

# An Examination of The Applicability of Nonaka’s Theory in The Empirical Context of UK Urban Regeneration: A Case Study of The Creative Town Initiative in Huddersfield (3)

## — Looking at the Background in the early 1980s to Creative Town Initiative in Huddersfield —

ADACHI Yoshimichi

### Abstract

A 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 at the next papers, this paper looked at the background to CTI. The activities in the early 1980s which led to CTI have been considered. The background in the early 1980s to CTI in Huddersfield illustrated the relevance of the integrated framework of (the TEAM linguistic framework and) Nonaka’s five-phase model in the restricted way.

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

### 1. Introduction

A 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. 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 of CTI in the early 1980s to CTI. The next papers will focus on the background activities of CTI in the late 1980s and 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 early 1980s will be illustrated based on

**Table1: Names of knowledge spirals associated with CTI (Source: 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 (The CTI proposal making)</b>	<b>From 1991 to 1997</b>
The second knowledge spiral of CTI	From 1997 to 2000

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 in the UK in section 4.

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

The main aim of Nonaka’s theory of organizational knowledge creation is to provide an understanding to how an organization creates the new ideas which may make the organization competitive and sustainable, regarding organizational activities as knowledge activities. In other words, Nonaka sheds light on the mechanisms and processes through which ‘new’ knowledge is created in an organization with both solid theoretical foundations and practical models.

In order to examine the applicability of Nonaka’s theory of organizational knowledge creation to the empirical context of urban regeneration in the UK and CTI in Huddersfield in particular, as argued in the previous paper<sup>1)</sup>, the integrated framework of the TEAM linguistic structure and Nonaka’s five-phase model of organizational knowledge creation

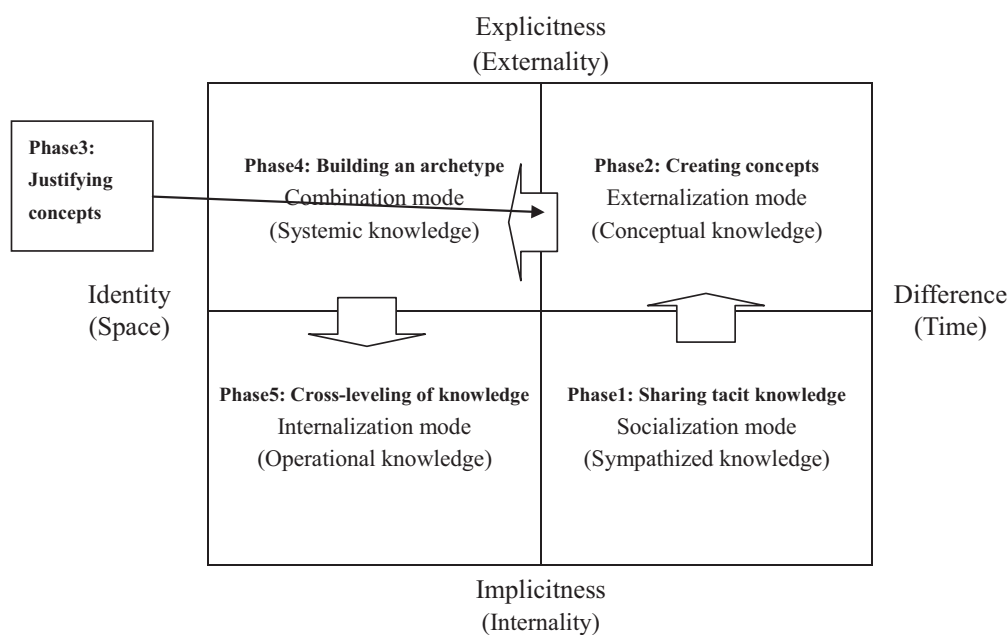
provided the case study’s theoretical propositions, which incorporates the four modes of knowledge conversion, including the socialization, externalization, combination and internalization modes, which are the main concepts of Nonaka’s theory. (see Figure 1). This paper follows the theoretical propositions to examine the applicability of Nonaka’s theory of organizational knowledge creation to the empirical context of urban regeneration in the UK and 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>2)</sup>, were also regarded as the theoretical prepositions to be followed during data collection for the case study.

**3. The first knowledge spiral of cultural industries: Illustrating Nonaka’s theoretical framework in activities around the cultural sector in the early 1980s**

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

Nonaka assumes that *fluctuation* and (*creative*) *chaos*



**Figure1: Integrated framework of the TEAM linguistic structure and Nonaka’s five-phase model (Source: Author)**

**Table 2: Changes in employment in Huddersfield (Source: ONS)**

		Primary Production	Manufacture	Construction	Service Industries	Unclassified by Industry	Total
1975		1,295	45,423	2,999	37,516	2	87,235
1976		1,315	42,909	3,550	39,028	3	86,805
1977		1,268	43,427	3,668	39,144	3	87,510
1978		1,255	42,065	3,264	39,143	5	85,732
1981		1,389	30,057	2,884	37,463	369	72,162
Change (1975-1981)	Nom.	94	-15,366	-115	-53	367	-15,073
	%	7.3	-33.8	-3.8	-0.1	18350.0	-17.3

generated when a firm faces a real *crisis* facilitates organizational knowledge creation (see Nonaka & Takeuchi, 1995). Similarly, Peter Hall, a town planner speaking at the Creative City Conference (Report on the Creative City Conference, 2000) in Huddersfield, stated that ‘historically, drastic problems such as cholera, need for fresh water and need for travel systems etc. led to urban creativity’. Phil Wood, the then manager of CTI, also stated at the same conference that ‘historically, the triggers to creativity have been crises, leading to municipal, civil and technological creativity’. The crisis in Huddersfield in the early 1980s took the form of the loss of employment, in manufacturing in particular (see Table 2).

Table 2 clearly shows the considerable decline in employment in manufacturing in Huddersfield. In an interview with the author, Phil Wood recalled:

*Around 1982, unemployment was regarded as a very serious ‘crisis’ in Huddersfield and the whole UK. The feeling of almost panic [existed] in the local authority [Kirklees Metropolitan Council] because they could not understand what was happening. Thousands and thousands of people would be made unemployed in the town. People were worried about its consequences, [particularly] social consequences of this happening.*<sup>3)</sup>

In addition to this, at the time there was a racial *crisis*

in Huddersfield. In his meeting with the author, Sean Leonard, the then Economic Development Officer in KMC, commented:

*In 1981, a “multicultural mob” of black and white youths occurred, storming through the centre of Huddersfield town centre and the urban riot drew attention back to social conditions.*<sup>4)</sup>

This kind of racial issue extended into the schools. Wood explained this as follows:

*There were problems in schools in Kirklees because white people [parents] did not want their children to be educated with Asian children and the Council handled this very badly. It became a national scandal.*<sup>5)</sup>

The above serious crises (problems), mainly concerned with unemployment around the manufacturing sector and racial issues, naturally created *fluctuating* and *chaotic* environments in the Kirklees Metropolitan Council (KMC) (one of Nonaka’s enabling conditions for knowledge creation) (see section 2 and also Nonaka & Takeuchi, 1995). In 1982, KMC created a new post of ‘Community Worker for the Unemployed’ in the Libraries and Arts Department (then Cultural Services Department), with a remit to try to understand these *fluctuating* and *chaotic* environments.<sup>6)</sup> In other words, the environment provided KMC with an opportunity to

reconsider its basis and mindsets for addressing urban problems in Huddersfield and facilitated ‘subjective commitment’ (Nonaka & Takeuchi, 1995) to local communities through the creation of the new post. The creation of the new post can be considered as a starting point of knowledge-creating processes leading to CTI in Huddersfield. This paper considers it to be the start of the first ‘knowledge spiral’, referred to here as *the first knowledge spiral of cultural industries*.

### **3.2 Phase 1: Accumulating and sharing tacit knowledge: The socialization mode**

In 1982 Phil Wood, who had become the central figure in making the CTI proposal, was employed in the new post of ‘Community Worker for the Unemployed’. In an interview with the author, he recalled that:

*I was employed by the Council to meet with unemployed people, to try to understand how they were coping with unemployment. ...I was not given a plan. I [instead] made a job from nothing. Simply going and finding people and talking to them, asking what they wanted to do with all their spare time that they have.<sup>7)</sup>*

This account illustrates Phase 1 of *sharing tacit knowledge* of Nonaka’s five-phase model of organizational knowledge creation (or the *socialization* mode of knowledge conversion in his SECI model) in the first knowledge spiral of cultural industries (see Figure 1). It is because Wood, who was given (*individual*) *autonomy* at that time, *directly* interacted with local (unemployed) people and tried to understand and share their feelings and perspectives (and in so doing acquire tacit knowledge), which was context-specific and different from previous situations. In other words, the traditional scientific methods, which Systems Theories and Rational Theories of Planning usually use, such as following particular work procedures, analysing (or manipulating) information (explicit knowledge) and producing policies based on

explicit information, were not considered the way to understand and solve the situations of the unemployed.

Strictly speaking, Wood himself *individually accumulated*,<sup>8)</sup> rather than *collectively (institutionally) shared* (which Nonaka emphasizes in his theory), *local tacit knowledge* of the local situations on the unemployed. Such local tacit knowledge was only acquired at Wood’s discretion, while the unemployed were the only source of (tacit) knowledge of the real situations they faced (and the feelings they held). Moreover, it can be argued that although Nonaka tends to assume that the *technical* dimension of tacit knowledge lies ontologically at the *individual* level, while the *cognitive* dimension is at the collective level (see Nonaka & Takeuchi, 1995), this classification cannot be applied to the case because Wood again ‘individually’ accumulated the tacit feelings of the unemployed people he met, which obviously corresponds to the ‘cognitive’ rather than technical dimension of tacit knowledge.

Through his individual ‘learning by walking around’, Wood identified another group of people. Explaining this during an interview with the author, he commented:

*I realized that a quite few people were doing very interesting things. They were starting recording music, making films, writing plays, making theatre and making music. ...[I thought] Maybe they are going to create their own jobs by doing this. At the time it was possible for ordinary people to have access to computer technology, cheap video cameras and sound recording equipment.<sup>9)</sup>*

One of people who interested Wood was Brian Cross, the director of Artimedia, a media-focused private company. He explained his own work at that time as follows:

*At that time, I worked, for example, with the Caribbean community coming to this area in the 1950s. I organised carnivals and made music with them. We also completed major projects using computers. We believed cultures were economic resources. We also provided training, consultancy and information for them.*

At that time there were people in Huddersfield who were artists, video makers, fledgling businesses and training providers and the Libraries and Arts Department in KMC, and Phil Wood in particular, paid attention to these people. Following the above description, this paper defines 'cultural people' as people who use culture (including music, films, plays, drama and new technologies) as tools of local economic and social development. Wood also added:

*That [job-creation using cultures and technologies] was regarded as crazy 20 years ago because Huddersfield is an industrial town. People make things in factories [here]. ... I was attracted by this group of people. I thought that I'd like to particularly work with them and that this would become a new form of economic activity.<sup>10)</sup>*

Wood's account was also supported by Toby Hyam, the director of the Media Centre. In an interview with the author, he commented:

*The initial approach of the Council to culture [as a tool of economic development] was vague. Given that there were so few models in the UK at that time, it is not hard to understand why this was. The legal constitution and the early Kirklees Council report illustrate that video producers, writers, publishers, artists and arts organizations were the key target market of the Council.<sup>11)</sup>*

Wood's above account illustrates that Phase 1 of *accumulating (sharing) tacit knowledge* exists, but

at a deeper level. Although at that time these kinds of cultural activities were considered 'eccentric' or 'strange' in an industrial town such as Huddersfield, through face-to-face communications, Wood had increased his 'attraction' to such 'cultural people' with the sense of commitment and gained a *belief* (tacit knowledge) that cultural activities associated with new technologies and arts could produce new jobs in Huddersfield.

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

Although Wood thought that he would like to help the 'cultural people', he at first did not know how to do so and thus examined activities in other cities where cultural people were supported. Elaborating on this, Wood explained:

*I started to realize that other people in the towns and cities were also thinking the same way. They called that kind of activity 'cultural industries'. It seemed such radical thinking. It was an inspiring idea. Much of the most advanced work [on this aspect] was taking place in London under the Greater London Council.<sup>12)</sup>*

Using Nonaka's terms, by looking at and visiting the places where cultural activities associated with technology were conducted, Wood expanded (tacit) knowledge on cultural activities. He then found the concept of 'cultural industries' in London, which adequately represented the connection among cultures, technology and employment (industries) and which also clearly expressed Wood's ambitions obtained and fostered (in Phase 1). The founding of the concept of 'cultural industries' illustrates Phase 2 of *creating concepts* (the *externalisation* mode) in Nonaka's five-phase model (see Figure 2). However, it should be noted that, unlike Nonaka's premise, the concept of cultural industries was not *externalised* from Phil's 'brain', but was 'founded' through 'learning by

walking around’ London.

The finding of the concept of ‘cultural industries’ affected the direction of ‘cultural people’ in Huddersfield. Brain Cross described it as follows:

*This time was the emergence of the ‘cultural industries’ as a concept and if you describe it, it was ‘a window of change’. I often think of the analogy that we could hoist our own sail and then sail the boat. The concept of the cultural industries was our sail and we could move together with this change. It was significant because we thought we, a small group, were able to come together, even though we were economically at a very low level of activity. I thought we could become something bigger, could be larger, in some part. And I thought this idea came together at that moment.*<sup>13)</sup>

### 3.4 Phase 5: Cross-levelling of knowledge: The internalization mode

In the early 1980s, the first knowledge spiral of cultural industries generated around the Libraries and Arts Department in KMC ended the creation (finding) of the *conceptual knowledge* of ‘cultural industries’. In other words, using Nonaka’s term, the concept could not reach the phase of its *justification* (Phase 3) and a policy to which the concept was applied was not formulated (which is related to Phase 4 of building an archetype). But this concept was *internalised* into Phil Wood and *cross-levelled* to *Cultural Industries in Kirklees* (CIK), a voluntary-based cross-agency team (which corresponds to Phase 5 of cross-levelling of knowledge) (see Figure 2); the development will be further explained and illustrated in the next paper.

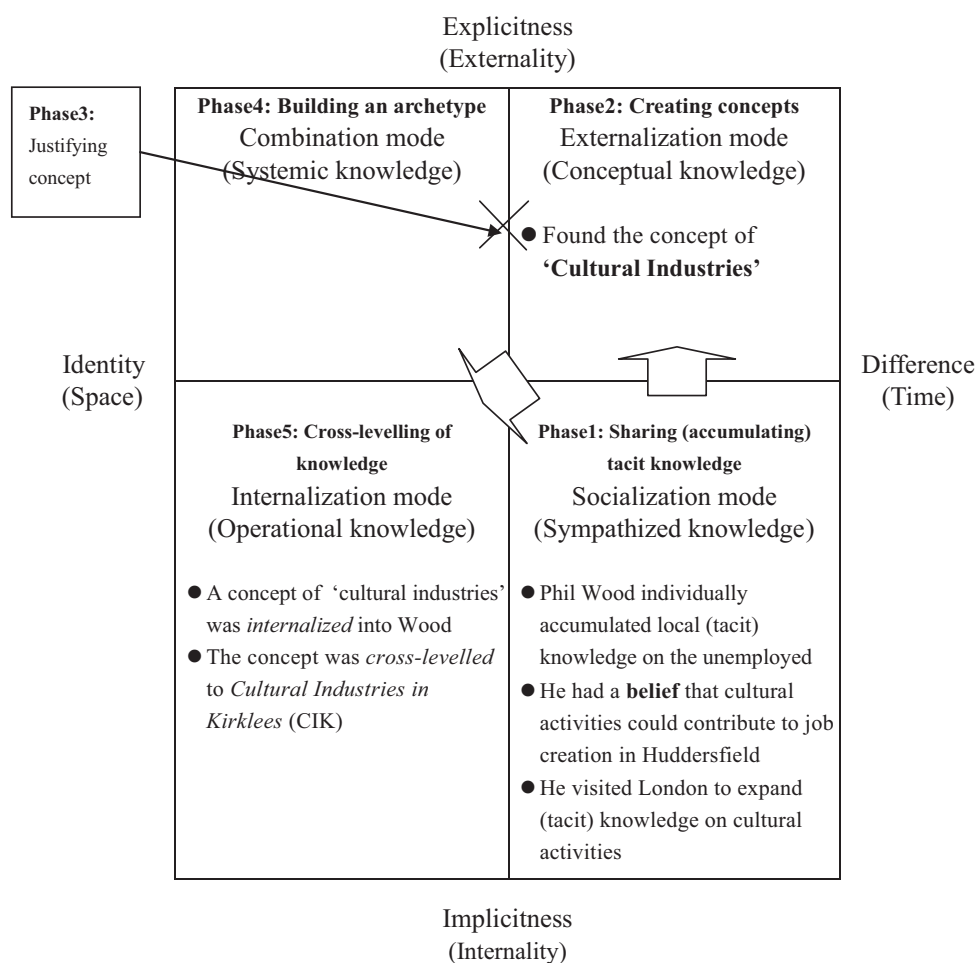


Figure 2: The first knowledge spiral of cultural industries within Nonaka’s five-phase model framework (Source: Author)

#### 4. Conclusions

This paper has attempted to answer the question of whether Nonaka's theory is applicable to the (empirical) context of UK urban regeneration, looking at the background in early 1980s to CTI. The activities in the 'early 1980s' which led to CTI was regarded as the first knowledge spiral of cultural industries in this paper.

The story of the previous activities associated with CTI in the early 1980s has supported Nonaka's theoretical frameworks in the restricted way. Firstly and overall, the only three of five phases in Nonaka's theory have been found in the activities in the early 1980s which led to CTI, which include *Sharing (accumulating) tacit knowledge* (phase 1), *creating concepts* (phase 2) and *Cross-levelling of knowledge* (phase 5), but in the different shapes which Nonaka assumed. Secondly, in Nonaka's five knowledge-creating conditions, only *fluctuation* was found in the knowledge spiral around 'cultural people'.

Thirdly, the case study has shown the importance of Phase 2 of *creating (strong) concepts* (the externalization mode of knowledge) and the potential limitations of this notion in the urban regeneration context. In the first knowledge spiral of cultural industries the concept was *taken* from intellectuals, rather than *externalized* from inside by members of 'cultural people'.

By taking all factors into consideration, because some elements of Nonaka's theory have been found in the activities in the early 1980s which led to CTI, it can be concluded that Nonaka's theory may be applicable to the background activities in the early 1980s to CTI in the restricted way. The next papers will examine the application / relevance of Nonaka's theoretical frameworks to urban regeneration in the activities in the late 1980s which led to CTI in Huddersfield.

#### Notes

- 1) See Adachi, Yamanashi Global Studies No.10
- 2) See Nonaka & Takeuchi (1995)
- 3) Interviewed on October 28<sup>th</sup> 2003
- 4) Interviewed on October 31<sup>st</sup> 2003
- 5) Interviewed on October 28<sup>th</sup> 2003
- 6) Interviewed on October 28<sup>th</sup> 2003
- 7) Interviewed on October 28<sup>th</sup> 2003
- 8) The term 'accumulation' is one of the linguistic meaning functions in the TEAM linguistic framework, which is the same quadrant with the socialization mode of knowledge conversion in Nonaka's SECI model (see Adachi, 2011).
- 9) Interviewed on October 28<sup>th</sup> 2003
- 10) Interviewed on October 28<sup>th</sup> 2003
- 11) Interviewed on October 31<sup>st</sup> 2003
- 12) Interviewed on October 28<sup>th</sup> 2003
- 13) Interviewed on October 29<sup>th</sup> 2003

#### References

- Adachi, Y (2011), 'An Examination of the SECI Model in Nonaka's Theory in terms of the TEAM Linguistic Framework', *Yamanashi Global Studies*, 6, 21-33
- Adachi, Y (2015), 'An Examination of The Applicability of Nonaka's Theory in The Empirical Context of UK Urban Regeneration: A Case Study of The Creative Town Initiative in Huddersfield (1) —Methodology—', *Yamanashi Global Studies*, 10, 59-15
- Adachi, Y(2016), 'An Examination of The Applicability of Nonaka's Theory in The Empirical Context of UK Urban Regeneration: A Case Study of The Creative Town Initiative in Huddersfield (2)—Placing the Creative Town Initiative in Huddersfield in context—', *Yamanashi Global Studies*, 11, 73-81
- Bianchini, F. & Greed, C. H. (1999), 'Cultural planning and time planning' in Greed, C. H. (ed.) (1999), *Social Town Planning*, London: Routledge
- Creative Town Initiative (KMC) (1996), *Huddersfield Creative Town Initiative: An Urban Pilot Project under article 10 of the ERDF Regulation*
- Creative Town Initiative (1999), *Interim Report*
- Kirklees Metropolitan Council (KMC) (1994), *Made*

- In Kirklees* (Data)
- Kirklees Metropolitan Council (KMC) (2002), *Comprehensive Performance Assessment: Corporate Self Assessment*
- Kirklees Metropolitan Council (KMC) (Corporate Development Unit) (2003), *Analysis of 2001 census key statistics*
- Landry, C. (1989), *Cultural Industries and Arts Policies*, Bournes Green: Comedia
- Landry, C. (2000a), *Creative City: A Toolkit for Urban Innovators*, London: Earthscan
- Landry, C. (2000b), *Creative City* (Pre-conference Reader)
- Landry, C. & Bianchini, F. (1995), *Creative City*, London: Demos
- Leach, C & Game, C (1988), *Review of the Council's Committee Structures and Processes Interim Report*, Birmingham: INLOCOV
- Nonaka, I. (1994), 'A dynamic theory of organizational knowledge creation', *Organization Science*, 5, 1, 14-37
- Nonaka, I. & Takeuchi, H. (1995), *The Knowledge Creating Company*, Oxford: Oxford University Press
- Pratt, A. C. (1998), *Technological and Organizational Change in the European Audio-visual Industries: An Exploratory Analysis of the Consequences for Employment*, European Audiovisual Observatory, Strasbourg, Luxembourg: Council of Europe
- Wood, P. (1996), 'Made in Kirklees: cultural within an urban regeneration strategy', *The Yorkshire and Humber Regional Review*, 6, 3, 12
- Wood, P. (1999), 'Cultural Industries and the City: Policy issues for the Cultural Industries at the local level', *Keynote speech to cultural Industries and the City Conference*, Manchester Metropolitan University
- (Report)
- Report on the Creative City Conference (25th-27th May 2000)*