

# **An Examination of The Applicability of Nonaka’s Theory in Urban Regeneration of The Creative Town Initiative in Huddersfield (4)**

## **— Looking at the Background (the late 1980s) to Creative Town Initiative in Huddersfield —**

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### **Abstract**

This paper aims to examine the applicability of Nonaka’s theory of organizational knowledge creation to urban regeneration of the Creative Town Initiative (CTI) in Huddersfield, focusing on the background activities in late 1980s of CTI. This paper is the fourth one of a series of papers. This series of papers aims to examine the applicability of Nonaka’s theory of organizational knowledge creation to the empirical context of urban regeneration in the UK and the Creative Town Initiative (CTI) in Huddersfield in particular. Before examining the application / relevance of Nonaka’s theoretical frameworks to urban regeneration through the process of making the CTI proposal (in 1991-96), which will be discussed in the subsequent papers, this paper, as well as the previous paper, looked at the background of CTI. In this paper, the activities in the late 1980s which led to CTI have particularly been examined, regarding them as the ‘second’ knowledge spiral of cultural industries. In conclusion, the story of the activities in the late 1980s associated with CTI supported Nonaka’s theoretical frameworks in many ways.

Key words: Case Study, Knowledge, Huddersfield, Cultural Industries, Creative Town Initiative (CTI), knowledge management

### **1. Introduction**

The aim of this paper is to examine the applicability of Nonaka’s theory of organizational knowledge creation to urban regeneration of the Creative Town Initiative (CTI) in Huddersfield, focusing on the background activities in late 1980s of CTI. This paper is the fourth one of a series of papers. In this series of papers the applicability of Nonaka’s theory of organizational knowledge creation to the empirical context of urban regeneration in the UK and the Creative Town Initiative (CTI) in Huddersfield in particular is examined. In so doing, methodology was argued in Yamanashi Global Studies No.10 (Adachi, 2015), and Huddersfield and CTI in particular were placed in the several contexts including demographic, historical

and local political in Global Studies No.11(Adachi, 2016). This paper looks at the background activities in late 1980s of CTI. The next papers will focus on the process of making the CTI proposal in 1991-96.

Three main areas are to be considered in this paper. Firstly, the theoretical framework to apply to Nonaka’s theory will be introduced in section 2, providing the case study’s theoretical propositions. Secondly, activities around the cultural sector in Huddersfield in the late 1980s will be illustrated based on Nonaka’s theoretical framework in section 3. Finally, conclusions will be drawn on the basis of evaluating the applicability of Nonaka’s theory to urban regeneration of CTI in section 4.

**Table1: Names of knowledge spirals associated with CTI (Author)**

| Name of the knowledge spirals  | Period                   |
|--|--------------------------|
| The first knowledge spiral of cultural industries                      | Early 1980s              |
| The second knowledge spiral of cultural industries                     | Late 1980s               |
| <b>The first knowledge spiral of CTI<br/>(The CTI proposal making)</b> | <b>From 1991 to 1997</b> |
| The second knowledge spiral of CTI                                     | From 1997 to 2000        |

**2. Theoretical framework to apply to Nonaka’s theory**

In order to examine the applicability of Nonaka’s theory of organizational knowledge creation to urban regeneration of CTI in Huddersfield, as argued in the previous paper<sup>1)</sup>, the integrated framework of the TEAM linguistic structure<sup>2)</sup> and Nonaka’s five-phase model of organizational knowledge creation provides the case study’s theoretical propositions, which incorporates the four modes of knowledge conversion, including the socialization, externalization, combination and internalization modes, which are the main concepts of Nonaka’s theory (see Figure1). This paper follows the theoretical propositions to examine the applicability of Nonaka’s theory of organizational knowledge creation to urban regeneration of CTI in

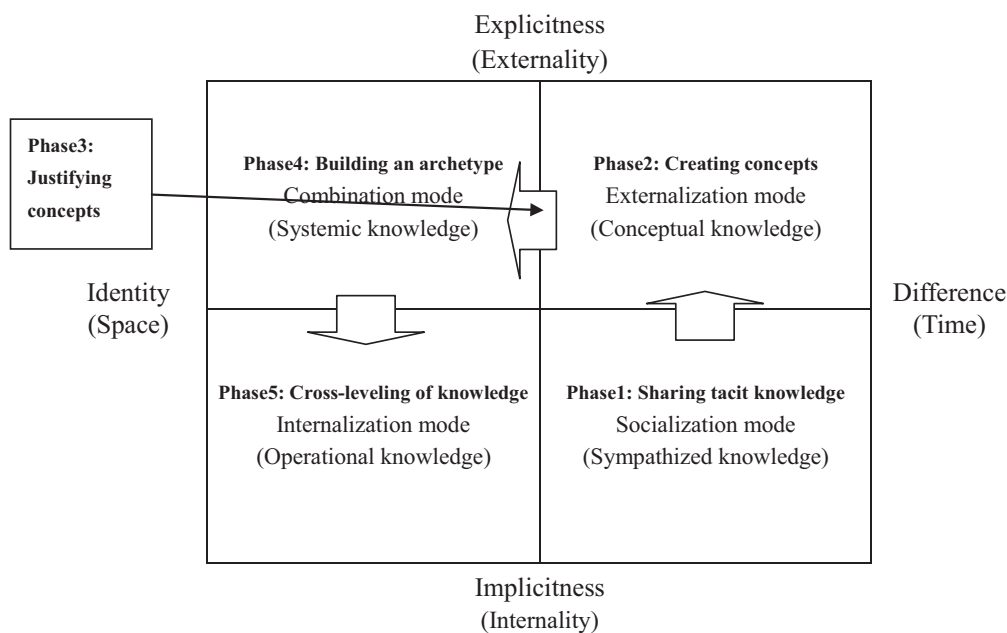
Huddersfield.

The five conditions including *organizational intention, autonomy, fluctuation / creative chaos, information redundancy* and *requisite variety*, which Nonaka assumes facilitate organizational knowledge creation<sup>3)</sup>, were also regarded as the theoretical prepositions to be followed during data collection for the case study.

**3. The second knowledge spiral of cultural industries: Illustrating Nonaka’s theoretical frameworks in activity in and around the cultural sector in the late 1980s**

**3.1 Five conditions for knowledge creation in the second knowledge spiral of cultural industries**

The Kirklees Metropolitan Council, as mentioned in



**Figure 1: Integrated framework of the TEAM linguistic structure and Nonaka’s five-phase model (Source: Author)**

the previous paper (Adachi, 2016), underwent a radical restructuring in the late 1980s. In 1988, the Institute of Local Government (INLOGOV) at Birmingham University made a review of the performance of local governments in Britain. This assessed KMC as one of the most problematic local authorities. In an interview with the author, Sean Leonard, the then officer of Economic Development in KMC, recalled that:

*At the time, a damning report on the local authority was published. If I remember correctly, that was by INGOV, which ranked the Kirklees Metropolitan Council in very low place. It created a very negative image of the Kirklees Local Authority.<sup>4)</sup>*

In fact, INLOGOV assessed KMC as a 'basket case' (Landry, 2000a), which was characterized by rigid departmentalism and no corporate spirit, convoluted decision-making, a total lack of strategic direction, a lack of accountability, divisive senior management (no autonomy and motivation), very poor relations with members and no partnership with voluntary or private sectors (see KMC, 2002; Landry, 2000a). This paper views this event as the starting point of *the second knowledge spiral of cultural industries*<sup>5)</sup> around the Cultural Services Department (previously the Libraries and Arts Department).

After an internal political struggle within the Labour Party in 1986, a compromise leadership choice was made in the person of John Harman, who the old guard thought could be controlled (Landry, 2000a). In his meeting with the author, Phil Wood also commented:

*Up to 1988, the Kirklees Council was a very poorly managed organization. In fact, it was described by INLOGOV as the most badly managed local authority in Britain. Prior to that, many crises had taken place that led to the change of leadership in the Council with*

*a new leader created. This was a very young man, named John Harman.<sup>6)</sup>*

John Harman could not have succeeded without an alliance with Roberts Hughes. At that time Hughes, also a dynamic, iconoclastic, outspoken and inspirational leader, was appointed as the new chief executive and was frustrated with the traditional departmental bureaucracy at the authority and this spurred many of the subsequent changes (see Leadbeater & Goss, 1998). In relation to Wood's account, in his meeting with the author, Brain Cross commented:

*John Harman had creativity as the leader of the Council. And there was also an enterprising chief executive. That was Roberts Hughes. ...The strength of the Council led by John Harman and Robert Hughes was the charismatic personality and enterprising attitudes.<sup>7)</sup>*

It was this alliance between a reforming political leadership and a modernising management team that created the space for entrepreneurship to flourish. In other words, they recognized the changing institutional environment in the UK, which included the shift of certain roles from the Council to other organizations in Kirklees, such as Quangos (including National Health Services Trusts and TECs) and competition within local authority services.

According to Leadbeater & Goss (1998), the restructuring in Kirklees conducted by John Harman and Roberts Hughes created at least three 'spaces' in which innovation and entrepreneurship could emerge. Firstly, by focusing the senior manager and political leaders on strategic issues facing the authority, such as community safety and the environment, the Council was able to renew its sense of purpose by concentrating on the outcomes, rather than the outputs, it should

deliver. Secondly, by devolving personal responsibility to line managers it created more space for innovation and experimentation in terms of service delivery. Thirdly, by stressing the importance of partnerships with outsiders, such as churches, community groups and private companies, the authority encouraged its officers to explore new more creative relationships as the way to develop services. In particular, the third point is important in this thesis. In her meeting with the author, Tess Butler, the director of Huddersfield Pride Ltd, an urban regeneration organization, commented:

*John Harman was instrumental in getting into the partnership work. He was a good partnership worker. He started his partnership and his partnership led the Council. Robert Hughes was also very much a partnership man.*<sup>8)</sup>

Her account is echoed by Phil Wood, who explained:

*John Harman had a very new idea about how local government should work. Rather than being a hierarchy, he believed in a network organization [a horizontally formulated partnership system]. He argued that a Council must have a vision, but that it could not alone deliver such a vision and that the Council therefore must work with other partners, including the private and voluntary sectors and local communities. John Harman thought that in order to achieve his vision of economic and social regeneration, he would work with anybody who wanted to work in partnership with him. It did not matter whether you were a grand businessman or whether you were nobody, a humble artist. If you wanted to work in partnerships, let's talk.*<sup>9)</sup>

In 1990, the Council adopted a Vision for the Regeneration of Kirklees and set itself three key goals

of *A Thriving Economy, A Flourishing Community and A Healthy Environment* (see KMC, 1996).

All these above accounts clearly illustrate Nonaka's *five conditions* which facilitated the second knowledge spiral of cultural industries. Firstly, the negative analysis itself made by INLOGOV introduced a sense of *crisis* of governance and the resulting *fluctuating* or *chaotic* environments into KMC and Huddersfield. Secondly, the recognition of the crisis led KMC with the help of the leadership of Sir John Harman (the then Council leader) as well as Robert Hughes (the then chief executive) to restructure governance in Kirklees and as part of this to create a *strategic vision* (illustrating the local government's *intention*). Thirdly, the transfer of operational responsibility for line managers in KMC made by John Harman also created more *autonomy* for line managers like Phil Wood.<sup>10)</sup> Fourthly, the introduction and promotion of *partnerships* with 'outsiders' from the Council (such as community groups, voluntary organizations and private companies) into Kirklees and Huddersfield as a device of delivering the Council vision led to *requisite variety and information redundancy* because partnerships brought together a variety of knowledge (information) of Huddersfield from the various sectors in the town. Wood explained the novelty of Harman's approach in the UK as follows:

*Many of the things that John Harman introduced in Kirklees have now become national policy. For example, although nowadays the concept of the partnership is an ordinary thing, at that time, it was a radical idea.*<sup>11)</sup>

### **3.2 Phase 1: Sharing tacit knowledge: The socialization mode**

According to Phil Wood, there was an interesting response from the 'cultural people' to the reconstruction of the governance of KMC. In an

interview with the author, Wood explained:

*This [reconstruction of the governance of KMC] was seen as a great opportunity for artists and small entrepreneurs [related to culture] because up to that point, they had been ignored by the Council. ...We realized that with John Harman's arrival came an opportunity. We thought how we could take advantage of this opportunity. We started a series of (secret) meetings. ...What we did was to reform an [new] organization, which was named 'Cultural industries in Kirklees (CIK)'.<sup>12)</sup>*

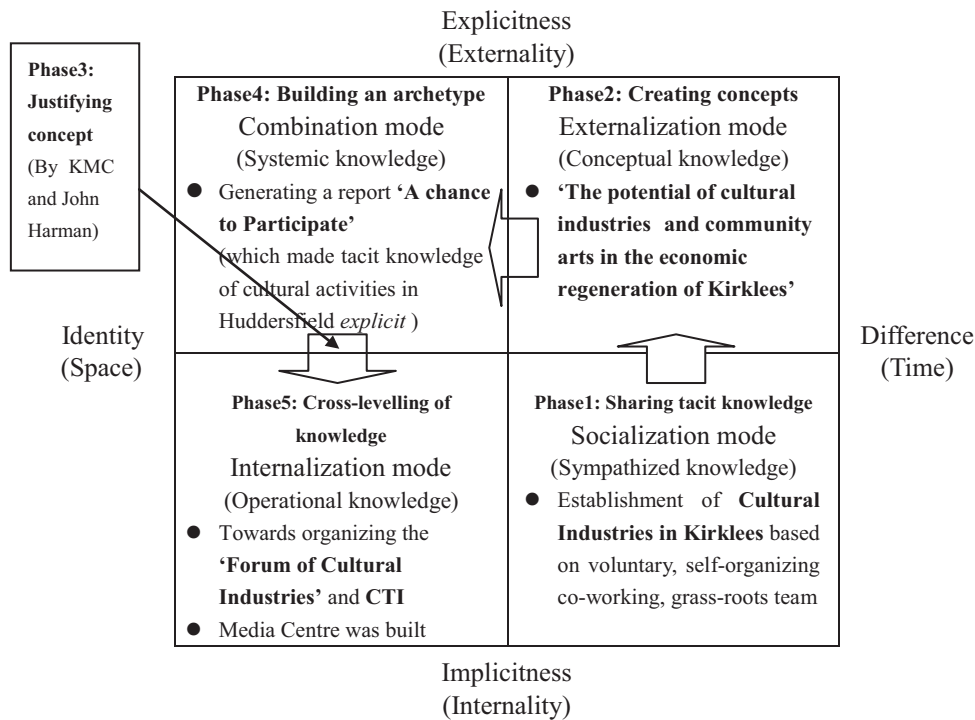
Wood's account was echoed by Brian Cross, one of the members of CIK, who also commented that:

*Although we had to learn to speak to the Council to convey our intentions without losing the meaning, John Harman and Robert Hughes understood what language we were*

*speaking. That is important. We could retain the meaning of what we were doing.<sup>13)</sup>*

In other words, a revitalised and receptive local authority was met with a highly motivated grass roots cultural sector (Pratt, 1988) to convey the Council's vision. This suggests that the knowledge enabling conditions (created mainly by the restructuring of KMC) facilitated the people related to the Cultural Services Department to take action, which this paper considers generated the second knowledge spiral of cultural industries. As mentioned in the previous paper (see Adachi, 2017), the name of the organization of 'Cultural industries' in Kirklees (CIK) came from the first knowledge spiral of cultural industries in the early 1980s (see Figure 2).

The members of CIK, a newly created organization, discussed and researched cultural activities in Huddersfield. In an interview with the author, Brian Cross recalled:



**Figure 2: The second knowledge spiral of cultural industries within Nonaka's five-phase model framework (Source: Author)**

*The people who were involved in the [CIK] activity were Jim Lister, Proper Job and the main editor and writer was Tessa Gordziewko. She was contracted to bring the ideas and full research together to write the report. She was very good at that. Gill Bond, she belonged to a company called Satellite. ....All this work was initially done on a voluntary basis. We met and discussed and came up with ideas and a great level of commitment was shown. We could actually say our strength [of CIK] is co-work, bottom-upwards and grass roots. When you looked at the range of people we worked with, [There were] culturally diverse groups. We worked with disabled groups, we worked in a culturally sensitive way with a certain community. We worked with women's groups.<sup>14)</sup>*

The importance of the activities taken by CIK was more clearly explained by Toby Hyam who commented:

*There was an organization called CIK which acted as a network for creative business and artists in Huddersfield. ...It is clear that without this network, it is unlikely that the development of CTI would have occurred.<sup>15)</sup>*

The face-to-face closed meetings held by the grass roots team (working with a wide range of groups and making networks) employing interview-based research on existing cultural activities, illustrate Phase1 of (Nonaka's concept of) *sharing (and accumulating) tacit knowledge* among the members of CIK on cultural voluntary activities in Huddersfield (see Figure 2). In other words, the direct contact with 'cultural people' in Huddersfield, generated *embodied knowledge* (the individual dimension of tacit knowledge) on cultural activities in Huddersfield. Moreover, the organization type of CIK (which is a voluntary cross-agent team) including the involvement of the directors of voluntary

organizations and a private company associated with arts or cultures illustrates the *cross-functional, self-organizing team with autonomy* at both individual and collective levels, in which Nonaka assumes it is easy to create new knowledge.

### **3.3 Phase 2: Creating concepts: The externalisation mode**

The approach of CIK to urban regeneration was also influenced and supported by the accounts of academics or consultants (see CIK, 1989). For example, while Myerscough had just published a seminal report on the economic value of cultural activity in 1988, Bianchini et al. (1988) and Landry (1989) published reports on the relationship between cultures and economics in the urban regeneration context. Through discussions with a variety of 'cultural people' and influenced and supported by the accounts of academics or consultants, the members of CIK came up with the new concept of '*the potential of cultural industries and community arts in the social and economic regeneration of Kirklees*' (CIK, 1989). This concept clearly represented the linkage between community arts and economic regeneration and moved the argument about the arts away from an 'art for art's sake' agenda to one where culture was seen as a tool for achieving wider Council objectives of urban regeneration in Huddersfield. This concept-creation illustrates Phase2 of Nonaka's five-phase model (see Figure 2).

According to Nonaka (Nonaka & Takeuchi, 1995), a frequently used method of creating a concept is to combine *deduction* and *induction*. CIK combined these two reasoning methods when developing their new concept. While this was *deduced* from the Council's (Harman's) 'vision for Kirklees', which highlighted the importance of economic regeneration, at the same time, it was also *induced* from empirical interview-based research on community arts in Kirklees conducted by CIK. In this sense, as mentioned earlier, *organizational (Council's) intention* clearly facilitated

its concept-creation in CIK in particular.

### **3.4 Phase 4: Building an archetype: The combination mode**

In 1989, a report called '*A Chance to Participate*' was produced by CIK. Commenting on this paper, Wood explained:

*They [the members of CIK] produced 'A Chance to Participate'. ...They provided the evidence base [of cultural activities in Huddersfield] because they proved there were already a lot of activities and already quite a few people employed [in the cultural sector]. Things before having been invisible suddenly became visible through 'A Chance to Participate'.<sup>16)</sup>*

Wood's account was echoed by Brian Cross who also commented:

*We drew on the experience of many people in the community arts and it became a very significant time. We made a presentation, showing photographic skills, script writing skills, public speaking and communication skills. We could script very powerful presentations. We could actually place an argument within the right context.<sup>17)</sup>*

These accounts are also supported by Toby Hyam who, in a meeting with the author, commented:

*It [A Chance to Participate] demonstrated that there was a group/network/cluster of enterprises who were growing in the town and who illustrated a cultural focus for such a proposal. ...Thus it provided a rationale for the project, evidence of early success and a vision for potential growth.<sup>18)</sup>*

All these accounts suggest that the report not only sought to bridge economic regeneration and cultural activities (including community arts), but also provided *explicit* evidence of the existing cultural activities in Kirklees which might have economic importance. In other words, the report made tacit knowledge of 'cultural activities' (which had not been visible before) in Huddersfield suddenly *explicitly* visible and *combined* (incorporated) a variety of cultural activities in Huddersfield into the framework based on the concept created. That is, from the perspective of the linguistic framework, it can be said that the report made cultural activities in Kirklees and Huddersfield *transmissive*, which is one of the linguistic meaning functions and falls into the same quadrant as the combination mode. This illustrates Phase 4 of *building an archetype* (or *the combination mode* of knowledge conversion) in Nonaka's five-phase model (see Figure 2).

### **3.5 Phases 3 and 5: Justifying concepts and cross-leveilling knowledge**

The report made by CIK was *justified* against the Council's (John Harman's) vision (which corresponds to Phase 3). According to Wood, John Harman was very pleased with the report and said that 'this is good, this is what I wanted to see and I am going to support these cultural industries'.<sup>19)</sup> Some of the members in CIK then became the main actors in the new organizations, called the *Forum of Cultural Industries* and then the *Creative Town Initiative* (CTI). This fact illustrates Phase 5 of *cross-leveilling of Knowledge* (see Figure 2). The Media Centre, which then became the symbolic and physical core of the *Creative Cluster* in Huddersfield, was also realized based on the idea created through CIK.

## **4. Conclusions**

This paper has attempted to answer the question of whether Nonaka's theory is applicable to urban regeneration of CTI in Huddersfield, looking at the

activities in the late 1980s which led to CTI. The activities were regarded as the second knowledge spiral of cultural industries.

The story of the previous activities associated with CTI in the late 1980s has supported Nonaka's theoretical frameworks in many ways. Firstly and overall, the background to CTI in the late 1980s in Huddersfield to considerable extent illustrated the relevance of the integrated framework of (the TEAM linguistic framework and) Nonaka's five-phase model, which is related to the four modes of knowledge conversion. As evidence of this, the activities in the 'late 1980s' which led to CTI were regarded as the second knowledge spiral of cultural industries to contain the five phases which are knowledge creation processes required knowledge creation. However, that fact that Phase 3 came after Phase 4, which differs from Nonaka's five phase processes, weakens the relevance of the framework.

Secondly, the activities in the late 1980s have illustrated the five knowledge-enabling conditions in the knowledge spiral. All of the five conditions were found in the knowledge spirals around 'cultural people'. The case study analysis also suggested that by introducing crisis into urban development, the process of knowledge creation could be enhanced. Moreover, the examination suggested that the concepts of requisite variety and information redundancy are closely related to public-private partnerships. In this sense, in order to enhance the quality of knowledge creation in the urban regeneration context, public-private partnerships should be taken seriously.

By taking all factors into consideration, it can be concluded that Nonaka's theory may, to considerable extent, be applicable even to urban regeneration of the background activities to CTI in the late 1980s.

## Notes

- 1) See Adachi, Yamanashi Global Studies No.10
- 2) TEAM linguistic structure (theory) is a fundamental theory of the social science developed by Nishibe, who is paying attention to the meaning of language and at the same time acknowledging the multiplicity of that meaning. Nishibe (1996) divided the meaning function of language into four; namely, functions of (T) transmitting meaning, (E) expressing meaning, (A) accumulating meaning, and (M) measuring meaning. The integrated framework of the TEAM linguistic structure and Nonaka's five-phase model of organizational knowledge creation was developed by the author in order to justify the applicability of Nonaka's theory in UK context.
- 3) See Nonaka & Takeuchi (1995)
- 4) Interviewed on October 31<sup>st</sup> 2003
- 5) The activities which led to CTI in the 'early' 1980s have been illustrated as *the first knowledge spiral of cultural industries* in the previous paper (see Adachi, 2017)
- 6) Interviews on October 28<sup>th</sup> 2003
- 7) Interviewed on October 29<sup>th</sup> 2003
- 8) Interviews on October 29<sup>th</sup> 2003
- 9) Interviews on October 28<sup>th</sup> 2003
- 10) Interviewed on October 28<sup>th</sup> 2003 and also see Leadbeater and Goss (1998)
- 11) Interviewed on October 28<sup>th</sup> 2003
- 12) Interviewed on October 28<sup>th</sup> 2003
- 13) Interviewed on October 29<sup>th</sup> 2003
- 14) Interviewed on October 29<sup>th</sup> 2003
- 15) Interviewed on October 31<sup>st</sup> 2003
- 16) Interviewed on October 28<sup>th</sup> 2003
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