

Organizational Attention

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INTRODUCTION

Attention is a term commonly used in education, psychiatry, and psychology. Attention can be defined as an internal cognitive process by which one actively selects environmental information (i.e., sensation) or actively processes information from internal sources (i.e., stored memories and thoughts; Sternberg, 1996). In more general terms, attention can be defined as an ability to focus and maintain interest in a given task or idea, including managing distractions. Attention is selective by its nature. According to Pashler (1998, p. 37), "The process of selecting from among the many potentially available stimuli is the clearest manifestation of selective attention."

Why do firms respond to certain events or stimuli in their environment while neglecting others? It seems that organizations, just like individuals, have limited attention capacity. Hence, they must select from among the many potentially available stimuli and respond to these selected stimuli only. Organizational attention is defined as the socially structured pattern of attention by decision makers within the organization (Ocasio, 1997). Organizational attention, like human attention, is a limited resource: "Attentional limits filter or screen incoming information such that a great deal of data pertinent to strategic decision may never get processed" (Corner, Kinicki, & Keats, 1994, p. 296). Garg, Walters, and Priem (2003) show that the extent to which CEOs (chief executive officers) are selective in their attention to sectors of the environment is a significant predictor of performance.

Knowledge management (KM) models and process theories, almost without exception, incorporate a stage or phase in which a given knowledge item is brought to bear on a current decision or action. This stage, referred to alternatively as externalization (Nonaka, 1994) or awareness (Schwartz, Divitini, & Brasethvik, 2000), is of crucial importance in any knowledge-management cycle. The flow of knowledge in and out of an awareness stage is not merely a function of the universe of available organizational memory or the technological tools available to filter and identify such knowledge. It is influenced to a large degree by organizational attention.

The second area in which organizational attention is key is knowledge acquisition and creation as discussed by Ocasio (1997), and Yaniv and Elizur (2003).

Successful knowledge management requires attention. Davenport and Volpel (2001) argues that attention is the currency of the information age. Knowledge consumers must pay attention to knowledge and become actively involved in the knowledge-transfer processes. This is particularly important when the knowledge to be received is tacit (Nonaka, 1994). Knowledge can be part of the organization's repository, however, if it does not get the attention of decision makers or other knowledge workers, it is not effective. This knowledge can be very important and relevant to the organization, but since it does not get attention, it does not become useful. Organizational attention is crucial in the context of knowledge management as it lays the infrastructure for knowledge acquisition and transfer.

Like human attention, organizational attention is limited in its capacity. Davenport and Volpel (2001) terms this as the attention-deficit principle: "Before you can manage attention, you need to understand just how depleted this resource is for organizations and individuals." Organizational attention limits the ability of organizations to process knowledge and thus it should be of major concern when knowledge management is discussed.

The limited organizational attention span reduces the number of sources that the organization can use as knowledge sources. The organization has to pay attention to some sources while ignoring or paying less attention to others. An increased likelihood of missing key information when making decisions is the direct result of this selective attention. In this article, organizational attention is discussed in the context of organizational knowledge flow and processing.

BACKGROUND: ORGANIZATIONAL ATTENTION AND KNOWLEDGE PROCESSING

The fact that a situation demands information to fill cognitive gaps, to support values and beliefs, or to

influence affective states, and that sources of information are available and accessible to the decision maker is no guarantee that the information will be processed (that is, incorporated into the users' framework of knowledge, beliefs, or values) or used (that is, lead to changes in behavior, values, or beliefs).

Mintzberg's (1973) model of the managerial use of information includes information acquired from the external environment. In his conceptualization of top managers as information-processing systems, the managers' interpersonal roles provide access and exposure to information from a large number of external and internal information sources. The manager in the informational role of monitor "continually seeks and receives information from a variety of sources in order to develop a thorough understanding of the organization and its environment" (p. 97).

Ocasio (1997) developed a framework for an attention-based view of the firm. He defines corporate strategy as "a pattern of organizational attention, the distinct focus of time and efforts by the firm on a particular set of issues, problems, opportunities, and threats, and on a particular set of skills, routines, programs, projects and procedures" (p. 188). Simon (1947) describes organizational behavior as a complex network of attentional processes. Ocasio argues that since the environment of a firm's decision is of infinite complexity and firms are bounded in their capacity to attend to all environmental stimuli, decision makers are selective in those aspects of the environments of the decisions that they attend to. Different environmental stimuli are noticed, interpreted, and brought into conscious consideration. According to this view, attention is the noticing, encoding, interpreting, and focusing of time and effort by organizational decision makers on both issues and answers. Issues are problems, opportunities, and threats, and answers are action alternatives, such as proposals, routines, projects, programs, and procedures.

A basic example of organizational attention in action is as follows. Consider a cellular service provider in a very dynamic, competitive environment. Decision makers are faced with an overwhelming number of problems to deal with: competitive rivalry, customers' demands, technological innovation, and so forth. Their sources of information about these issues are diverse. Competitors' behavior and expected moves can be determined to a certain degree from public sources, such as newspapers and conferences, or by business intelligence activities. Different evaluations of the future behavior of competitors are available. Customers' demands are also based on different sources of information. Technological news come both from internal and external sources. Decision makers are bombarded with more information than they can effectively attend to and assimilate as their

attention capacity is bounded. They have to select which problems, issues, and inputs they can deal with among the infinite available sources. Organizational attention is the pattern that is derived from decision makers' selections. The organization as a whole responds, according to this pattern, to certain issues while paying less attention to others. In our cellular example, the firm might ignore signals about the intention of a competitor to launch a new technology if the source that provides this information is not in the attention focus of the firm.

Durand (in press) investigates organizational attention in terms of the firms' investment in internal and external information, and finds that higher relative investments in market information appear to reduce errors and bias in forecasting.

Organizational attention affects both the forward and backward search for information in order to solve organizational problems and acquire new knowledge (Cyert & March, 1963), and to perceive opportunities or threats in the environment (Gavetti & Levinthal, 2000).

Decision makers differ in their knowledge of alternatives and consequences (March & Simon, 1958), their values, and their cognitive styles (Hambrick & Mason, 1984). These factors may contribute significantly to managers' focus of attention.

Ocasio (1997, p. 204) stresses that "the focusing of attention by organizational decision makers allows for enhanced accuracy, speed, and maintenance of information-processing activities, facilitating perception and action for those activities attended to." As stated by Cockburn, Henderson, and Stern (2000, p. 1142):

Ex post, it is clear that some firms actively identify, interpret, and act upon early signals from their external and internal environment, and so position themselves to effectively exploit these opportunities well in advance of others' demonstration of the pay-off from the strategies which emerge later on as best practices.

Two major aspects of human attention are capacity and selection. These aspects are adaptable and applicable to the discussion of organizational attention. Contemporary research discusses attention within the framework of the information-processing approach (Pashler, 1998). At the individual level, capacity is the amount of stimuli that can be noticed and processed in a given time. Kahneman (1973) suggests that the allocation of finite resources might account for a broad range of limitations people have in doing different activities at the same time. Due to these limitations, the individual has to select from the available stimuli those she or he will focus on and process. According to Kahneman focused attention facilitates perception and actions toward issues and

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