



## Counter-knowledge and realised absorptive capacity<sup>☆</sup>



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### ABSTRACT

In the following paper we investigate the concept of counter-knowledge and how its effects may be mitigated in an organisational context. Counter-knowledge may be acquired unwittingly from unreliable or inaccurate sources such as gossip, lies, exaggeration and partial truths. We consider that if counter-knowledge is present then specific actions are required to stimulate realised absorptive capacity and, hence, provide for the creation and assimilation of new knowledge and new knowledge structures. Thus, in this paper, we focus on intentional unlearning as a method to counteract the problem of counter-knowledge. We have analysed the relationships between an unlearning context and counter-knowledge using an empirical study of 164 Spanish hospitality companies in order to identify whether the impact of unlearning on RACAP can be strength. A model is tested in which counter-knowledge is simultaneously a hindrance and a challenge stressor. Our results confirm that counter-knowledge is a variable that, when controlled, has the effect of strengthening the relationship between unlearning and RACAP. However, when left uncontrolled, the relationship between unlearning and RACAP is weaker than it otherwise would be.

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### 1. Introduction

Counter-knowledge in contrast to scientific knowledge, often masquerades as scientific knowledge but can be shown to be untrue in reference to known facts or shown to lack appropriate supporting evidence. Indeed, the very lack of supporting evidence may be used as evidence of the truth of a particular statement – for example the statement that a cure for cancer exists (Thompson, 2008). Rumours, gossip, unsupported explanations and justifications, and inappropriate or false beliefs are just some of the examples that illustrate an organisation's employees' capacity to create and share counter-knowledge. The creation of counter-knowledge occurs when an individual or individuals create inappropriate or false meaning for events or sequences of events. This counter-knowledge leads individuals to develop a world-view that is at most partially true. Possessing such partially true world-views may lead individuals act in ways which may be inappropriate at best and potentially seriously deleterious at worst (Harvey & Lusch, 1999). In other words, 'counter-knowledge' is the term applied to flaws in individuals' mental models which arise from rumours, inappropriate knowledge structures and outdated

routines or procedures that interfere with an individual or individuals' ability to act and interact appropriately.

The concept of a *knowledge corridor* has been invoked to characterise the way in which prior knowledge may open up a corridor to future opportunities and options (Shane, 2000). Thus, as knowledge is assimilated the corridor that is opened up providing an organisation with potential benefits that may be derived from new opportunities that are available as a result of traversing the corridor. Such corridors can be considered to provide ways of exploring and structuring organisation's future course of action (Koller, 1988). Thus corridors provide a path which allows for the exploitation and deployment of assimilated (Short, Ketchen, Shook, & Ireland, 2009). Consequently, knowledge corridors can be considered to be closely related to Zahra and George's (2002) notion of realised absorptive capacity. Realised absorptive capacity (RACAP) includes a firm's capability to develop and refine the routines that facilitate the combining of existing knowledge and newly acquired and assimilated knowledge (Zahra & George, 2002). This transformation capability in RACAP is supplemented by an exploitation capability which is the capacity of a firm to deploy the newly acquired knowledge in product or services and realise a financial benefit.

The existence of counter-knowledge will influence the types of knowledge corridor that will open up to managers as they share inappropriate assumptions about inappropriate routines or inappropriate approaches to scanning the wider business environment

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and, also, to defining, meeting and bringing forward their ideas by introducing new products (Gibb, 1997). In other words, counter-knowledge can influence RACAP because managers perceive and follow knowledge corridors based on concerns expressed by employees or customers (Tilley, 1999), observation of the benefits achieved by other companies through their knowledge corridors, as a result of their personal preferences and beliefs. Thus, the appropriateness and effectiveness of the knowledge corridors perceived by managers depends upon their ability and willingness to counteract the negative effects of counter-knowledge and combine prior knowledge (appropriately adjusted for obsolete or inaccurate knowledge) with new knowledge updated and acquired by managers and employees of the firm (Bosma, Van Praag, Thurik, & Wit, 2004; Darr, Argote, & Epple, 1995; Wyer, Mason, & Theodorakopoulos, 2000). We propose that the ability and willingness of managers to engage in these activities is enhanced through the creation of what we refer to as an ‘unlearning context’ in an organisation.

At its heart, an unlearning context facilitates the reorientation of organisational values, norms and/or behaviour by changing cognitive structures (Nystrom & Starbuck, 1984), mental models (Day & Nedungandi, 1994), dominant logics (Bettis & Prahalad, 1995) and core assumptions that guide behaviour (Shaw & Perkins, 1991). Thus, the relevant contribution of the unlearning context is its ability to prepare the ground for updating knowledge thus improving staff relations and therefore potentially increasing the value of RACAP (Jansen, Van Den Bosch, & Volberda, 2005). There is no empirical evidence, particularly in relation to the Spanish hotel operator industry, to support the elaborate the relationship between counter-knowledge and to the existence or non-existence of an unlearning context, or to its impact on RACAP. Our study addresses this question “What is the nature and strength of the relationship between the existence of an unlearning context and RACAP?” and “What part does the concept of counter-knowledge play?” These relationships are examined through an empirical investigation of 164 Spanish hospitality companies.

The theoretical framework that characterises the nature of an unlearning context and the nature of counter-knowledge are described in detail and a conceptual model and accompanying hypotheses are proposed in the next section of our paper. Details of the survey which was used to collect appropriate data to test the models is presented in Section 3 and the results of testing the models are presented in Section 4. The results and managerial implications are discussed in Section 5 which is followed by our general conclusions in Section 6.

## 2. Conceptual framework

### 2.1 Realised absorptive capacity

The concept of absorptive capacity has been defined as a firm’s “ability to recognise the value of new information, assimilate it, and apply it to commercial ends” by Cohen and Levinthal (1990). Kim (1998) understands absorptive capacity as the learning ability and problem solving skills that enable a firm to assimilate knowledge and create new knowledge. Absorptive capacity relies on both external connections and internal social networks. It uses the organisation’s internal experience, expertise, and processes in order to interpret the meaning of the external knowledge and to exploit it to generate innovations. Absorptive capacity is a function of the organisation’s existing resources, existing tacit and explicit knowledge, internal routines, management competences and culture (Gray, 2006). Absorptive capacity results from a prolonged process of knowledge accumulation combined and a high ability to recognise and appreciate new knowledge tends to produce more innovations.

Zahra and George (2002) have advanced our understanding of this process by proposing the existence of two subsets of absorptive capacity (i.e. potential and realised). Whilst the term potential absorptive capacity (PACAP) is used to refer to the capacity to acquire and assimilate knowledge, the concept of realised absorptive capacity (RACAP) includes transformation and exploitation capabilities. “Transformation denotes a firm’s capability to develop and refine the routines that facilitate combining existing knowledge and the newly acquired and assimilated knowledge” (Zahra & George 2002, p. 190) which involves new interpretations of existing, adding new, and deleting pieces of old knowledge. Exploitation, then, refers to “a firm’s ability to harvest and incorporate knowledge into its operations (Zahra & George 2002, p. 190). RACAP reflects the firm’s capacity to leverage absorbed knowledge and transform it into an innovation outcome such as new goods and services (Fosfuri & Tribó, 2008; Purvis, Sambamurthy, & Zmud, 2001; Spender, 1996). Transformation and exploitation capabilities occur simultaneously and recursively and together constitute what are referred to as “knowledge corridors” (Zahra & George, 2002).

### 2.2 Counter-knowledge

The importance of counter-knowledge sourcing and entrepreneurial actions has already been recognised by Cegarra, Eldridge, and Gamo (2012). We live and work in a world where we do not have all the truth and we share rumours, beliefs and assumptions about what we think is the truth (Kurland & Pelled, 2000). This observation is supported by Chapman and Ferfolja (2001) when they assert that gossip, rumours and malicious lies proliferate in the learning process and people can be manipulated to learn some ‘wrong’ things. In this vein, Thompson (2008, p. 1) defines counter-knowledge as ‘misinformation packaged to look like fact’. Thompson further proposes that counter-knowledge is based on gossip, rumours and malicious lies and may lead to the adoption of inappropriate or outdated assumption. This counter-knowledge potentially leads to a degradation of organisational knowledge (Darr et al., 1995; Fernandez & Sune, 2009; Markoczy, 1994; Starbuck, 1996).

Taking the foregoing into account and relating Thompson’s definition (2008) to the work of Fernandez and Sune (2009), counter-knowledge can be viewed as resulting in a natural deterioration or depreciation of organisational knowledge, usually with negative consequences for learning processes and organisational performance. For example, when organisational members provide information that is derived from rumour or gossip they help to undermine the learning process by masquerading as a source of knowledge (Akgün, Lynn, & Byrne, 2006). Furthermore, individuals who tend to accept rumour and gossip may well develop an increased propensity to believe further rumours and gossip. For example, faced with a significant change in customer needs initially individuals may deny these changes have really occurred and they may decide to rely completely on informal information that cannot be tracked back to its original source. Over time they and their colleague may come to rely more on informal information than on consulting the customers directly. In the next section we discuss how the presence of an unlearning context may facilitate the identification and replacement of counter-knowledge.

### 2.3 Intentional unlearning and the unlearning context

Intentional unlearning (unlearning) involves the giving up or abandonment of knowledge, values or behaviours. Most authors consider unlearning to be challenging for an individual because it requires the abandonment of prior ways of seeing reality, established beliefs, assumptions, taken-for-granted knowledge and, potentially, long held values and beliefs which have previously

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