The Role of Organizational Memory in Analogy-Based Strategy Making: A Dynamic Memory Perspective

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Research Questions

1. What is in the organizational memory?
2. What does organizational memory do for strategy making through analogy?

- Strategy making is based on analogy
  - Premise: memory is important for analogy
- Strategy making is a form of knowledge creation
- Memory is dynamic
What Is Organizational Memory

A Definition:

- Repositories in which organizational knowledge is captured and stored for future use (Argote, 1999)
Roles of Organizational Memory:

- Classify and store the past strategic experience
- Source of strategic adaptation
Research Context

• U.S. print media company
  – Subsidiary of a U.S. media conglomerate

• Disruptive technological change: Emergence of digital media and internet
  – Revenue dropped by more than 50%
  – Layoffs
  – Need to reinvent business models
Research Methods

• Single-case study
• Study period: November 2010 – December 2012
  – No performance-based sampling
  – Ideas that are not stored
  – Avoids recollection bias
• Data sources
  – Attendance and observations of monthly executive meetings → recorded and transcribed
  – Interviews
  – Corporate documents on firms strategies and financials
Data Analysis

• Investigating memory processes
  – Identify forms of organizational memory
  – For each meeting, record which information goes to which form of memory
  – Analyze contents and structure of memory for each form
  – For each meeting, analyze where ideas come from
Where Strategy Is Stored: Forms of Organizational Memory

- **Primary:** Documents
  - Not accessible, incomplete, not used
- Individual memory of managers
- Organizational roles/jobs
- Projects
Strategy in Organizational Memory

• Ambiguity in the concept of “strategy” → No well-defined concept/category within a firm
• Understood through daily activities in each functional area → partial knowledge
• Stored as action plans/objective goals → stories/episodes are “reminded” by strategy documents
• Strategy as procedural memory/tacit knowledge?
# Strategy in Organizational Memory

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<tr>
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<th>Documents</th>
<th>Individual memory</th>
<th>Job/Routines</th>
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<td>Arena</td>
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- Mostly goals and actions
- Little attention to external environment and internal resources/capabilities
Structure of Organizational Memory

- Decentralized & loosely connected
- Two-tier: cognition and routines
Processes of Organizational Memory

- Problem definition
- Update organizational memory
- Search for similar stories
- Retrieve similar stories
- Analogy-based problem solving
Retrieval

• Not know what to recall – ambiguity of the notion of “global” strategy
• “Local” stories/episodes: well understood, but not novel
• Draw on experience of others: novel, but superficial
• Reconstruction rather than retrieval
• Dissimilar but success story
• Past documents ignored
Strategy Making

- Own memory as absorptive capacity rather than a source of knowledge
- Fragmented ideas were not easily shared and communicated among managers
Encoding Back to Memory

• Primary form of memory: documents
• Strategic ideas/conversations are rarely stored
  – No memory is revised unless products/routines/roles are changed
  – Small ideas are almost always lost when not understood or adopted as a project
• Lessons learned not easily articulated
Towards a Dynamic View of Organizational Memory

• Memory is not a set of bins but a constructive process
• Memory is not useful when knowledge is hard to codify and categorize
• Memory may be a catalyst for idea construction rather than a source of knowledge:
Implications

- Conventional model of organizational memory may not apply to knowledge creation such as strategy making.
- The role of organizational memory in knowledge creation seems very limited.
- Power of routines – the only durable memory that affects future strategy → source of inertia?