

Chapter 5.1

Knowledge Strategy and Its Role in the Organization: An Exploratory Study

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ABSTRACT

Knowledge strategy is defined as the set of guidelines and philosophies that guide an organization's knowledge-based activities, such as knowledge gathering, development, storage, and utilization. Much of the early literature describing knowledge strategy suggests that its role in the organization is to drive, and be driven by, organizational structure and the human resources and technology strategies. The present research utilizes semistructured interview data to determine that knowledge strategy is less of a formal structure and more of a lens through which knowledge-based decisions are viewed and focused, resulting in organizational actions that align with the knowledge strategy of the organization.

INTRODUCTION

As the age of the knowledge-enabled organization nears the middle of its second decade, and the field of knowledge management reaches some level of maturity as evidenced by the behavior of its associated literature (Ponzi & Koenig, 2002), it is appropriate that the study of the strategic implications and management of knowledge takes a more central role. The importance of knowledge to the success of firms in many industries has become well-rooted in the literature. It is necessary now to address the manner in which the management of knowledge is linked to the business strategy. This linkage is crucial to the successful application of knowledge and the systems utilized to manage it. This linkage ensures that the knowledge obtained, developed, stored, or applied by the firm is derived from, and supports, the business strategy currently in place.

The linkage between the business strategy and the knowledge activities of the organization exists in the form of a knowledge strategy (KS). A KS is defined as the set of guidelines and rules that help to define and steer the organization's knowledge-based activities and processes (Kasten, 2006). The nature of a KS, as well as the manner in which it directs the operations of the organization, is somewhat difficult to specifically define. Knowledge strategies, like other strategic plans, can be explicit or implicit. They can be prescriptive or emergent. And, they can be comprehensive or very specific. Of course, like most other strategic plans, there is little to quantify in a KS so its identity must consist of qualitative, contextual descriptions rather than values or scores.

The purpose of this article is two-fold. First, the various approaches to KS creation and implementation by various authors are synthesized into one comprehensive model. The second purpose is to collect empirical data that will enable the revision of that literature-based model to more accurately reflect the nature and application of knowledge strategy in the field. Ultimately, this article is important because it creates a framework within which we can begin to understand the role of knowledge strategy in the organization. By understanding the role played by an organization's KS and the manner in which it shapes organizational processes, researchers and practitioners alike can then understand how the KS can be used to link the business strategy with the knowledge-based activities of the firm. Without this understanding, it is unlikely that we can fully leverage the knowledge strategy, not to mention the KS creation process, to the creation of competitive advantage. The study consists of both a comprehensive review of the knowledge strategy literature as well as semistructured interviews with nine executives from a wide range of industries who are directly involved in the creation and implementation of their organization's knowledge strategy.

LITERATURE REVIEW

The literature review is divided into three subsections. The first section defines and develops the topic of knowledge strategy. This leads into the second subsection, which condenses the literature concerning the external and organizational drivers of KS creation. The last subsection details the empirical evidence supporting the existence of many of these drivers.

Theoretical KS Literature

The earliest writings directed at the strategic use of knowledge come from the business strategy development literature. Feurer, Chaharbaghi, and Distel (1995) wrote about the part played by knowledge in the implementation of business strategy. Their research stresses the importance of matching the type of knowledge maintained in the firm with its proper level in the firm. Specifically, they assert that horizontal knowledge, or wide knowledge of the industry and market, is necessary at the top of the organization to enable executives to evaluate and implement strategic plans. Vertical knowledge, or specialized knowledge, belongs at the business unit level or lower to enable them to better carry out the tasks of the firm.

Zack (1999) explicitly defines KS as "balancing knowledge-based resources and capabilities to the knowledge required for providing products or services in ways superior to those of competitors." This definition directly links the knowledge characteristics of the organization with performance and competitive advantage. Zack (1999) continues on to identify certain traits of the knowledge-based organization such as being a creator or exploiter of knowledge and whether knowledge is sought inside or outside the firm.

Bierly (1999) takes a similar approach to KS when he defines four basic drivers involved in the creation of a KS: internally vs. externally sourced knowledge, enhanced vs. new knowledge, fast vs. slow speed of learning, and depth vs. breadth of

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