

## Chapter 78

# Knowledge Management's Strategic Dilemmas Typology

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### ABSTRACT

*We proposed to frame the discussion of Knowledge Management (KM) strategies by six basic strategic dilemmas that challenge companies and managers. The six dilemmas are: Codification-Tacitness; Complementary-Destroying; Concealment-Transparent; External Acquisition-Internal Development; Exploration-Exploitation; and Product-Process. Our research suggests that companies are using these dimensions even if they do not have an explicit KM strategy, in the context of their business strategies. The findings also suggest that companies use a sophisticated set of choices for each dimension. The framework of the KM strategic dilemmas was validated in two different types of environments: business, and Knowledge-Based Systems (KBS) life cycle contexts. Based on these dilemmas (C<sup>3</sup>EEP for short) we developed a framework for KM strategy that companies can use to guide their strategic decision making. The article will summarize the six dilemmas, present two illustrations of application, and future research opportunities will be identified.*

*Category: Organizational Aspects of Knowledge Management*

### INTRODUCTION

Recent research indicates that knowledge and intellectual capital accounts for a significant

unexplained wealth created within the economy and value created by firms (e.g., Lev, 2001; Blair & Wallman, 2001; Brooking, 1996; Nakamura, 2001). As the new-knowledge economy continues to advance, knowledge is being commended as a business asset and considered a crucial component of business strategy (e.g., Teece, 2000). Therefore, the ability to manage knowledge is becoming an imperative skill for securing and maintaining success and organizational endurance in the new-

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knowledge economy (Grant, 1996). Sustainable competitive advantage is seen as assembled from a broad, and difficult to copy, array of capabilities that can be implemented across products and markets (e.g., Liedtka & Rosenblum, 1996). The organization in this perspective is seen as a repository of knowledge and competencies (Kogut & Zander, 1996) or as a distributed knowledge system (Tsoukas, 1996). Our research assumes a multiple-layer perspective of resources and strategies. In multiple-layer frameworks, knowledge is defined as the basic (lowest) layer, consistent with the frameworks postulated by Brush et al. (2001) and by Hafeez et al. (2002). We also use the perspective of viewing strategy as a pattern of decision making as proposed by Hax and Majluf (1986). As such, we assume that companies have an emerging strategy (Mintzberg, 1987) regarding knowledge assets regardless of whether or not they have an explicit or implicit KM strategy.

Finally, our research supports the notion that companies rarely use the genuine form of an archetype of the strategic dilemma, and usually attempt to strike a balance between the two extreme cases (for each one of the six dilemmas described below), which might serve them better (e.g., Russ et al. 2006a).

We do not discuss the “what” of knowledge, so what specific knowledge needed for product development is NOT covered, BUT we discuss the framework of the “what”; is the knowledge focused on improving the product/service or the process of delivering the service or making the product.

## BACKGROUND

A number of typologies have been offered for business strategies over the years. One of the early and frequently used in the business strategy literature, is the one offered by Porter (1985) that used two dimensions for business strategy classification: the competitive advantage (price and

diversification) and the scope of the market (whole versus niche). Another typology that is frequently used when describing the international business strategies, using (number of versions of this subject were developed) for example: customer's price sensitivity and customer responsiveness dimensions (e.g., Bartlett & Ghoshall, 1989).

Also, a number of typologies were offered for knowledge typologies (see for example the discussion in Ein-Dor, 2006) but we are not aware of any typology that was proposed for framing the discussion of KM strategies in the context of business strategies.

## C<sup>3</sup>EEP Typology

The C<sup>3</sup>EEP Typology refers to the six fundamental strategic KM dilemmas an organization is contemplating when choosing a direction to follow toward their desired objectives. Our research has determined that there are six orthogonal (independent) strategic choice opportunities that organizations face (implicitly or explicitly) when it comes to determining their business and/or KM goals:

- **Codification-Tacitness:** Should the company center its attention on codifying its knowledge-base or would it be better off leaving the knowledge-base tacit (e.g., Conner & Prahalad, 1996; Hansen et al. 1999; Leonard-Barton, 1995; Schultz & Jobe, 2001; Spender, 1996; Subramaniam & Venkatraman, 2001)?
- **Complementary-Destroying:** Should the company center its attention on developing new knowledge that is complementary to its current knowledge-base or would it be better off embracing new knowledge that might destroy its existing knowledge-base (e.g., Barley, 1986; Bower & Christensen, 1995; Fleming, 2001; Hill & Rothaermel, 2003)?
- **Concealment-Transparent:** Should the knowledge-base of the company be trans-

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