CREATING INTELLECTUAL CAPITAL: A HABERMASIAN COMMUNITY OF PRACTICE (CoP) INTRODUCTION

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ABSTRACT

John Seely Brown notes that context must be added to data and information to produce meaning. To move forward, Brown suggests, we must not merely look ahead but we must also learn to "look around" because learning occurs when members of a community of practice (CoP) socially construct and share their understanding of some text, issue or event. We draw explicitly here on the structural components of a Habermasian lifeworld in order to identify some dynamic processes through which a specific intellectual capital creating context, community of practice (CoP), may be theoretically positioned. Rejecting the individualistic "Cogito, ergo sum" of the Cartesians, we move in line with Brown's "We participate, therefore we are" to arrive within a Habermasian community of practice: *We communicate, ergo, we create*.

Creating intellectual capital: A Habermasian community of practice (CoP) introduction

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> *The way forward is paradoxically not to look ahead, but to look around.* (John Seely Brown, 2000)

Introduction

As the industrial morphs rapidly into the digital age a consensus is emerging that intellectual capital is displacing land, physical labour and financial capital as the primary source of economic and social value. There is, however, little consensus in the extant literature on how intellectual capital should be defined, theorised, measured, managed or valued (Bontis, 1998; Mouritsen et al., 2001; Sveiby, 1997). This complex and fuzzy concept embraces aspects of language, experiences, learning processes, data, information and know-how. Drawing on our previous work, intellectual capital creation is defined in this paper simply as a socially constructed dynamic process of situated collective knowing that is capable of being leveraged into economic and social value (O'Donnell, 1999, 2000; O'Donnell and Porter, 2002; O'Donnell et al., 2000, 2003; O'Regan et al., 2001). Following the philosophy and social theory of Jürgen Habermas (1984; 1987a,b; 1994), we theorise intellectual capital creation here as following a human lifeworld communicative or dialogical type logic within a community of practice (CoP); and leveraging this form of "capital" into economic or social value is based more on an instrumental, system or market based logic, although there is probably no definitive boundary between these two "logics" (O'Donnell, 2000; Roos et al., 1997).

According to John Seely Brown (2000), context must be added to data and information to produce meaning. To move forward, Brown (2000) suggests—we must not limit ourselves to merely looking ahead but we must also learn to "look around" because learning occurs when members of a community of practice (CoP) socially construct their understanding of some text, issue or event and then share this understanding with others. This idea of community of practice has become prominent in the business and organisational literature since the early 1990s (Brown and Duguid, 1991; Wenger, 1998; Wenger and Snyder, 2000) but its theoretical roots can be traced to the psychological theory of activity (Engeström, 1990) developed by the Vygotskian school of developmental psychology in the Russia of the 1920s.

In this brief theoretical paper we draw explicitly on the structural components of a Habermasian lifeworld in order to identify some dynamic processes through which a specific intellectual capital creating "context", community of practice (CoP), may be theoretically positioned. As Habermas (1996, p. *x*) himself puts it in applying his theory to law and democracy in *Between Facts and Norms*:

> [T]he basic assumptions of the theory of communicative action......branch out into various universes of discourse, where they must prove their mettle in the contexts of debate they happen to encounter.

This lifeworld-in-system perspective seems particularly applicable to the current emphasis on workplace learning and collaborative work systems within an increasingly knowing intensive economy and society. Using Habermas' structural components, we outline the importance of each, with CoPs as the nexus linking culture, language, and worker/citizen development. In doing so, we apply Habermasian social theory through the lens of community of practice in order to attempt to gain both theoretical and practical insights into the process of intellectual capital creation and much of workplace learning.

In this paper we first distinguish between teams and CoPs. We then provide a brief introduction to the contours of a Habermasian lifeworld, with CoPs as the nexus of such lifeworlds. The procedural aspects of the process of communicative action are then outlined. We then discuss, in very general terms, some of the implications of adopting this theoretical approach to CoPs in the context of informal workplace learning for both research and practice. We conclude that such a theoretical positioning is capable of providing social theoretical rigour to relevant discourses in this area.

CoPs versus Teams

Communities of Practice (CoPs) are groups formed around a shared interest in which discussion builds on the values and motivations of their members. Etienne Wenger and William Snyder (2000, pp. 139-40) define CoPs as:

> Groups of people informally bound together by shared expertise and passion for a joint enterprise—engineers engaged in deep water drilling, for example, consultants who specialise in strategic marketing, or frontline managers in charge of cheque processing at a large commercial bank. Some communities of practice meet regularly—for lunch on Thursdays, say—others are connected primarily by e-mail networks. A community of practice may or may not have an explicit agenda on a given week, and even if it does, it may not follow the agenda closely. Inevitably, however, people in communities of practice share their experiences and knowledge in free-flowing, creative ways that foster new approaches to problems.

Völpel (2002) argues that intellectual capital is produced on the basis of experience and analysis with the help of strategic imagination. Strategic imagination is considered to be an emergent property of a complex interplay between descriptive, creative and challenging imaginings. Although there is a possible future point at which some of the more developed ideas or imaginings that emerge in CoPs may be

considered for possible operational or commercial application, the structure of on-going members' exchange is interest-based rather than pre-determined by managerialist or instrumental goals. Typically a "champion" organises meetings (time, place, notification and so on) and keeps things moving along, but CoPs are not directly managed by means of the traditional bureaucratic hierarchy. This sidestepping of hierarchical managerial control, the perceived "loss" of time involved, and a lack of clearly specified outcomes often makes control-oriented managers uncomfortable in a business environment based on performance metrics, deliverables, and the more familiar evidence of doing "real" or "tangible" work (O'Donnell and Porter, 2002).

But what is the difference between a team and a CoP? Are CoPs simply "teams" rebranded in new clothes to enhance the profitability of the consulting industry or the productivity of the academic milieu? From a managerialist perspective does one simply manage both in the same way? Not so. Teams and CoPs are fundamentally different kinds of groups (see Melcrum (2000) on which this section of the paper draws heavily—and Figure 1. below).

[take in Figure 1 about here]

Teams are tightly integrated units driven by deliverables, defined by managerially allocated tasks and bound together by collective commitment to results or goals. This teleological, means-end or goal-oriented nature of a team is what categorises it as driven by an instrumental logic. Teams are primarily constructions of the *system*. CoPs, on the other hand, are loosely coupled groups or networks driven by both interest in a topic or area and the value that membership provides to members as a function of their active involvement. CoPs are defined by the opportunities to learn, share and critically evaluate what they discover or what may unexpectedly emerge. Bound by a sense of collective identity, founded on interest and intrinsic value expectations, CoPs may be viewed as exhibiting more of what Habermas (1984) would term "a communicative logic", and hence are mainly, if not totally, of the *lifeworld*. Teams and CoPs will, of course, coexist within both profit and not-for-profit organisations but the key point that we attempt to highlight here is that both need to be managed or facilitated differently due to their inherently different logics and structural power relations (see Figure 1.)—In fact, we conclude that CoPs cannot be "managed" in the traditional control-oriented managerialist manner.

Unlike teams, CoPs are typically driven by the value that they provide to individual members. Members share information and insights and discover ideas—this saves them time, money, energy and effort. Whereas a team delivers value in the result that it produces, a CoP discovers value in the diverse day-to-day processual exchanges of data, information, know-how and fellowship. The heart of a team is the set of interdependent tasks that leads to a predetermined outcome. The heart of a CoP, on the other hand, is the processual know-how that members share, critically evaluate and develop. CoPs, therefore, facilitate opportunities for sharing knowledge as they arise, and as a result the "hot topics" in a community emerge over time. As topics shift some may leave, and new people may join adding different perspectives and helping to shape future directions. While teams often have clear boundaries, set roles and memberships, CoPs may have many partial, part-time, marginal or loosely-coupled members. In Habermasian terms, CoPs are primarily interest based and driven by a more communicative lifeworld-based logic; in contrast, teams are usually formed for a specific means-end purpose and are thus driven by a more instrumental, managerialist or system-based logic.

Two distinct time-dependent learning models operate within teams and CoPs. Reflective learning in teams is regarded as a process of making connections and developing an understanding of a situation by testing intuitive understanding of experienced phenomena (Schön, 1983). Learning within teams is often strongly shaped by the successes and failures of the past. Experience is looked upon as a collective notion and the evaluation of experience involves a simplified time-pressured search for reasons, patterns and logic coupled with a determination to avoid the mistakes of the past, while hoping to replicate triumphs in the future. In contrast, learning within a CoP is viewed as a reflexive engagement through dialogue in an attempt to make sense of, and created meaning from, experience (Cunliffe, 2002; Watson, 1994). Reflexive learning is the process of complexifying thinking or experience by exposing contradictions, doubts, dilemmas and possibilities (Chia, 1996; Cranton, 1996; West, 1996).

In summation, a community of practice is, therefore, a group that is defined by a different logic to a team—such groups share knowledge, learn together, create new knowledge, create common practices, and develop a sense of solidarity and personal responsibility and autonomy. CoP members frequently help each other to solve problems and develop new approaches or tools for their field. This makes it emotionally easier for community members to show their weak spots and learn together in what could be termed the reflexive "public sphere" of the community—whether this be the back table in the company canteen, a local coffee shop or bar, a quiet stroll through the corridors, an email list or an online chat-room. In the following section, we draw out the contours of how CoPs may be theoretically positioned in a Habermasian lifeworld and how such CoPs contribute to both worker/citizen and organisational development.

CoPs-in-Lifeworld-in-System

At a very broad level, Habermas (1984; 1987a,b; 1994) divides developed capitalist society into three basic sub-systems: *Money*, *Power* and *Lifeworld*. The instrumental means-end logic of the systems of money and power is geared to success, efficiency, control, profit or market share; in contrast, the communicative logic of the human lifeworld is geared to understanding and agreement. This distinction between goal-oriented instrumental action and communicative action is a core distinction at the foundation of Habermasian social theory. Teams, as noted above, are driven mainly by the logic of instrumental means-end success; CoPs, on the other hand, can be viewed as being driven mainly by the logic of communicative action, communicative understanding and communicative learning. Habermas' theory of communicative action (1984,1987a) allows for both System *and* Lifeworld perspectives to be included in any analysis of workplace learning. Members of a social collective, such as a CoP, normally share a largely intangible and tacit lifeworld that only exists in a "uniquely pre-reflexive form of background assumptions, background receptivities or background relations" (Honneth et al., 1981, p. 16). Such background lifeworlds must be conceived, according to Habermas (1987a, p. 124), as "culturally transmitted and linguistically organised stock(s) of interpretative patterns".

Stocks and flows of "knowing" are viewed as central in generating new ideas and imaginings and then leveraging these into value, whatever one's definition of value. Language, culture, communications, dialogue, idea generation, imaginings and knowledge sharing are all key issues in the emerging discourses on communities of practice, intellectual capital, knowledge management, and workplace learning.

It is these emphases on dialogue, knowledge generation and sharing, the freedom for agendas to emerge, the bracketing of time, and the sidelining of the traditional organisational hierarchy based on power and rigid managerial control that suggest that we explore what we might learn from Habermas. CoPs appear to manifest more of the attributes of a *Lifeworld* setting than of a *System* setting, although many CoPs must function within a system or organisational environment—hence the possible suitability and applicability of a Habermasian lifeworld-in-system perspective on CoPs. CoPs are not primarily goal-driven (teleological or instrumental logic; of the system—defined by management)—they are mainly interest driven (communicative logic; of the lifeworld—defined and organically decided on by workers/citizens themselves). This is the social theoretical distinction that we wish to introduce, explore and tease out a little in this paper.

Habermas (1987a), following Parsons' ideas on culture, society and personality, provides us with broad theoretical guidelines on how to conceptualise lifeworlds (Figure 2). The boundary between system (money; power) and human lifeworld is, however, not a clear-cut one, even within formal organisational settings—they interpenetrate and reciprocally influence each other, although much discourse on workplace learning assumes a tacitly managerialist perspective.

[take in Figure 2. about here]

The structural components of particular lifeworlds (culture, community of practice, selves) meet their corresponding needs (cultural reproduction, social integration, socialisation and selves-development) through three dimensions along which communicative action is conducted (reaching understanding, coordinating interaction, effecting socialisation) which in turn are rooted in the structural components of ordinary everyday language and communications. The effective functioning of a CoP can be evaluated using the dimensions of rationality of knowledge (communicative versus instrumental), member solidarity, and personal/group responsibility (O'Donnell, 1999, 2000; O'Donnell et al., 2000, 2003).

Viewing CoPs through the lens of communicative action within a Habermasian lifeworld provides us with strong theoretical guidelines to assist us in conceptualising issues related to workplace learning and intellectual capital creation. Such a framework is particularly suited to interpretive, case study or ethnographic research—as well as educating those managers who erroneously believe that it their duty to control or rigidly manage CoPs.

For example, selves-development requires achieving openness to continuous learning, challenge, fedback, constructive criticism and growth. This openness contributes to an understanding of both personal and CoP identities. These identities and interpretative abilities allow for social memberships to form, which, in turn help to mould the interests, behaviour patterns, values, norms and learning goals of particular CoPs. Their behaviour and future goals evolve from these identities and social memberships that are initially learned through communicative dialogue (O'Donnell and Porter, 2002).

At the level of organisational culture managers can assist by facilitating the cultural context of emergence—and then stepping back and letting go. Within this culture workers negotiate their own norms of behaviour—CoP members gradually agree on boundaries for pursuing personal preferences as well as having some consideration for each other's needs. These norms eventually become part of a tacitly "taken-for-granted" social contract that guides behavioural processes within a CoP.

Situating community of practice (CoP) within a Habermasian lifeworld is central to the argument that we present here. CoPs self-develop as people grow an

understanding of their shared interests and begin to generate ideas about its meaning. The socialisation process is a gradual integration of individual interests and motivations into a shared collective focus. CoPs take on some loose order in how people gather and interact, gaining legitimacy without becoming over-institutionalised. Providing that a CoP is compatible with existing organisational culture, it is capable of providing growth opportunities (for both members and the organisation) that otherwise would probably not exist. Not growth in size, necessarily, but growth in ideas—alternative perspectives and imaginings on approaches to products, customers, internal work processes, inter-company relations, and many other personal and organisational factors. Such CoPs are held together and regenerated through the medium of communicative action. In the next section we go somewhat deeper into this key concept.

Communicative action

Lifeworlds are held together and regenerated through the medium of what Habermas terms "communicative action". At a fundamental level, intellectual capital is created when two human beings communicate, by whatever means available, with each other. Communicative action refers to the set of symmetric and reciprocal relations within the communicative relation between at least two people. We suggest that this dialectical relation is at the core of intellectual capital creation within CoPs. From this perspective, interaction, as distinct from individual action, becomes the basic unit of theoretical analysis in CoPs. Habermas (1984, p. 86) defines communicative action as follows:

> Communicative action refers to the interaction of at least two subjects capable of speech and action who establish interpersonal relations (whether by verbal or extra-verbal means). The actors seek to reach an understanding about the action situation and their plans of action in order to coordinate their actions by way of agreement. The central concept of interpretation refers in the first instance to negotiating definitions of the situation [that] admit of consensus.

The ability to raise "validity claims" within this communicative relation is central to the theory of communicative action (O'Donnell, 2000). We claim here that validity claims are also central to the effective functioning of critical dialogue within CoPs. When two people communicate with each other, face-to-face, body-language or electronically mediated, each utterance that *alter* makes can be implicitly or explicitly accepted or challenged by *ego* on a simple "Yes" or "No" basis. *Alter* is seen as making a claim to validity with each utterance and *ego* can either accept or reject this claim.

Validity claims of propositional truth and/or efficacy relate to the objective world of facts and/or states of affairs; for example if *alter* states that the area of a triangle is one third of the base times the height, *ego* can reject this claim explicitly with a "No" and provide evidence that the area of a triangle is one half the base times the height; if a CoP member states that the new knowledge management system is working superbly another may explicitly refuse to accept the validity of the statement, seek further evidence from others, or produce her own evidence to show that the

efficiency with which the system is working is inferior to their competitors in terms of skills-development and benchmarking.

The validity claim of normative rightness relates to the social world "around here"—what is generally considered normative, socially acceptable and usually "taken for granted" behaviour; for example, a new manager in the HR division arrives, decides to join a CoP on HR issues, and at his first CoP meeting in the canteen intimates to the other members that as he is the senior person present he should set the agenda—only to be politely informed that "you can't pull rank on us like that around here!—this is *our* community of practice, not yours!", that is, the validity of this manager's actions are not accepted by the CoP members as they do not conform to the autonomous norms of this particular CoP. Such an interfering control-oriented manager is, in effect, a threat to the effective functioning of such hypothetical CoPs.

The validity claim of sincerity/authenticity relates to the (inter)subjective world and is often accepted or rejected implicitly and silently by *ego* who decides whether *alter* is being genuine, sincere or authentic. When rejected explicitly, one may hear such comments as – "Get real", "Pull the other one", and so on. What is distinctive about these validity claims is that thinking about them in the overall context of a Habermasian lifeworld may provide us with insight into both the depth and quality of the communicative interactions between members of a CoP as well as providing empirical entry points to guide case study or ethnographic research in this area.

As the brief discussion on validity claims above is designed to demonstrate, communicative action is a fragile process and when this process is endangered by system influences (such as managers thinking that they can rigidly control CoPs), CoPs suffer. By implication, anything that negatively influences the ability to raise or voice these validity claims will reduce, or perhaps even destroy, the effective functioning of CoPs.

Using Habermas' dimensions of evaluation, we can seek to identify areas where systemic influences colonise or destroy effective aspects of particular CoPs leading to experiences such as loss of meaning, anomie, various forms of alienation, rupturing of traditions and the unsettling of collective identities (see Figure 2)—in other words, to influences that prevent CoPs from emerging within the system logic of organisational settings, reduce their effectiveness, or perhaps destroy them completely. Drawing once again on some of the fundamental points of Habermas' massive oeuvre, we now have a social theoretical map within which we can begin to think substantively about CoPs and workplace learning from a critical lifeworld-in-system perspective.

People-centered organisational models are premised on the realisation that the structural systemic influences of money and power may, in some cases, constrain the creative potential of employees. To be value-driven, management must make space available to allow employees to talk, interact and share knowledge. Communities of practice provide one example of an organisational innovation designed to facilitate workplace learning and innovation through promoting reflexive learning, which in turn may generate value-adding ideas for products, processes or services. Workplace learning occurs as a result of the social interactions of people. Further research needs to focus on identifying the processes, behaviours, values, norms, rituals, stories, and motivations that distinguish high performance CoPs from poor ones. Further, such research should examine in detail the structural effects of money and power on the functioning of such CoPs in order to distinguish structural effects that are positive

from those that constrain. An initial starting point for such comparisons would be the distinction between CoPs that have a high output of intellectual capital from those that do not.

Conclusion

Most contributions on intellectual capital focus on two main issues; how it is created and how it is leveraged into market value, although there is probably no definitive boundary between the two (Roos et al., 1997; Spender and Grant, 1996). As knowing-intensive work within CoPs is highly reflexive and end goals or destinations are often ill-defined or even unknown, the norms governing the mode of discourse, the dialectical to-and-fro in the search for the better argument, will be expected to influence both the productivity of the group, network or CoP and the eventual market or social value of the intellectual capital created. This sense of how one participates and acknowledges the other is central to the growth of both personal and CoP identities. Processes of knowledge sharing and cooperative intellectual capital creation within a CoP demand certain levels of communicative competence. According to Habermas (1984, p. 95):

> Only the communicative model of action presupposes language as a medium of uncurtailed communication whereby speakers and hearers, out of the context of their preinterpreted lifeworld, refer simultaneously to things in the objective, social and subjective worlds in order to negotiate common definitions of the situation.

Brown (2000) suggests that we think of the world through Cartesian lenses: "I think. Therefore, I am." This attitude has led to theories of pedagogy and human development based on simplistic notions of pouring a pitcher of knowledge into an individual's head. A better set of lenses, Brown (2000) suggests, is provided by:

> We participate. Therefore we are… In participation with others, we come into being. Understanding is socially constructed. Things are learned in and through discussion.

In summary, our discussion has emphasised communicative collaboration, particularly when achieved in ways that allow for evolutionary growth in addition to goal-oriented activity. To support the existence of more free-flowing collaboration, management must give attention to permitting and sustaining the cultural lifeworld context for such CoPs within the usual instrumental goal-driven system logic of any organisation. Applying Habermasian social theory to intellectual capital creation within CoPs suggests something of a paradox as management must be willing to relax its strong bias toward goal-oriented activity for some portion of operational activities. Leaders must demonstrate commitment to the freedom of communicative action, and manage in a way that aligns the relevant lifeworld structures and reproduction processes needed to support CoPs. Rejecting the individualistic "Cogito, ergo sum" of the Cartesians, we go with the flow of Brown's "We participate, therefore we are" to arrive, however tentatively, within a Habermasian community of practice: *We communicate, ergo, we create.*

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Figure 1. **Teams versus Communities of Practice**

TEAMS	COMMUNITIES OF PRACTICE CoPs
Instrumental logic	Communicative logic
Driven by deliverables • Shared goals and results • Value defined by charter • Value in result delivered	Driven by value • Shared interest or practice • Value discovered/evolves • Value in ongoing process
Defined by task • Interdependent tasks • Clear boundaries	Defined by knowledge/know-how • Interdependent knowledge • Permeable boundaries
Develops through a work plan • Everyone contributes • Managed objectives through objectives and work plan	Develops organically • Variable contributions • Managed by making connections
Bound by commitment • Joint accountability • Based on explicit agreement • Team leader or manager	Bound by identification—shared identity • Reciprocal contributions • Based on trust • Core group/coordinator
Reflective Learning • Cognitive Process • Attribution Focus	Reflexive Learning • Dialogical Process • Constructive Focus

Source: Broadly based on Melcrum (2000)

Figure 2. Contours of a Habermasian Lifeworld-*in*-System.

Reproduction Processes	Structural components			Evaluation Dimension
	Culture	**Community of Practice**	**Selves**	
Cultural Reproduction	Interpretative schemata fit for consensus: valid processes of knowing [loss of meaning]	Legitimations [withdrawal of legitimation]	Behaviour patterns effective in learning & development [crisis in orientation & development]	*Rationality of Knowledge*
Social Integration	Obligations [unsettling of collective identity]	Legitimately ordered interpersonal relations [anomie]	Social memberships & ownership [alienation]	*Solidarity of Members*
Socialisation	Interpretative accomplishments [rupture of tradition]	Motivations for actions that conform to norms [withdrawal of motivation]	Interpretative capabilities and personal identities [psycho-pathologies]	*Personal Responsibility*

Source: O'Donnell and Henriksen, (2002, p. 95)

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