



Chapter V

Exploring the Impacts of Knowledge (Re)Use and Organizational Memory on the Effectiveness of Strategic Decisions: A Longitudinal Case Study

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EXECUTIVE SUMMARY

This chapter introduces the impacts of knowledge management (KM) and organizational memory (OM) on strategic decision making. Close consideration and treatment of OM as part of a KM strategy are suggested as a central issue to the effectiveness of strategic decision making. This chapter uses the modified version of McLean's Information System (IS) Success Model by Jennex and Olfman (2002) as a lens to examine the impact of knowledge strategy and technological resources, along with the impact of individuals and members from wider organizational context on decision-making processes. These components are then analyzed within Galliers' (2002) IS Strategy Framework of emergent and deliberate strategizing. Furthermore, this chapter highlights the intermingled approaches to organizational KM practices that are due to the contextual

nature of knowledge and the human need for social interaction. Results from our exploratory and continuing longitudinal study have clearly shown the significance of culture and human-driven knowledge requirements along side the use of an ERP system as part of an OMS. The authors account for the intersubjectivity of the concept and claim that organizations relying on acquired knowledge from past experiences on average make higher-quality decisions on business strategies for better future performance.

INTRODUCTION

The impact of globalization, ICT innovations and market integrations continue to change competitive business environments, making knowledge and expertise primary sources for competitive advantage, at least in knowledge-intensive industries. In addition, rapid technological change affects dramatically the nature and pace of firms' competitive moves (e.g., Ball, 2002). The knowledge-based view of the firm perspective conceptualizes firms as bearers of tacit, social, and path-dependent organizational knowledge (Hitt et al., 1999). In competitive environments, the manner in which corporations learn from past performances and manage knowledge impacts future decisions. The extent to which advanced ICTs play a supportive or impeding role in the knowledge strategy of a firm depends not only on the knowledge infrastructure of a company, but also on the attitude of decision makers towards knowledge sharing, creation, and use, as well as the technology itself. Related topics in literature concern the strategic games decision makers play (e.g., Brindle, 1999), technological discontinuities (Tushman & Andersen, 1986), and hypercompetition (D'Aveni, 1994).

The literature on IS and strategy places emphasis on either the "hard" or the "soft" approaches to managing knowledge and organizational memory. The former assumes that knowledge can be captured and stored in the organization's structure and technological systems, such as knowledge management systems (KMS). The softer approaches view organizations as social systems and claim that knowledge is embedded within human minds, with growing attention to social networks and organizational culture, that is, "knowledge worker" (Drucker, 1995), "social capital" (Davenport, 1998), and so forth. We will present that organizational effectiveness arises from a complex interplay between deliberate decisions and ongoing actions, rather than one or the other. Knowledge exploitation and exploration can be a powerful force when employed in tandem (Huang, Chen, & Frolick, 2002; Galliers, 2002). Thus, decisions (deliberate or emergent) play a part in determining the strategic direction of the firm (compare Mintzberg & Waters, 1983). For future frameworks to become more useful in practice, there is a balance between these two extremes that needs to be struck.

In the light of the IS Success Model, this paper argues that effective decision making depends on the use of quality information, including systems that capture lessons learned from past decisions and performances. Thus, it is assumed that organizational effectiveness depends, in part at least, on effective decision making based on the effective management and use of knowledge and OM. How much of which type of knowledge and resources are used by top management teams and boards during strategic analysis and choice remains a topic that requires further investigation.

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