

Chapter IV

External Knowledge Search Strategy as an Essential Element of a Knowledge Management Strategy

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ABSTRACT

This chapter introduces external knowledge search strategy as a central element of an organizations overall knowledge management strategy. The argument cites how knowledge management has developed around a myopic internal focus and has thus far failed to take full account of the many sources of knowledge external to the organization. The chapter offers external knowledge search strategy as a means of integrating this external focus into knowledge management understanding, by providing a conceptual framework for organizations involved in the external knowledge management activity of external knowledge search. The framework identifies 10 search paths organizations may follow into the search space, four of which relate exclusively to external knowledge search. The authors hope that establishing an external element within knowledge management strategy will inform knowledge management's recognition of the value of the extended enterprise.

FILLING KNOWLEDGE GAPS

Knowledge management research and practice predominantly focuses on the internal knowledge possessed by organizations and the issues that surround the management and coordination of this knowledge. This internal focus has led to knowledge management's obsession with identifying, measuring, manipulating, and codifying knowledge that is held internal to the organization. An alternative way to look at knowledge management is to regard it in terms of "the knowledge we don't have", also referred to as knowledge absences (Spender, 2006) and knowledge gaps (Zack, 1999, 2005). If this alternative stance is adopted, the purpose of knowledge management becomes twofold: first, to identify the knowledge spaces to be filled within the organization and, second, to coordinate the activities that will lead to this space being filled. The focus of this chapter is on the second activity, and how in order to fill knowledge absences and gaps organizations must engage in search activity across the external search space, thus making external knowledge search an important knowledge management activity.

General business strategy takes into account the importance of a balance between internal and external strategic activities. This balanced focus is lacking in knowledge management strategy, however. The appropriateness of an organization's overall strategy is related to its resources, environmental circumstances, and core objectives. This is represented by a balanced approach to SWOT analysis, whereby organizations focus on both the internal elements of strengths and weaknesses and the external elements of opportunities and threats (Zack, 1999). Knowledge management strategy, however, remains overly focused on the internal elements of strengths and weaknesses. This leads to organizations being blind-sided by missed opportunities and potential threats from the external environment (Christensen, 1997). Contemporary organizational understanding should take into account the many metaphors of knowledge at work

in and around organizations, including knowledge as power, knowledge as meaning, and knowledge as asset. A balanced approach to knowledge management strategy should therefore draw on all of these understandings of knowledge to identify, refine, and solve market-based problems through creative decision-making, which in turn results in the development of new knowledge from both internal and external sources. Any organization's value creation is based on a combination of the effective management of its knowledge base (Spender, 1996) both actual (internal) and potential (external). To this end, knowledge search is one of the main activities through which organizations develop their knowledge bases through the alignment of internal and external knowledge strategies (Levinthal & March, 1993).

Bounded rationality perspectives on management lead us to assume that a manager's decision-making ability is constrained by limitations of knowledge (Cyert & March, 1963); the same is true of organizations themselves. While an organization's existence is a consistent attempt to achieve higher levels of knowledge generation and integration than the market (Spender, 1996), they endeavor to do this under conditions of knowledge limitations. Thus, organizations cannot internally possess or control all of the diverse knowledge relevant to their existing or potential innovative processes. These internal knowledge limitations lead many innovative organizations to search for and acquire knowledge from external sources.

Literatures, including externalities and spillovers (Breschi & Lissoni, 2001; Powell, Koput & Smith-Doerr, 1996; Tallman, Jenkins, Henry, & Pinch, 2004), learning regions (Florida, 1995; Morgan, 1997), and absorptive capacity (Cohen & Levinthal, 1990; Zahra & George, 2002) suggest that the ability of the firm to access and use knowledge from outside its confines is important to overall performance. External knowledge is important to organizations because it allows firms to create new knowledge and grow (Arrow, 1962; Bierly & Chakrabarti, 1996) and to avoid

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