

**Legenda**

1. Knowledge Movement
2. Transactional Cultures
3. External Transactions
4. Technologies
5. ICT and Social Processes
6. ICT and Strategy
7. Cultural Attractors

**Theory of the Firm**

Firms exist because  
 (1) the firm is the locus of interaction between tacit personal knowledge and explicit impersonal knowledge  
 (2) The firm is the most likely form of organizing that is comfortable in all zones in the I-space

- (b)
- 1<sub>b</sub>. share
  - 2<sub>b</sub>.
  - 3<sub>b</sub>. decentralized and divisionalize
  - 4<sub>b</sub>.
  - 5<sub>b</sub>. organizational processes (diffuse beyond organizational borders)
  - 8<sub>b</sub>. IT enhances an organizations ability to codify, abstract and difusse information

- (c)
- 1<sub>c</sub>. Textbook knowledge
  - 2<sub>c</sub>. Markets (multi-divisional units)
  - 3<sub>c</sub>. Sales
  - 4<sub>c</sub>. Modular Processes

- (B)
- 1<sub>B</sub>. Propriety knowledge
  - 2<sub>B</sub>. Bureaucracies (functional structures)
  - 3<sub>B</sub>. Licensing
  - 4<sub>B</sub>. Continuous Processes

- (a)
- 1<sub>a</sub>. share and structure
  - 2<sub>a</sub>.
  - 3<sub>a</sub>. structure
  - 4<sub>a</sub>.
  - 5<sub>a</sub>. team processes (structure and formalize)
  - 8<sub>a</sub>. ICT reduces the necessity to abstract and codify information to diffuse it.

- (C)
- 1<sub>c</sub>. use and apply
  - 2<sub>c</sub>.
  - 3<sub>c</sub>. diversify and enrich
  - 4<sub>c</sub>.
  - 5<sub>c</sub>. networking processes (stabilize and personalize)

- (D)
- 1<sub>D</sub>. Common sense
  - 2<sub>D</sub>. Clans (networks)
  - 3<sub>D</sub>. Joint ventures and alliances
  - 4<sub>D</sub>. Craft Based Systems

- (d)
- 1<sub>d</sub>. convert
  - 2<sub>d</sub>.
  - 3<sub>d</sub>. spin off
  - 4<sub>d</sub>.
  - 5<sub>d</sub>. community processes (centralize and create coherence)

- (A)
- 1<sub>A</sub>. Personal knowledge
  - 2<sub>A</sub>. Fiefs (start-ups)
  - 3<sub>A</sub>. relational contracting
  - 4<sub>A</sub>. Core Competences

Vmax: Maximal value due to minimal diffusion and maximal structure  
 Emin: Minimal entropy due to minimal chaos and maximal structure

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