EXTENDING THE KNOWLEDGE STRATEGY CONCEPT: LINKING ORGANIZATIONAL KNOWLEDGE WITH STRATEGIC ORIENTATIONS

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ABSTRACT

Since the popularization of knowledge in the global business economy, organizational managers consider it a key part of their strategy in generating value and achieving superior performance for their organizations. Therefore, attempts have been made to discuss knowledge strategy in terms of its types, resources, capabilities and competencies. None the less, extant literature has been limited in examining strategic behaviours of organizations that result from the link between organizational knowledge and strategic orientations. Therefore, this research is aimed at conceptualizing the knowledge strategy (KS) concept by linking organizational knowledge with strategic orientation. The implications of the research were discussed.

Keywords: Knowledge Strategy, Organizational Knowledge, Strategic Orientation, Strategy, Performance.

INTRODUCTION

Within the last two decades, there has been increasing awareness among firms across global cultures about the importance of knowledge in achieving and sustaining organizational competitive performance. This research study is aimed at conceptualizing the knowledge strategy (KS) concept by linking organizational knowledge with strategic orientation constructs. Within the existent body of literature on organizational knowledge, there is still a gap with identifying how organizational knowledge capabilities, resources and processes should be linked to the organizational strategic orientation as a means of achieving competitive advantage (Davenport, 1999). None the less, addressing this gap is important to ensure that the information and knowledge resources in the organization are: a) vital for the strategic pursuit of the firm; b) properly processed by the firms interconnected knowledge assets to achieve the desired competitive advantages.

As this relationship occurs within the organizational system, three unique and strategically significant dimensions of knowledge strategy will result (Bierly & Chakrabarti, 1996; Zack, 1999). They are scope of knowledge, which reflect the broadness and depth of organizational knowledge; applicability of knowledge, which portrays the aggressive and conservative means of infusing organizational knowledge into its strategic drives; suitability of knowledge, relating to internal and external knowledge gathering by the firm. However, this research identifies that an additional dimension of knowledge strategy, which existing research works have not discussed is efficacy of knowledge, which pertains to the immediate and future
relevance of organizational knowledge resources and capabilities to achieving its competitive strategies.

Moreover, the conceptualization of the term knowledge strategy in existing research reflects more on the aspects of organizational knowledge characteristics (with respect to, acquisition, adaptation and utilization) in the organization, rather than a strategic view of knowledge as a competitive resource. Consequently, this research argues that a typical view of knowledge strategy and its dimensionality must reflect organizational knowledge availability, features and utilization upon the firm’s strategic orientation as a means to driving knowledge-based competitive performance for the organization. Thus, these knowledge strategy dimensions have not been found to be researched in existing literature.

**LITERATURE REVIEW**

**Organizational Knowledge as a Strategic Resource**

Within the last two decades, there has been increasing awareness among firms across global cultures about the importance of knowledge in achieving and sustaining organizational competitive performance. Knowledge as a strategic resource within the organizational context has been examined in literature, such as Garrido-Moreno & Padilla-Meléndez (2011); Moore, (2012); Routley, Phaal, Anthanassopoulou & Probert (2013). Proponents of the resource based view of the firm have argued that knowledge is an important resource of the firm and which the firm has control over (Wernerfelt, 1984; Barney, 1991). According to Sbaffoni (2010), whereas innovation drives organizational competitiveness, but innovation is actually driven by knowledge.

Wiklund & Shephered (2003) suggested that an organization’s ability to discover and exploit competitive opportunities depends on its knowledge resource. Omezerel & Gulez (2011) asserted that organizational knowledge is the most important intangible resource of any organization because it is the most difficult to imitate. Knowledge has the ability to acquire and sustain a unique competitive position for the organization. To achieve this, Sharma & Mishra (2007) opined that successful firms do acknowledge the need for applying knowledge across their range of resources.

As a source of creating a competitive advantage that is hard to imitate across industry and by other firms, the resource based view suggests that an organization’s knowledge resource must be homogenous and inaccessible by competitors (Barney, 1991). Abdollahi, Rezaeian & Mohseni (2008) identified that such kind of knowledge is embedded in the tacit knowledge of the organization’s human resources; it is enclosed in the organizational routines and developed from learning. An attempt of competitors to imitate and acquire this knowledge requires that they engage in such experiences, which could be pains taking and time demanding.

Zack (1999) further observed that in an industry where resources are closely identical, an organization with a unique knowledge about how to combine and manipulate these resources will stand out. Therefore, it is important to suggest that an organization’s level of industry competitiveness is linked to its knowledge, that is, the quality and degree of knowledge about the internal and external contexts that surround its operations and the modalities involved. Information gathered through organizational mechanisms, especially from employees, must be translated into knowledge to be viable and unique (Kok, 2004). This is achieved through an assessment process in which top management and their team filter available information to fit
into the unique strategic intents of the firm. Then it must be imparted into the human resource and every other business process of the organization to make it unique to the firm and a competitive knowledge resource.

Organizational knowledge reflects in its business processes and be driven by the human, processes, infrastructural and technological resources of the organization (Kok, 2004). Donnellan & Bruss (2004) also agreed that incorporating knowledge into business activities can result in higher returns for the organization. In his own argument, Zack (2005) suggested that for knowledge to act effectively as a competitive resource, it should yield advantageous outcomes which help in achieving the organization’s competitive strategy. Also, Venkitachalam, Scheepers & Gibbs (2003) opined that competitive knowledge as a strategic resource should present the organization’s activities as unique and value adding apart from those of its competitors.

**Linking Organizational Knowledge and Strategy**

Knowledge engages humans in a dynamic social process that shapes/creates a desirable future (Takeuchi, 2013). Understanding, that strategy basically is about creating a future, it may be implied that knowledge ought to become an issues of strategic choice in contemporary competitive business environment. Consequently, the concept of knowledge strategy is relevant to the present and future situations of organizational endeavour.

Zack (1999) conceived the concept of knowledge strategy which links the knowledge based resources and processes of the firm to its strategy as a means of achieving competitive advantage. Abdollahi, Rezaeian & Mohseni (2008) described knowledge strategy in terms of ability to secure a distinct perception apart from its competitors in the hearts of a company’s customers. This assertion is the result of their study of several foundational perspectives and definitions shared on knowledge management. Literatures have identified dimensions that attempt to explain the effects of individually conceived descriptions of knowledge strategy on aspects of organizational existence. Knowledge strategy, as conceived in the present research, is the engagement of strategic dimensions that develop from possible interactions of a firm’s knowledge-based resources and capabilities in relation to its organizational strategy as a means of achieving and sustaining competitiveness. This position assumes the fact that conceptually, knowledge strategy consist of two important words: knowledge and strategy. It is viewed as the integration of knowledge and organizational strategic elements such as its orientation, resources, capabilities and environmental contexts (Zack, 2003).

This research provides a model that depicts the argument about knowledge strategy proposed by the researcher. The model portrays the importance of human cognitive knowledge being reflected all through basic elements of organizational strategy vis-a-vis internal and external environmental factors, knowledge facilitators, business processes, core knowledge dimensions, business strategy and business competitiveness.
Figure 1

KNOWLEDGE STRATEGY (KS) MODEL

Figure 1 shows a proposed framework for implementing organizational knowledge strategy. The framework identifies the importance of existent organizational knowledge responding to the organization’s attempt to achieve competitive advantage. Therefore, effective knowledge strategy derives from organizational strategy (Zack, 2005; Kasten, 2007).

Basically, the knowledge strategy domain resides and is implemented around the realms of the business environment, properly managed and controlled by facilitating agents and strategically influenced to fit into dimensions that can result in knowledge strategy postures. The effective role of knowledge strategy reflects the inculcation of knowledge across the entire organizational system and how it carries on its business. As suggested by Kasten (2007) knowledge strategy can effectively support the actualization of business strategies. This indicates that significantly, the organization must organize its knowledge base into its business processes.

Sharma & Mishra (2007) conceptualized that organizational knowledge base from a broader perspective to include “the data, information, intuition, knowledge (know-how), understanding (know why) and wisdom, residing throughout the organization and in areas of overlap with partnered customers”. This view creates a platform for the visualization of knowledge across the internal and external contexts of the organization. In other words, there is a need to establish a relationship between the need for knowledge surrounding the internal and external organizational operational environments.

Source: Ibidunni, Ogunnaike & Abiodun (2017)
Examining the Knowledge Strategy (KS) Constructs

Essentially, knowledge strategy as an organizational competitive weapon connects the firm’s knowledge resources and capabilities to the intellectual requirements needed to achieve its strategy. As such, knowledge strategy attempts to identify and fill the knowledge-strategy-mission gap of the firm (Zack, 1999).

(Davenport, 1999; Imran, Bilal, Aslam & Rahman, 2017) arguably confirmed that in practice organizations have an existing knowledge-strategy relationship in which successful pursuit of specific strategic domains (e.g. customers, competitors, technologies) are knowledge determined. The importance of the conceptualization of knowledge strategy in this research can be realized as practitioners within the turbulent operational scope of the business environment are very often faced with situations that require cognitive skills, experiential skills and sound decision making abilities. In such scenarios, what the organization has as documented or stored knowledge might not always be the most appropriate option. Consequently, quality decisions and alternatives will depend largely on the professional’s knowledge and experience base.

As organizations attempt to engage with knowledge strategy in their business processes, certain explainable traits, behaviours and patterns become evident. These characteristics define the various knowledge strategy dimensions that emerge. Zack (1999) examined the strategic patterns of organizational knowledge from the view of organization’s efforts to close the gap between its overall strategy and the knowledge required to achieve it. In this regard, he opined the following dimensions to knowledge strategy: exploration versus exploitation, internal versus external, aggressive versus conservative. Other thoughts have built on these perspectives to close specific identified gaps in the literature. For example, (Bierly & Chakrabarti, 1996; Nikabadi, Bagheri & Mohammadi-Hoseini, 2016) identified the need to include the learning perspective into their study while Kasten (2007) defined a knowledge strategy scope that examines how knowledge organizations use stored knowledge to respond to business strategy needs. In an attempt to achieve the objective of this research, yet giving recognition to and building on the foundation of past works, this research extends the research frontiers of these knowledge strategy dimensions by including efficacy of knowledge as a dimension that reflects immediacy and futurity of organizational knowledge to its strategic directions. Moreover, knowledge strategy, in this research, is conceptualized based on a tie between organizational knowledge and strategic orientations to show a realistic state of organizations’ drive for knowledge-based competitive performance.

This research work attempts to measure organizational knowledge through means that broadly visualizes the concept based on its definitional perspectives and theoretical backgrounds and characteristics. Firstly, dimensions would be based on tying knowledge to action, that is, what an organization does, depends on what it knows (Tsoukas & Vladimiron, 2001). The strategic value of knowledge here implies that all initiatives and actions taken by the organization are preceded by sufficient acquisition of knowledge or at least experience regarding the issue(s) at hand. In the same way, organizational strategies are knowledge determined. Secondly, organizational knowledge would be tied to people because what and to what extent an organization knows depends on what its people know (Salau, Falola, Ibidunni & Igbinoba, 2016). Thirdly, tying knowledge to a social system of exchange of ideas, information and experiences determines the extent to which organizational knowledge depends on internal and external social processes and mechanisms (Ichijo, von Krogh & Nonaka, 1998). Fourthly, organizational knowledge should be viewed as a dynamic organizational resource which satisfies present and future needs of the firm (Davenport & Prusak, 1998; Takeuchi, 2013).
In the light of the above, four distinct dimensions of organizational knowledge can be mapped out. They are based on the scope, applicability, suitability and efficacy of organizational knowledge.

**Scope of Knowledge**

This dimension describes the extent which organizational knowledge needs to be either broad or narrow to result in superior performance. Knowledge resides in every organization (because every organization knows something about what it does) but to varying degrees. Broad knowledge describes the organization’s interest in extending its knowledge to cover several domains while it is narrow when the knowledge domain is more focused on a single aspect (Bierly & Chakrabarti, 1996). Porter’s (1980) differentiation and focus strategy will imply that the firm narrows down its knowledge to compete based on, for example its technological expertise or on its understanding on specific gender market characteristics.

Noble, Sinha & Kumar (2002) are of the opinion that competing on a broad range of relevant knowledge domain in the server market has positive performance implications. Leiponen (2005) agree that broad information sourcing and the development of organizational knowledge based on this enhances innovativeness in knowledge-intensive business services.

**Application of Knowledge**

This dimension explains the aggressive and conservative knowledge engagement of organizational knowledge and how they result in firm competitiveness. According to Zack (1999) aggressive and conservative knowledge dimensions have important strategic implications in the disposition of the firm. Aggressive knowledge engagers engage an internal exploitative and external explorative means of harnessing all available knowledge against competitors (Shahzad, Bajwa, Siddiqi, Ahmad & Raza, 2016). Firms very often engage it where their knowledge lag behind that of competitors or where they attempt to defend a knowledge position. Conservative knowledge engaging firms on the other hand simply adopt an internal exploiting knowledge disposition, with the attempt of securing a niche.

**Suitability of Knowledge**

This dimension examines the internal and external sources of acquiring knowledge that suits the firm’s strategy. Internal knowledge dimensions are a result of the organization’s investment in R&D activities while external knowledge is acquired from consulting agencies or parties independent of the firm (Brunswicker & Vanhaverbeke, 2015). There are mixed results surrounding internal and external sources of knowledge. Fernhaber, McDougall & Shepherd, (2009) found a substituting rather than complimentary relationship between internal and external sources of international knowledge for new ventures. Kotabe, Jiang & Murray (2011), however suggested that absorptive capacity of managers is a strong determinant of the usefulness of external knowledge to the organization. A number of other scholars posit that both internal and external knowledge sources are relevant for organizational competitive advantage and performance (Leiponen, 2005; Cassiman & Veugelers, 2006; Fletcher & Harris, 2011).
Efficacy of Knowledge

This dimension illustrates the immediate and future usefulness of organizational knowledge in achieving firm competitiveness. The argument of the futurity of organizational knowledge is supported by the fact that such knowledge must not only be relevant for immediate problem solving but is proactive to suit the continuous dynamic environment (Abrahamson & Goodman-Delahunty, 2014). In other words, Knowledge as a strategic resource of the organization must satisfy short term and long term purpose of the firm (Takeuchi, 2013).

A PROPOSED HYPOTHETICAL MODEL

The following model shows a hypothetical relationship among the variables of organizational knowledge, orientation and performance. This research argues that the conceptualization of the knowledge strategy construct emerge from the interactions of organizational knowledge and orientation (Figure 2).

The model proposes a direct relationship between each dimension of organizational knowledge and performance. Although, this relationship has been ascertained in existing studies (Imran et al., 2016), none the less, cultural influences and organizational specific factors could give new and insightful contributions to scientific knowledge (Baporikar, 2013; Mojibi, Hosseinzadeh & Khojasteh, 2015). This is such that individually, scope of knowledge (broad and narrow), applicability of knowledge (aggressiveness and conservative), suitability of knowledge (internal and external) and efficacy of knowledge (immediacy and future) dimensions of organizational knowledge assume a direct and significant effect on organizational performance. Thus, the research hypothesis includes:

**Figure 2**

THE KNOWLEDGE STRATEGY (KS)-PERFORMANCE LINKAGE

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**H1:** Scope of knowledge has a direct and significant effect on organizational performance

**H2:** Application of knowledge has a direct and significant effect on organizational performance

**H3:** Suitability of knowledge has a direct and significant effect on organizational performance

**H4:** Efficacy of knowledge has a direct and significant effect on organizational performance

Moreover, the interaction of organizational orientation with organizational knowledge dimensions is also hypothesized to have a significant influence on organizational performance. This interaction is determined to build up the knowledge strategy concept. This research work argues that, unlike existing research, the conceptualization of knowledge strategy cannot be described by merely describing knowledge characteristics, but by a synchronization of those knowledge characteristics and dimensions by organizational strategic orientations, as a means of enhancing organizational competitive performance. Consequently, this research hypothesizes that:

**H5:** Organizational knowledge will better enhance organizational performance with the interaction of market orientation

**H6:** Organizational knowledge will better enhance organizational performance with the interaction of entrepreneurial orientation

**H7:** Organizational knowledge will better enhance organizational performance with the interaction of technological orientation

In addition, the research recognizes the possible relationships that can exist between organizational orientation and organizational performance. Based on the above hypotheses, this research poses an argument for knowledge strategy as a driver of organizational competitive performance of organizations.

**IMPLICATIONS**

Knowledge strategy, as a subset of the knowledge-based research significantly has the following implications:

**Economy**

Knowing full well that nations don’t engage in business, it is actually firms in the nation that gain business advantages for nations. The study’s ability to expose firms to the gains of the present knowledge economy and their ability to build stronger competitiveness will impact on the business and social economy.

**Academics and Researchers**

The unique schematic model that serves as a guide to this study provides researchers with a platform for further investigation. In addition, the itemized knowledge strategy dimensions provide a dynamic approach towards investigating into the concept.
Government

The results of the study could help government adjust policies to create suitable business environments that promote firm competitiveness in an on-going global knowledge economy.

Entrepreneurial Sector

The model presented in this study demonstrates the originality of the research in the field of strategic management. It provides a platform for entrepreneurial firms to demonstrate how knowledge can be used as a strategic resource through the combination of organizational knowledge characteristics and dimensions of organizational orientation.

Industry Leadership

The approach to knowledge strategy that has been presented in this research gives credence to firms’ drive for competitive advantage, especially with respect to building valuable and rare resources that are specific to the firm. Firms can easily operate with their unique industry and societal culture, given their chosen organizational orientation and knowledge to build competitive advantage in their product/service market domain.

CONCLUSION

This study is the first attempt, based on the researchers’ knowledge, to suggest a conceptual linkage between knowledge strategy dimensions and strategic orientation as means of enhancing organizations’ competitive performance. Knowledge strategy dimensions have been discussed from perspectives that direct organizational managers’ attention to position it as a strategic resource to the firm, that help them link it to strategic pursuits of the organization and perceive it as being vital to the immediate and future directions of the organization.

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