



When Using Knowledge Can Hurt Performance: The Value of Organizational Capabilities in a Management Consulting Company

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This paper explores the possibility that utilizing the firm's knowledge resources to complete important tasks can backfire and undermine competitive performance. Drawing on organizational capabilities and knowledge sharing research, we develop a situated performance view that holds that the value of obtaining and using knowledge within a firm depends on the task situation. Using a data set of 182 sales proposals for client work in a management consulting company, we show that sales teams that had varying needs to learn and differentiate themselves from competitors derived different levels of value from obtaining and using electronic documents and advice from colleagues. Highly experienced teams were more likely than inexperienced teams to lose the sales bids if they utilized such knowledge. Teams that had a high need to differentiate themselves from competitors also had a lower chance of winning if they utilized electronic documents. There were situations, however, where teams performed better if they utilized the firm's knowledge resources. These results suggest that competitive performance depends not on how much firms know but on how they use what they know.

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