaphors.

Origin	Western IC literature	Asian Philosophy
<b>Dominant metaphors</b>	<ul style="list-style-type: none"> <li>• Knowledge as a thing that can be controlled and manipulated</li> <li>• Knowledge as information that can be codified, stored, accessed and used</li> <li>• Knowledge as resource that can be created, stored, shared, located, or moved, and that is part of the input-throughput-output system of the organization</li> <li>• Knowledge as capital that can be valued, capitalized and measured; that is part of the financial flow and requires an return on investment</li> <li>• Knowledge as thoughts or feelings that are tacit but can be made explicit; that can be communicated and shared</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge as spirit and wisdom</li> <li>• Knowledge as unfolding truth</li> <li>• Unity of universe and human self</li> <li>• Unity of knowledge and action</li> <li>• Knowledge as illumination or enlightenment of an underlying, deeper reality</li> <li>• Knowledge as essence-less and nothingness (Japan)</li> <li>• Knowledge creation as a continuous, self-transcending process</li> </ul>

## Implications and discussion

The distinctive ways of looking at knowledge in Asia and the West will make it difficult for Asian management just to adopt and suck up Western theories of Intellectual Capital. Culture (in a corporate and a national sense) always defines what knowledge is outstanding. Readers who are not familiar with the Western metaphors of knowledge will have difficulty interpreting and acting upon many of the theoretical concepts found in Intellectual Capital literature. This IC theory includes notions like managing, measuring, reporting, sharing, storing, and retrieving knowledge, all of which are based on metaphors not found in Asian philosophical thought about knowledge. By adopting IC theory and the underlying metaphors for knowledge, Asian managers take on a distinct view on organizations. This view will steer

the way they define problems in the organization, see opportunities, and devise solutions. Given the distinct differences in conceptualizations of knowledge between East and West, we question whether this view can and will be as productive in an Asian business context as it is in the West. Difficulties not only arise at the level of firms trying to implement Western IC and knowledge management concepts.

Key questions surrounding the knowledge economy transcend all cultures, as the impact of value innovation will have an effect across all industries that have common strategic themes. The key questions, such as changing organization and management structures, changing value chain and channel dynamics, and changing customer and product profiles, transcend all national industries and organizations. The diagnosis regarding these key issues and the identification of successful solutions are at the same time heavily dependent on the shared assumptions, beliefs, expressions, norms and values of the local situation, and on the underlying metaphors used to conceptualize knowledge. The changes in the knowledge economy need a profound translation into the assumptions, values, reasoning, and communication of a cultural and social group, be it human motivation, regulations, communication, valuation of knowledge, commitment to the local and global market or whatever. It is doubtful whether a Western IC can easily fit into Asian management theories. The time is approaching when Western theorists of IC will no longer be able to neglect Asian concepts of knowledge. In former times, Asians presumed that the only way to innovation was through imitation of the West. Currently, a mental switch is taking place in Asian minds to work out their own solutions. Nonaka and Takeuchi's distinction of explicit and tacit knowledge strongly influenced Western KM theorists to focus more on the organizational culture of knowledge sharing and on the competences of employees as one of the dynamics of innovation. Similar initiatives within the circle of Asian IC theorists are to be taken in order to develop Asia-styled concepts of IC and export them to the West. This will enable comparison and integration of different approaches.

### **Bibliographical notes**

Authors are involved in a EU-granted project, SPICE, - Sustainable Program on Intellectual Capital Education. This 2-year project, in collaboration with Universitas Bina Nusantara, will create a curriculum to better prepare undergraduate students, as well as teaching staff and executives and middle managers in industry, for the knowledge economy. The project will introduce Intellectual Capital as a new subject field into the curricula of the partner institutions in Asia and Europe and its stakeholders in industry.

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