

Deriving managerial benefit from knowledge search: A paradigm shift?

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Abstract

A conceptual model of knowledge/information (K/I) search and transfer was developed; it was based on three concepts: managers' preferences for internal versus external sources, the importance of relationships between sources and recipients, and the derived managerial benefit. The results of an empirical study demonstrated a high degree of explained variance in managerial benefit and suggested managers' preferences for external sources over internal ones. They also supported the notion that managers use internal, known knowledge search to enhance their reputation and status. These results suggested a shift away from the conventional wisdom of internal preference that is reflected in theories of in-group favoritism and out-group derogation.

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1. Introduction

Knowledge management (KM) systems not only facilitate the collection, storage, and dispersion of knowledge within the organization, but also include investments that involve knowledge exchange with suppliers, customers, and partners. KM continues to be a rapidly growing field. Within KM one of the fastest growing industries is that of information search. Information search is expected to have annual growth rates of 17% through 2008 raising revenues to an

estimated US\$ 59.6 billion in 2008 from US\$ 38 billion in 2005.

In addition, spontaneous and unstructured transfers of knowledge routinely take place between managers both inside and outside the organization [23]. These exchanges result in the generation of new organizational knowledge, providing a basis for product, service, and process changes and organizational renewal [35,29]. Some even argue that the process by which managers generate and exploit new knowledge to satisfy their customers' desires is the essence of the organization [62].

Knowledge seeking, knowledge acquisition and knowledge transfer are important sub-processes of knowledge management. Each deals with some phase of the process used by a manager when seeking out facts, advice, opinions or the expertise in order to make a decision or address an issue. Problem-solving

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usually involves both search and access to previously-created knowledge [51]. Knowledge acquisition is associated with seeking and finding knowledge and internalizing it, for example from an electronic discussion board [3]. Knowledge transfer refers to the focused and intentional communication of knowledge from a source to a recipient to serve specific purposes [42].

Knowledge seeking often precedes transfer, since a seeker must identify a source before knowledge can be transferred. “Information seeking” is a related construct that focuses on obtaining facts (information) rather than knowledge [11]. In our study we focus on the combined seeking–transfer process through which one identifies a problem to be addressed or a need for knowledge or information, locates a source and then is the recipient of knowledge or information transfer from that source.

While a distinction between knowledge and information is often useful [2], a manager trying to make better decisions usually does not know in advance exactly which form it may take. The seeker may have to rely on opinions and judgments from which data may be inferred.

For instance, if an editor is trying to assess the potential market for a proposed textbook, several levels of knowledge or information (K/I) might prove to be useful. Among them are:

- subjective judgments made internally (e.g., by a sales representative), that the number of college and university courses in the topic area is growing rapidly,
- “hard” data from external sources reflecting this,
- external data concerning the growth of expenditures by industry in the area,
- the advice of a consulting editor specializing in the field. This assessment might reflect knowledge of the new area or underlying knowledge of the centrality, or marginal nature, of it.

Thus, the need for information – the market potential of a new book – may be assessed or estimated through several surrogate information measures. If numerical data are not available, the seeker may have to rely on judgments.

Generally, managers with a problem follow a complex process that combines consideration of content quality and feasibility [10] using both systematic and heuristic means [15]. Moreover, managers, who are often unaware of the result of their actions on the organization, may not know exactly what they want [27]. As a result, the actions are often done in an

evolutionary manner [43]. The interactions are often complex consisting of the gathering of information and the sharing of understandings with others [36]. The plausibility of that which is gained is usually formulated in the manager’s sense-making, rather than in referential categorizing [9].

2. Conceptual foundations

Ancona and Caldwell [4] emphasized the importance of horizontal communications within teams to provide “a general scanning of the market and technical environment” as one phase of a cycle of “external activity, internal processes and performance”. These phases map well onto the behavior of individual managers in K/I seeking and transfer.

The basic foundations are:

- (1) considering the *internal versus external* behavior of managers,
- (2) focusing on the *relational aspects* of behavior,
- (3) measuring the *managerial benefit* derived from it.

2.1. External versus internal sources

A great deal has been written about managerial preferences for internal or external K/I sources (e.g., [1,6,59]), but little empirical research has been undertaken. Much that has been conceptualized or empirically studied has focused on characteristics of the K/I itself, such as its “stickiness” [34,61,64].

Traditionally, managers who primarily searched internally were accused of being subject to the “NIH” not-invented-here syndrome [41] or of living in their own “reality distortion field”, in which otherwise rational managers become committed to ideas or points of views without regard to their practicality [13]. Indeed, Phillips et al. [53] demonstrated that organizational social norms can impose conformity which, at times, results in the rejection of externally-sourced ideas.

However, recent work challenges a preference for internal sources perhaps because the proximity of a knowledge or information sources can “reduce the perceived value of internal knowledge” [49]. This may be because of one’s awareness of flaws in the internal knowledge and/or imperfections in the process of its development, which lessens its perceived uniqueness [59].

The distinction between internal and external sources is ancient. Plato distinguished between “actual speech” – a lively personal dialogue – and “written

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