Post Workshop Assignment
On
Project Performance Improvement (15356)

Submitted by: Andrew Dahal
Student ID: 11943851

Date: 12/06/2016

Table of Contents

Synergy between tacit and explicit knowledge: Key to effective project management, a case of Nepal

Abstract
In projects undertaken in a country like Nepal, specifically in the construction sector, the idea of knowledge management has been a burning issue for a considerable amount of time. Standard project management practices in Nepal being at the early stages, the idea of accommodating tacit and explicit knowledge with a view to assisting project managers and their team in better managing the projects is proposed which is also viewed as being able to set an example for the upcoming project leaders. Significant number of researches have shown the benefit of synergy between tacit and explicit knowledge in case of project setting and also in organizational setting as well. Despite the differences that occur among the subject matter experts working together in projects, consideration of how knowledge is acquired and how the context of the situation could play a decisive role in people applying their knowledge into action paves a way for effective project management. The paper focuses on the reflection of an event that had occurred in a construction project in Nepal and addresses how consideration of use of both tacit and explicit knowledge would have helped to improve the situation. Also the paper briefly highlights the mindset of project managers in a high-power distance culture and its effect on the execution of projects.

Keywords: Synergy; Tacit Knowledge; Explicit Knowledge; Effective Project Management; Nepal; High-Power Distance

1. Introduction

1.1 The project context

A property worthy of generating millions in revenue (in Nepalese currency) every year had been sitting idle in the heart of major tourist thoroughfare in the capital city of Nepal for over half a decade. Attempts to revive the viability of the property had been unsuccessful and had actually backfired on the property owners setting them back with debts that amounted to almost 100 million in Nepalese currency, which at the then exchange rate would be equivalent to about AUD 1.12 million. At the time of initiation of the project, i.e. 2013, per capita income of Nepal sat around USD 654 (UNdata, 2016).

With the experience of establishing one of the leading cinema exhibition and distribution brands in Nepal and successfully running it for a decade, a team of three partners had ventured into reviving this property and converting it into a modern shopping mall which would, in the mind of the investors, generate enough revenue to start reaping profit within the next decade. A consortium loan involving three banks had been approved to initiate the project. This laid the foundation to the project titled ‘Renovation and Refurbishment of Lalitpur Bishal Bazar Mall’ or LABIM, in short.

The existing property was a four storey building with a single basement parking that could accommodate 100 vehicles, including cars and motorbikes. The proposed development was to convert the building into a six storey structure with two levels of parking in the basement which would essentially accommodate 400 vehicles, which would include 300 cars and 100 motorbikes.

The mall was viewed to host branded apparels and other amenities from India and abroad. A project team comprising chief architect from India, project management consultant group (PMC) from Nepal, project coordinator from the client's side, and a marketing agency from Nepal had been formed to see the project through to completion.

1.2 Roles and responsibilities of the project team

The chief architect, having worked with the clients in their previous ventures was also assigned the role of the principal design consultant, had the responsibility to produce architectural design drawings on time and assist with the design issues that could arise during the implementation of the project. The organizational structure was such that the PMC sat below the principal design consultant and project coordinator sat on par with the consultant group. PMC had the responsibility to overlook the daily operations of the project and communicate with the architect regularly on design related issues and project updates.

Project coordinator, the capacity I was working on, had the responsibility to work in collaboration with the PMC, regularly report the project progress to the client, coordinate and facilitate the activities of various contractors involved, review and prepare regular reports on project's financial situation and brief the same to the clients and the financing institutions. Marketing agency had the responsibility of campaigning the prospective mall to potential retailers both from Nepal and India. They also had the additional responsibility of conducting a market research in finding out the brand preferences prevalent in the Nepalese market and the potential costs of inviting those brands to the complex.

2. Reflection and lessons learnt

2.1 Reflection on the event

Both the architect and the PMC had over 15 years of experience managing projects. They had the experience of managing complex projects both in Nepal and India. Complexity in a project could be categorized into structural, technical, directional and temporal (Pollack & Remington, 2010). Based on the classification by Pollack & Remington (2010), this project had a significant structural complexity although at some instances there were glimpses of directional complexity as well.

As the design drawings started to come, the PMC had initiated a study of the drawings to ensure that they could be translated into reality within the actual site conditions. One of the drawings involved cutting off of sections of two beams in in order to make way for elevator pit. The PMC had reviewed the drawings and was of the opinion that cutting off the sections of those beams could potentially lead to the collapse of the building due to uneven load distribution as the beams were at the basement and were essentially supporting the floors above it. PMC were the subject matter experts available in hand to the project sponsors and their argument had to be considered. On the other hand, the design consultant was an expert in designing, remodeling and refurbishing these types of structures and the project team had to have faith in his design as well. However, as the stake on the issue was high it was decided to explore the issue in detail.

A leading authority in structural engineering in Nepal was called to analyse the drawing and its probable impact on the structure. He was the same person who had initially designed the structure that we were standing upon. On very first look, he completely rejected the idea of cutting off the

beams and warned of the probable outcome, which according to his expert advice was the possibility of the building collapsing due to uneven load distribution. Upon hearing this the PMC began pressing the idea that the lift should not be installed where the architect had planned it to do so. Everything seemed to have settled with the recommendation from the expert until the project sponsors stepped in and maintained that they need the glass elevator exactly where it had been planned. That statement started generating emotional rather than calculated responses from the PMC. As a project coordinator I felt at a stalemate.

Despite the differences in design philosophy between the architect and the PMC, as a project coordinator I tried to bring the two parties into a meeting to discuss the issue before it could escalate into further disagreements. At the meeting table both the parties started talking about their experience and how they had seen through some tough situations, presumably like the one at hand. The meeting witnessed more experiential knowledge rather than documented knowledge. Although knowledge gained through experience could be argued to contribute towards the wisdom of a person, the actual challenge lies in the ability to select the correct information from among numerous sources and transform it into a usable form (Smith, 2001).

The debates, triggered with high emotions, continued for the entire week with neither party able to come to an agreement. To add fuel to the situation, the sponsors kept on pressing to come up with a design agreement soon but ensuring that the elevator did not move from its planned position. Both sides were urged to discuss evidential knowledge that had been documented from their previous projects so that a new design could be worked out and comply with the sponsor's decision. The things escalated to a point where the parties were challenging each other's authority. This was showing signs of moving ahead without an effective leader who could deal with situations like these and take the project forward. The site engineers from the PMC were showing concerns about the future of the project and were discussing the option of moving on to other projects. In a culture where there is a high power distance between the leadership/management and the rest, the chances of situations turning hostile could be expected and on the other hand if effectively managed the leaders or managers could enjoy increased organizational commitment from the employees (Avolo, et al., 2004).

Rather than showing signs of merging tacit knowledge and explicit knowledge and coming to an agreement on the issue, the experts were engaging in proving whose tacit knowledge held a better place. Having waited for about a week, I decided to intervene on a larger scale as the situation did not seem to subside. Therefore, a meeting was called involving the project sponsors and the experts the financial position of the project was laid out. The cost of indulging in endless discussion in terms of its impact on the budget and schedule of the project was clarified. On that day at the meeting table it was clearly communicated that the endless debate would have either of the two results; a severe setback on the schedule and budget of the project or a compromised design that risks the collapse of the building. The options had been laid in front of all the stakeholders to choose from. However, if the parties could agree to sit together and review the problem it could be possible that they could come up with another suitable design which could ensure both the elevator and the building stayed intact. This left them with no choice but to work together and about 2 weeks later we had a new design where the beams would be supported through reinforcement and an elevator pit would be constructed at the same place. However, it eventually

led to a setback of approximately a month on the schedule and a slight but not a significant impact on the budget of the project. As evident the clash was seen between tacit knowledge of each expert.

2.2 Lessons learnt

Compared to other industry sectors construction industry has 'relatively low-tech labour intensive nature' (Addis, 2016). Tacit knowledge is transferred by inter-personal contacts and is subjective in nature. Collins (2001) states that at least five kinds of knowledge can be transferred by personal contact, the types being concealed knowledge, mismatched salience, ostensive knowledge, unrecognized knowledge, and uncognized/uncognizable knowledge. It is known that tacit knowledge is personal in nature and has its roots in individual's experience and is affected by personal beliefs, perspectives and values.

Despite the vastness of tacit knowledge, there are ways in which the tacit component of knowledge could become routine and so make its way into explicit (Collins, 2001). The way things turned out at LABIM, it felt like it was the case of mismatched salience and ostensive knowledge. Collins (2001) refers to mismatched salience as a situation where two parties' work take up different variables, among the many available, and do not communicate with each other and hence do not ask the right questions. In the same light, ostensive knowledge, according to Collins (2001) is a situation where verbal or graphical representation of an issue becomes irrelevant in explaining the situation which could have been understood by directly pointing to or observing or demonstrating the case at hand. Had the two experts visualized the issue by going down to the basement and observing the nature of the beam position rather than limiting themselves with drawings and arguments on the resultant load distribution, the issue would have been dealt with at an early stage and the project would not have suffered a setback in schedule and budget.

Although the implications of tacit knowledge cannot be argued upon, in case of project management documented knowledge should hold an important place. It is evident that people could join or leave a team. Reliance on tacit knowledge only is likely to create problems as people could leave the team without documenting their experience and knowledge for future references. Addis (2016) mentions that much of the construction knowledge is in the minds of the people working on a project and the absence of documentation about the motivations for decisions and people leaving for other projects create a reliance on tacit knowledge. From personal experience and observation of the construction industry in Nepal, it was acknowledged that in majority of the projects events and motivations for decisions etc. are not properly documented. This, typically, creates extensive reliance on tacit knowledge.

Experiences of professionals working in the construction industry can be attributed to a balance between explicit and tacit knowledge (Addis, 2016). Explicit knowledge is of formal type and is acquired mainly in schools and universities (Koskinen, et al., 2003) and is such that individuals can represent to themselves and verbalize on demand (Ellis, 2004). Work in a project like LABIM constitutes formal learning acquired in academic institutions, as is obvious by the involvement of architects and engineers in the project, and informal or personal learning acquired through previous work experience, guidance through mentors and the capability of leading or managing tasks as the situation demands. Thus in a project, it is evident that professionals would utilize their tacit and explicit knowledge as per the situation.

Koskinen et al. (2003) states that projects could roughly be divided into research & development (R&D) and design and delivery and investment and that the possibilities to use mainly explicit knowledge in delivery and investment projects are good. Construction project could be classified as the second type and based on the way things had escalated around an event at LABIM, effective utilization of explicit knowledge in conjunction with tacit knowledge would have at least subsided the arguments and delays if not prevented them altogether.

Knowledge, as such, could be viewed as a spectrum where a continuum of tacit and explicit exists (Virtanen, 2013). This view could be generalized in case of projects like LABIM undergoing in countries like Nepal where, owing to traditional approaches followed in project management, documentation of experiential knowledge has not significantly gained attention from project managers and sponsors alike. The argument from Virtanen (2013) could also serve as a lesson for aspiring project managers and enthusiasts in establishing a synergy between tacit and explicit knowledge. As "knowledge constitutes a combination of experiences, values, information and systematic attitudes that provide a proper framework for evaluation and application of new experiences and information" (Allameh, et al., 2014) and as there is a "knower dependency of knowledge" (Virtanen, 2013), the correct combination of tacit and explicit knowledge in a project environment described could have led to a better understanding of each other's perspective and resolved the issue at the onset. Furthermore, tacit knowledge being accumulative helps in explaining explicit knowledge and is its quality is improved further by social embeddedness (Dhanaraj, et al., 2004). Had the mutual cooperation among the experts occurred in accepting the spectrum in which knowledge exists, it would have led to better management of time and budget, two of the most important resources, in the project. Human skills, comprising communication and enthusiasm among others, of project managers have been found to have the greatest influence on project management practices and hence could be instrumental for personal as well as the success of projects (El-Sabaa, 2001). For effective project management, the concept of total quality management (TQM) could be incorporated into project management perspectives (Cicmil, 1997). In a country like Nepal, where the standard practices of project management are at the early stages, a concerted effort to intensify the importance of tacit and explicit knowledge in managing projects, applying the combination of the same in a TQM perspective would prove beneficial for both the project management team and the project sponsors.

Tacit knowledge could be projected as the foundation for survival whereas explicit knowledge could be viewed as the codified version of tacit for future generation to utilize as a tool for survival, in short, transition from tacit to explicit could be related to evolutionary process (Nonaka, 1994). Subject matter experts, while utilizing a combination of tacit and explicit knowledge, would have been able to visualize the status of the project and where the project would head towards if they continued their insistence in sticking onto their points. It would also have helped them accommodate the other's perspective and work towards an optimum solution at the earliest.

3. Conclusion

In a country where standard practices of project management are at the early stages, the efforts to manage projects being relied upon on the tacit knowledge of a project manager could be seen as natural. However, as highlighted in the case of LABIM, approach that acknowledges the vastness of tacit and considers the immensity of explicit could be the ideal recipe for a successful project implementation.

A group of researchers are also of the view that knowledge should be viewed as a continuum of tacit and explicit, this view emphasizes harmony between these two methods of acquiring knowledge. A harmonious or synergistic relationship between a more informal (tacit) way of acquiring knowledge and a more formal (explicit) way would create a balance in how project managers and their team approach a project and thereby would, potentially, better manage the projects. In short, understanding the process of acquiring knowledge and establishing a harmonious relationship between them while working towards the accomplishment of project goals would assist in incorporating other's perspective and thus arrive at well informed decisions which would benefit the project at large.

References

Addis, M., 2016. Tacit and explicit knowledge in construction management. *Construction Management and Economics,* 11 May.pp. 1-7.

Allameh, S., Pool, J., Jaberi, A. & Soveini, F., 2014. Developing a model for examining the effect of tacit and explicit knowledge sharing on organizational performance based on EFQM approach. *Journal of Science & Technology Policy Management,* 5(3), pp. 265-280.

Avolo, B. J., Weichun, Z., Koh, W. & Bhatia, P., 2004. Transformational leadership and organizational commitment: Mediating role of psychological empowerment and moderating role of structural distance. *Journal of Organizational Behavior,* 25(8), pp. 951-968.

Cicmil, S. J., 1997. Critical factors of effective project management. *The TQM Magazine,* 9(6), pp. 390-396.

Collins, H., 2001. Tacit knowledge, trust and the Q of sapphire. *Social studies of science,* 31(1), pp. 71-85.

Dhanaraj, C., Lyles, M. A., Steensma, H. & Tihanyi, L., 2004. Managing tacit and explicit knowledge transfer in IJVs: the role of relational embeddedness and the impact on performance. *Journal of International Business Studies,* September, 35(5), pp. 428-442.

Ellis, R., 2004. The definition and measurement of L2 explicit knowledge. *Language learning,* 54(2), pp. 227-275.

El-Sabaa, S., 2001. The skills and career path of an effective project manager. *International Journal of Project Management,* 19(1), pp. 1-7.

Koskinen, K. U., Pihlanto, P. & Vanharanta, H., 2003. Tacit knowledge acquisition and sharing in a project context. *International Journal of Project Management,* Volume 21, pp. 281-290.

Nonaka, I., 1994. A dynamic theory of organizational knowledge creation. *Organization Science,* February, 5(1), pp. 14-37.

Pollack, J. & Remington, K., 2010. *Tools for Complex Projects.* 1st ed. Surrey: Gower Publishing Limited.

Smith, E. A., 2001. The role of tacit and explicit knowledge in the workplace. *Journal of Knowledge Management,* 5(4), p. 311.

UNdata, 2016. *Nepal: UNdata A world of information.* [Online]
Available at: http://data.un.org/CountryProfile.aspx?crName=Nepal
[Accessed 3 June 2016].

Virtanen, I., 2013. In search for a theoretically firmer epistemological foundation for the relationship between tacit and explicit knowledge. *The Electronic Journal of Knowledge Management,* 11(2), pp. 118-126.