Chapter 3

In or Out: An Integrated Model of Individual Knowledge Source Choice

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ABSTRACT

The way individuals use internal and external knowledge sources influences organizational knowledge integration, an important source of competitive advantage. Drawing on research into knowledge sourcing and consumer switching behavior, the authors develop an integrated model to understand individuals’ choices between internal and external knowledge sources in contemporary work settings, where information technology has made both easily accessible. A test of the model using survey data collected from an international consulting firm yields an important new insight: satisfied individuals in knowledge reuse friendly environments are likely to use internal knowledge sources while they may also be tempted by easily accessible external knowledge sources. The implications for researchers and practitioners are also discussed.

INTRODUCTION

Organizations that engage in knowledge management (KM) often invest in two different kinds of initiatives to enhance employee performance (Alavi & Leidner, 2001). Internally-focused KM initiatives focus on capturing and storing employees’ experiences and knowledge in information technology (IT) enabled knowledge repositories, thereby fostering knowledge sharing and reuse among employees (Markus, 2001). Externally-focused KM initiatives typically provide individuals with access to repositories of knowledge.
produced by third parties, and convenient means of communication and knowledge sharing across organizational boundaries (Teigland & Wasko, 2003). Although such KM initiatives do not always succeed (Gilmour, 2003), many organizations have used them to create valuable pools of knowledge that employees can draw on when facing challenging problems.

However, improving the supply of knowledge that is available to employees is only the first step towards improving their performance. For organizations to benefit from KM initiatives, individuals as end users must use the resultant resources and tools to seek out others’ knowledge and apply it when solving work-related problems (Gray & Meister, 2004). A recent research stream focuses on this demand side of KM and the impact of knowledge sourcing behaviors on individual performance, and has provided evidence for the positive impact of knowledge sourcing on individual performance and learning outcomes (Gray & Meister, 2006; Lin, Kuo, Kuo, Ho, & Kuo, 2007). By sourcing knowledge that is made available through KM initiatives, individuals are exposed to others’ experiences and insights, which help them better understand the challenges they face, develop new skills, and improve performance (Gray & Meister, 2004, 2006).

Knowledge sourcing is a discretionary behavior. While individuals may have various options for obtaining knowledge, human limits on cognitive capacity often prevent them from consulting all available resources (Hansen & Haas, 2001); they must therefore make choices about which sources to tap. An important first decision is whether to use internal knowledge sources or external knowledge sources (Menon & Pfeffer, 2003). This decision is key as it may influence organizational knowledge integration, the fusion of knowledge from the outside and local expertise and understandings, which is a major source of performance and competitive advantage (Grant, 1996). For instance, if everyone follows the preference for outsiders suggested by Menon and Pfeffer (2003) and only seeks knowledge from external sources, internal knowledge is likely to be left out, resulting in knowledge polarization rather than integration.

While research has revealed the importance of integrating internal knowledge with external knowledge at the group and firm levels (Mitchell, 2006), there is limited research about what drives individuals to choose either internal or external sources. This shortfall in knowledge constrains organizations’ ability to achieve knowledge integration, as they would not be able to mobilize a crucial element, individuals themselves, effectively in this process. Therefore, the purpose of this paper is to shed light on the antecedents of individuals’ choices between internal and external knowledge sources in volitional contexts, so that organizations can apply proper interventions to facilitate knowledge integration.

To develop our research model, we draw on marketing research that models consumers’ choices between alternative services and products, which helps us identify potential antecedents of knowledge source choice. From a psychological perspective, individuals go through similar psychological processes when faced with choices; essentially, choice alternatives present a certain amount of conflict that urges individuals to evaluate salient elements in the situation and consequently adjust attitudes and behaviors to reduce the conflict (Einhorn & Hogarth, 1981). Prior research suggests that individuals only focus on limited elements in a conflict situation (Miller, 1956); and when faced with the conflicts of the same nature, they are likely to recall similar elements (Hansen, 1972, 1976). In this case, research on choice in one context is likely to provide meaningful references for identifying relevant elements in research on choice in similar contexts.

Indeed, there are strong parallels between an individual’s choice of knowledge source and a consumer’s choice between alternative services and products. Information technology has made more knowledge available to individuals by creat-