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Knowledge Acquisition Practices of American Managers

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Introduction

Knowledge management (KM) has become the latest strategy in increasing organizational competitiveness. It is the most innovative, creative, and important management concept to come along in the last 25 years. It doesn’t imply downsizing, restructuring, or reorganizing; rather, KM reflects a point made by Lew Platt, former CEO of Hewlett-Packard (HP): “If HP knew what HP knows, we would be three times as profitable.” Researchers are calling it the only solution for competitive advantage in the new century.

Knowledge can be characterized in many ways. Popular taxonomies distinguish between tacit and explicit knowledge, general and situated context-specific knowledge, and individual and collective knowledge. Knowledge sources may lie within or outside the firm. Internal knowledge may reside within peoples’ heads; embedded in behaviors, procedures, software, and equipment; recorded in various documents; or stored in databases and online repositories. Common sources of external knowledge include publications, universities, government agencies, consultants, and knowledge brokers, among others.

There are two prominent themes dominating the field of KM: knowledge creation and knowledge use. We conducted a study to look at knowledge creation using survey responses from 156 local area managers. Our specific focus was on knowledge acquisition practices concerning information about the external environment — customers, suppliers, industry trends, etc. Our findings should be of interest to West Michigan companies as they strive for competitive advantage in an ever dynamic marketplace.

Our Findings

We separated our sample into manufacturing and service companies to isolate and identify practices specific to each sector. We first looked at the importance placed on various sources of information about the external environment. For manufacturing companies, superiors were ranked as the most important source of information, followed by personalized subscriptions to various periodicals (specifically, industry trade journals) and then peers. In the service industry, managers ranked “peers” first, followed by “internal documents,” and next, “superiors” as information sources.

Some tasks are more complex than others. Complex tasks may require information that may be hard to obtain, although critical to solving the task at hand. We next looked at whether accessibility or task complexity influences the source of information used. A main contribution of this study is the finding that it is the accessibility of an information source and not the perceived complexity of the task at hand that influences the choice of source used. A possible reason for this finding is that accessibility is paramount. If a particular information is inaccessible or difficult to access, then regardless of the complexity of the task at hand, it is unlikely to be used. This underscores the relative importance of task complexity and brings into sharp focus the accessibility of an information source. This has important implications for users of, as well as providers of, information.

Personal sources appear to be more popular than impersonal sources. This is brought out in our results, where, for manufacturing industry managers “superiors” ranked first, and “peers” ranked first for service industry managers. Again, it is likely that because of the ease of access of these personal sources, they are preferred over impersonal sources, such as publications and databases. Managers tend to want to talk to their superiors or peers to collect information simply because it is easier to do that than to seek published information. This is indeed surprising given that, in this day and age, electronic databases are produced with user ease of use in mind. Apparently, there is a mental block that makes users less inclined to use these sources and more inclined to seek personal information sources.

“Staff” employees in organizations perform a “boundary-spanning” role. They perform a gate-keeping function by acquiring information from outside the organization and disseminating this information to others in the organization. This is in contrast to “line” employees who are typically more insulated from the external environment. A priori it would appear that staff employees, more than line employees, would tend to use outside sources of information. This is only partially supported by the results of this study. Of all the information sources examined in the study, only “databases” appear to be used more by staff than by line. This is consistent with what we know because databases typically emanate from outside an organization. However, there were no significant differences between line and staff employees on other external information sources such as library and publications. It is likely that organizations no longer want to insulate line employees from the outside world. By forcing line employees to interact with the external environment, organizations may become more competitive by exhibiting a higher degree of market orientation.

Our Conclusions

While our study adds to the growing body of literature on knowledge management, subsequent research should contribute to a more complete understanding of the entire process of knowledge acquisition and use. For example, it is possible that there are certain factors that moderate the knowledge acquisition process, such as organizational resources, industry type, and competitive intensity. The impact of these factors has to be empirically established. Similarly, certain factors may mediate the knowledge acquisition process. These factors may be size of the organization, age, and technological intensity of the industry. Practical implications of these mediating factors would help organizations develop a plan for knowledge management.