Gaining external knowledge – boundaries in managers’ knowledge relations

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Abstract

Purpose – The purpose of this paper is to investigate interorganizational knowledge exchange from the perspective of the individual manager/professional. The paper aims to study the kinds of relationships managers/professionals in SMEs are involved in and the way in which they construct boundaries within and around these interorganizational relationships enabling and hindering knowledge acquisition.

Design/methodology/approach – The paper is based on 31 interviews with managers and professionals in seven SMEs. Interviews focused on the interorganizational relationships they viewed as important sources of knowledge for themselves and their organizations.

Findings – The study shows that managers/professionals gain vital knowledge from far more interorganizational relationships than those formally designed for knowledge acquisition. The most important sources of knowledge were relationships with suppliers and customers. The study also identifies five boundary dimensions – interests, interpretive frameworks, trust, private/organizational and priority – which respondents use in constructing boundaries within and around the relationships. These boundary dimensions represent important conditions for knowledge acquisition through the relationship.

Research limitations/implications – The five boundary dimensions are generated based on a sample of SMEs in Sweden. They must thus be regarded as provisional and need to be validated in further research including larger organizations in different cultural contexts. Future studies should also focus on the dynamics of the boundaries and their interrelations as relationships evolve.

Originality/value – This paper adds to research on interorganizational knowledge acquisition by taking an individual level perspective and identifying boundary dimensions through which the relationships and their knowledge flows are shaped.

Keywords Workplace learning, Social networks, Knowledge transfer, Sweden

Paper type Research paper

1. Introduction

In the wake of the knowledge society the most strategic resource of the firm, knowledge (Grant, 1996; Nonaka, 1994), is increasingly residing outside the formal boundaries of the single organization. Collaboration across formal organizational boundaries in order to secure access to, acquire and leverage vital knowledge is central to the operations of contemporary organizations (Barringer and Harrison, 2000; Lang, 2004; Powell et al., 1996). Such relations are however challenging to manage and work in (Inkpen, 1995, 1998, 2000; Mazloomi Kamsey and Jolly, 2008). As opposed to the understanding of knowledge acquisition and learning within organizations, the understanding of knowledge acquisition and learning across organizational boundaries is still rather limited (Beesley, 2004; Uzzi and Lancaster, 2003). Organizations need to extend their knowledge management efforts across the firm boundary (Peña, 2002; Seufert et al., 1999).

Previous research on knowledge flows in interorganizational relationships has mainly been carried out from two different perspectives. A first perspective has focused on formal collaborative arrangements such as alliances and partnerships with an explicit purpose of
initiating knowledge flows between organizations (Inkpen, 1995, 2000; Mazloomi Kamsey and Jolly, 2008; Peña, 2002). This line of research has contributed to an understanding of the organization level factors impacting the ability of organizations to exchange and make use of knowledge across organizational boundaries, such as the partner’s competitive position, previous collaborative experiences (Inkpen, 2000), differences in culture, experience, size, and structure, creating problems of understanding (Vlaar et al., 2006) and organizational commitment and trust (Muthusamy and White, 2005). This line of research has however been criticized for treating organizations as homogeneous actors and neglecting the interpersonal relationship as a carrier of knowledge (Marchington and Vincent, 2004).

A second line of research has pointed at the importance of the relationships – the network ties – involved in by actors in an organization as an important facilitator of interorganizational knowledge flows (e.g. Kale and Singh, 2000; Powell et al., 1996; Seufert et al., 1999; Uzzi, 1997). According to this line of research, organizational members are involved in networks of relations through which knowledge and learning is channelled (Powell et al., 1996). It also points at the quality of the organization members’ networks as an important determinant of an organization’s ability to access and acquire knowledge across firm boundaries. Especially embedded relations, characterized by trust, fine grained information transfer and joint problem solving arrangements have been found important for the exchange of knowledge across organizational boundaries (Powell, 1990; Uzzi, 1997; Uzzi and Lancaster, 2003).

The current paper aims at contributing to the further understanding of how organizations access and gain knowledge from the outside and across different kinds of organizational boundaries. However, unlike most research in the above two research traditions, it takes the perspective of the individual rather than the organization or the network. More specifically, the current study investigates which external relations managers and professionals in a number of different organizations view as important for knowledge acquisition and learning and what they perceive as the barriers and enablers to knowledge exchange and learning in these relationships. The contribution of this study is twofold. Firstly, while research on interorganizational learning has focused on relations such as partnerships and alliances explicitly designed for knowledge transfer or acquisition, the current study shows that managers/professionals gain vital knowledge from far more sources. Second, it shows how managers/professionals use five different dimensions in constructing boundaries within and around their interorganizational relations and discuss how these boundary dimensions shape the conditions for the acquisition of external knowledge in these relations.

2. Boundaries in knowledge relationships

Previous research has shown, that boundaries within and around relationships between individual organizational members are central to understanding knowledge transfer and learning (Beesley, 2004; Lang, 2004; Powell et al., 1996; Seufert et al., 1999). As argued by Uzzi (1997) the nature of the relationship between individuals in interorganizational relations determines how knowledge may be exchanged and developed.

A central aspect of the understanding of relationships in general is how the concept of “boundaries” is conceived of. According to Giddens (1984, p. 73-78) a boundary is the demarcation of similarity and difference that separates individuals in a relationship and at the same time bounds them together by delimiting one relationship against other relationships. Perceptions about “the self” in relation to “the other” are always present along numerous dimensions and frame the way in which the relation and the conditions for knowledge acquisition evolve. Boundaries evolve as the relationship develops (Schütz, 1967, p. 166; Weick, 1995, p. 38-43). If we perceive the other as sharing the same interests as we, we will probably relate differently to that person than if we perceive her interests as conflicting with our own. As we interact with this person we will change our perception of the person in that relationship (Schütz, 1970, pp. 253-254; Weick, 1995, pp. 188-189).

Current organizational research has mainly identified two kinds of boundaries – mental/knowledge boundaries and social boundaries (see Hernes, 2004). Mental boundaries emerge based on differences and similarities in persons’ knowledge and refer to aspects such as core ideas and concepts (Hernes, 2004). They create boundaries around a...
relationship to the extent that they are shared within the relationship and distinct to that relationship. However they may also create boundaries within the relationship if they are not shared between the members of the relationship. Carlile (2002, 2004) elaborates on the nature of knowledge boundaries by identifying three types of knowledge boundaries influencing the use of knowledge when working across (functional) boundaries. Syntactic boundaries relate to differences in language that might make communication problematic. Semantic boundaries derive from differences in interpretive frameworks and meaning, which makes communication and collaboration difficult, and finally, pragmatic boundaries relate to differences in interests. Different definitions of knowledge suit different interests, and altering this knowledge, e.g. by adapting to other knowledge definitions involves the risk of losing power thus contributing to the potential construction of a pragmatic boundary between the interacting persons.

Social boundaries are the other type of boundaries that have been discussed in specific relation to knowledge acquisition and learning. Social boundaries refer to identity and social ties that hold people in a relationship together (Hernes, 2004). The extent to which a relationship becomes embedded (gains qualities beyond an arms-length market relationship) and thus builds up a social boundary around the relationship, has been found to be an important facilitator of knowledge exchange in interorganizational settings (Uzzi, 1997; Uzzi and Lancaster, 2003). While the distanced market relationship between actors may be characterized as cool, impersonal, atomistic and motivated by actors’ instrumental profit seeking, the embedded relationship is characterized by social ties between the actors, that shift the logic of the relationship from opportunism to one of trustful cooperative behaviour creating a better basis for knowledge acquisition and learning across organizational boundaries (Foos et al., 2006; Uzzi and Lancaster, 2003).

An important element of the embedded relationship and thus a central dimension for the construction of social boundaries is trust – the belief that the other party in the relation will not act in self interest on one's own expense (Uzzi, 1997). The importance of feeling safe in the relationship for knowledge transfer and learning is further emphasized by Edmondson (1999) who demonstrates the importance of felt psychological safety for the learning behaviour within relationships.

Based on the above, it is concluded that learning and knowledge acquisition in interorganizational relationships is influenced by the way in which actors in these relationships construct mental and social boundaries between and around themselves and ‘the other’. Previous research has suggested two broad dimensions along which such boundaries may be constructed. However how these broad boundary dimensions are enacted in managers’ and professionals’ understanding of their interorganizational relationships and how they impact the conditions for learning and knowledge acquisition is less well studied.

3. Methodology
The investigation into the construction of boundaries in interorganizational relationships is based on 31 interviews with managers and professionals in seven small to mid-sized organizations in Sweden. The selection of organizations was made in order to represent a variety of industries, ranging from traditional, manufacturing industries (e.g. manufacturing of
machine tools) to “modern” service industries such as consulting and software development (see Table I). In each of these organizations three to five interviews were carried out, typically covering representativeness for different functions, including marketing, manufacturing, HR and purchasing (where applicable – not all organizations had all these functions).

The semi-structured interviews evolved around the question of “what persons/organizations outside your organization are important sources of knowledge and competence for your company?” Interviewees were first asked to identify these sources of knowledge. For the ten most important ones, follow-up questions were asked concerning the origin, character, content, risks, enablers and challenges of the respective relation. Interviews lasted for between 30 and 90 minutes and were digitally recorded.

Interviews were transcribed and further analysed with the help of NVivo – a software tool for analysing rich qualitative data (Richards and Richards, 1991, 1994). Transcripts were coded along four dimensions: the counterpart in the knowledge intensive relationship (e.g. relationships along the value chain, relationships with actors on the same level of the value chain) the knowledge content (e.g. technical knowledge, management knowledge) experienced barriers or challenges in the relationship (e.g. reward system, lack of time) and enablers of the relationship (e.g. trust, culture). The coding along these dimensions provided the basis for the following section of the paper reporting on the interviewees perceived knowledge acquisition and boundary constructions within and around their relationships across organizational boundaries.

4. Knowledge acquisition and boundary constructions in interorganizational relations

In the interviews with managers conducted for the current study, interorganizational relations were identified as central sources of knowledge both for the individual and for the company. Numerous relationships were mentioned which converged into five categories:

1. Vertical relationships along the value chain (suppliers, distributors and customers).
2. Horizontal relations (relations to competitors, industry associations, etc.)
3. Hierarchical relationships (to mother company, owners or subsidiaries).
4. Personal relationships (relationships not driven by business interests; e.g. friends, relatives, former colleagues).
5. Expert relations including relations to consultants, academics, management – and other experts, etc.

<table>
<thead>
<tr>
<th>Table I</th>
<th>The companies in which interviews were conducted</th>
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<tbody>
<tr>
<td>Company</td>
<td>Business</td>
</tr>
<tr>
<td>A</td>
<td>Leading provider of lock and safety solutions to the business and consumer market</td>
</tr>
<tr>
<td>B</td>
<td>Develop, manufacture and market locks and mountings for door, window and cupboard manufacturers</td>
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<tr>
<td>D</td>
<td>Produces plastic and carbon fibre components for mainly the automotive industry</td>
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<tr>
<td>E</td>
<td>General agent for an Asian car manufacturer</td>
</tr>
<tr>
<td>F</td>
<td>A world-leading manufacturer of precision cutting tools for industry</td>
</tr>
<tr>
<td>G</td>
<td>Supplier of consulting services and IT solutions for scheduling and staff planning</td>
</tr>
<tr>
<td>H</td>
<td>A communication consultancy that offers consulting, education and project management in the areas of PR and marketing</td>
</tr>
</tbody>
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The importance of these relations varied. Vertical relationships were by far the most often mentioned sources of knowledge (mentioned by 94 percent of the respondents). Hierarchical, horizontal and personal relations were mentioned by 65 percent, 68 percent and 68 percent of the respondents respectively. Least often mentioned were expert relations (mentioned by 52 percent of the respondents). The following section takes a closer look at these different kinds of relations and the kind of knowledge gained in them. Special attention is given to the way in which respondents construct boundaries within and around the relations enabling or hindering knowledge exchange.

4.1 Vertical relations

Collaborations along the value chain (with suppliers and customers) were the most often mentioned source of knowledge outside the firm boundary. In these relationships knowledge of different kinds was exchanged. Most commonly mentioned was technical knowledge regarding, e.g. production processes. From suppliers, also knowledge of the market and about competitors was gained. From customers knowledge about customer needs and desires was most often mentioned.

Relations to customers and suppliers were generally described as rather unproblematic. Actors had a shared understanding of the roles and behaviours of customers and suppliers respectively and as long as actors fit these understandings the relationship emerged smoothly. However, boundaries within some relations were constructed based on assumed differences in interests, especially when “clean” supplier – customer relations were compromised. An illustrative example is the case of the communication consultancy H. Being a niche consultancy, the company often used sub-contractors to carry out parts of their projects. These sub-contractors in some cases also were competitors, making interests an important dimension for boundary construction within the relationship.

Sometimes, sub-contractors are also competitors. […] The problem is that everyone wants an as large part of the pie as possible. There is some suspicion that they [sub contractors] will grasp a too large part. We have to be vigilant and watch our territory (H).

Furthermore, boundaries were constructed in terms of differences in language and interpretive frameworks, especially in relation to customers. Several organizations, including A, G and H described the world of the customer as a different one, the understanding of which was regarded essential for the collaborative process and business success. These organizations put strong efforts into “talking the language of the customer” or “understanding the customers better than they do themselves”, thus replacing the boundary within the relationship with one around the relationship.

The importance for the exchange of knowledge of talking “the same language” is also illustrated in company D where the MD described a sales meeting with a potential customer:

The people from Porsche responsible for the Carrera GT project were young, enthusiastic engineers. I took of my shoos, got some fruit and biscuits… no culture clashes at all… except with the business people, because I didn’t really talk their language (D).

Communication with the engineers was described as smooth and open. With the business people, however it was more problematic as they talked a “different language”.

Boundaries around vertical relations, mitigating the effects of the boundaries within the relation were often created referring to “trust”:

Relations with customers and distributors build on trust rather than contracts (A).

Trust was generally described as the result of previous positive interaction. It was something that had to be earned as described by a consultant discussing the often-negative attitudes of clients in the beginning of projects:

Sometimes you are outcast just because you are a consultant. You need to earn the client’s trust (H).

Such trustful business relations could further develop into what respondents referred to as “friendship relations” leading to the creation of an even stronger boundary around the
relationship. The strength of this boundary, however, created new challenges to the knowledge flows within the relationship by delimiting it from the organizational context:

It’s much easier to tell a person off that you don’t like so much. It may thus be important to have a moderate distance to the subcontractors to make it the best for the customer. One of course constantly strives to act professionally, but a lot happens unconsciously… just because you like that person you may judge their work a little better (H).

This indicates an implicit boundary between what is perceived as private as opposed to organizational. This boundary was a recurring source of tension in the consulting company H. Some consultants built a strong boundary between the private and the organizational making them reluctant to exchange business knowledge in relationships that were regarded as private. Others viewed this boundary as more permeable and were not reluctant to use friendship relationships for business purposes and vice versa.

4.2 Horizontal relations

Relations to actors on the same level of the value chain, including competitors, were mentioned as an important source of knowledge by 68 percent of the respondents. These relations were enacted in standardization committees, industry organizations, at trade fares, etc. They provided knowledge about the competitors’ products, future market trends but also about current commercial terms in the industry.

Not surprisingly boundaries within this kind of relation were constructed around the conflicting interests of the involved parties. The risks involved concerned revealing too much information to competitors as reflected in the following description of B’s participation in the industry’s development of new standards:

[A risk from] a product development perspective is that you possess a lot of confidential information about future plans. You might give yourself away – or push an issue so hard that the competitors can guess what your future products may look like. On the other hand I can read the competitors in the same way (B).

Boundaries around the relationship with competitors were built in two ways. First, higher level common interests – such as the development of the industry or the struggle against strong buyers – helped mitigate the internal boundary of interest:

We have some contacts with our competitors. In some cases we can check with them if a customer is trying to commit us to unreasonable terms. We have some collegial relations. I know quite a few people and they know me, so I can just call them. We meet at seminars, trade fares, etc. (D).

Second, as illustrated by the above quote, boundaries around relations with competitors were also constructed in terms of interpersonal trust. Several of the respondents had developed friendship ties to individuals in competing organizations that smoothed the exchange of knowledge:

I have, so to speak, colleagues in the industry. We meet at trade fares and talk over the phone now and then. Through the years, we have become good friends (F).

4.3 Personal relations

In personal relationships, actors do not primarily identify each other as functional or professional specialists, or as company or departmental representatives but as genuine human beings. Examples of personal relations in the interviews include mentorship relations, relations to former colleagues and customers, as well as relations to friends and family. These relations could of course evolve from and to some extent overlap with vertical, industrial or other types of relationships. Personal relationships were mentioned as source of knowledge by 68 percent of the respondents. Many different kinds of knowledge were exchanged in these relations, with some focus on management and more general “staying updated on important developments in society” knowledge.

Boundaries within and around personal relationships were constructed in relation to two main dimensions – one was the trust dimension, the other what may be called a private –
organizational dimension. Central to these relations was the trust ingrained in the personal relationship, creating a strong boundary around the relationship, going beyond a single business transaction. This strong boundary however also evoked a second boundary, which at times was manifest within the relationship and sometimes around the relationship. This boundary related to the involved individuals’ self as either primarily organizational members or private persons and was manifested in potential conflicts between the private value of the relationship on the one hand and its instrumental value for the organization on the other hand. For some this boundary was rather unproblematic, for others it was a strong one as illustrated by the following quote by a manager in H discussing his consultants’ use of their private networks for business purposes:

I encourage everyone to use their network. But it is difficult. Some people find it hard. I can read an article in the business press, and discuss with the consultants that this is a company we should approach and then by accident find out that one of the consultants having worked here for years is best fried with the CEO of that company. That can provoke me. Why haven’t we been there yet? Then, I realize that that consultant doesn’t view his professional world as I do (H).

The above quote refers to a concrete business situation, which accentuates this barrier, but it is also enacted on a more mundane level when it comes to building private networks for business purposes. This is explicitly encouraged by most organizations in the current study – a manager in A said:

I encourage my employees to network. Every activity outside work strengthens your role. And we want people to know things (A).

However, it also emerged that some people were reluctant to blur the boundary between the private and organizational. In these cases, this dimension constructed a boundary within the relationship that impeded work-related knowledge flows:

...to be seen is central. Nobody knows who our company is, because we are never out there. Not so many people enjoy that side of the business. [...] I believe this is one of the most important things in attracting new customers. If you meet a person at X [a posh restaurant] one evening... mingle, talk. That’s crucial. If you rather stay home and cook dinner... [...] For many I think it is an excuse for not having to be social (H).

4.4. Hierarchical relations

Hierarchical relations include relations to owners, holding companies and subsidiaries in the same company group and were mentioned as knowledge sources by 65 percent of the respondents. In the case where the companies were part of a larger group of companies, the holding company was sometimes seen as a source of more general management and market knowledge.

In most cases in which a relation to owners or a holding company was discussed, it was discussed as rather problematic. Strong boundaries between the focal organizations in this study and their owners were constructed, mainly claiming their lack of understanding of the focal business and a resulting distrust within the relationship:

The relation to our new owners was a big clash of cultures. [...] X [the parent company] sent us a disguised spy, a German expert with our company shirt, to find out whether we knew what we were doing. He disclosed his identity and we became good friends. He affirmed to the parent company that we were doing a good job. The owners had no trust in us initially. The new MD had to work very hard to explain to them how carbon composites were manufactured in order to build trust (D).

In the more positive cases, a boundary of trust was constructed around the hierarchical relations. This trust enabled a more open exchange of knowledge and information with the owners/holding company:

We have quite a few discussions with the head office. That might have to do with the fact that I worked there for 5 years. I have a personal network there. A lot of this exchange would probably not have happened if I wouldn’t have worked there (A).
4.5 Expert relations

The studied organizations reflected a strong awareness that they occasionally needed to acquire external expertise on specific subject matters of technical or management character in order to solve a specific problem – or just stay updated on the latest trends in relevant areas. For this they established relations with experts from academia, consultants or training organizations and participated in different kinds of events provided by such experts. 52 percent of the respondents mentioned such relations among their external sources of knowledge.

Boundaries with these relationships are mainly constructed around the lack of common interpretive frameworks. In several cases, interviewees described investments into such shared frameworks as essential for success in these relations, making it easier to work together and exchange knowledge:

It would be a pity if X [an expert] disappeared, but it wouldn’t be a catastrophe. It is a relation into which we have invested quite heavily, and in which he has invested. So the working relation is very smooth. […] It would take some time to get going with another person… (B)

As the quote indicates, once created, such common frameworks became boundaries around the relationship.

In relation to especially the educational relationships, another boundary dimension was also enacted within the relationship. This related to the priority given to the relationship. Management education and participation in external seminars was generally described as important by the individuals, but also difficult to realize. Realization was hindered by a claimed lack of time and direct payoff, indicating a boundary between the knowledge acquisition and the “day to day work”:

I feel things are burning a little too much to find the time to engage in this [a local network] at the moment. But there are large opportunities to take this further and do something together in this network (F).

Engaging in relations with external experts is viewed as potentially valuable, but also requiring some investments in terms of time and energy in order to gain the benefits:

The challenge in relations to academia is to identify what kind of input you want, to take the time to do this (H).

5. Five boundary dimensions

Interorganizational relations are both important and challenging arenas for the exchange of knowledge. The above discussion of managers’ and professionals’ experiences of five kinds of relations and the boundaries constructed within and around these relations points at a number of recurring dimensions providing the building blocks for the construction of these boundaries enabling or impeding knowledge acquisition. In total, five dimensions are identified: interests, interpretive frameworks, trust, the private – organizational tension and the priority issue (Table II). They will be discussed in more detail below.

5.1 Interests

Assumptions about the other party’s interests, often related to their role as, e.g. competitors, were a recurring dimension for constructing boundaries within interorganizational relationships. Conflicting interests were assumed to create a risk for the opportunistic exploitation of knowledge gained, and led to cautiousness in the exchange of knowledge in order not to give the other party any advantages. The importance of differences in interests linked to organizations’ “competitive overlap” has been pointed out in previous literature, where this has been seen as an important predictor of relationship openness (e.g. Inkpen, 2000).

Against this background, it is not surprising to find boundary constructions in relation to interests in the horizontal relationships, i.e. relationships with competitors. However, also in vertical relations, boundaries were constructed in relation to interests. This was mostly the
case when clean buyer-supplier relations were compromised, such as in the above described case of a consulting company which feared that subcontractors would “take over” the client.

Interests were also used to construct boundaries around relationships, and in numerous cases, shared interests created boundaries around relations that moderated the boundaries within, as illustrated by the case of the component producer D. Managers and professionals in D had extensive relations with competitors based on common interests in developing new materials and production processes. This implies that boundaries within relations, created based on the assumed competing interests of the other party, could be replaced by boundaries around the relationship through the construction of shared interests. The cases, however, indicate that the construction of common interests required direct interaction between the parties, in which a certain level of trust was established.

5.2 Interpretive frameworks

In constructing boundaries within and around their interorganizational relationships, managers and professionals further referred to the language and frameworks used by their counterparts in making sense of the world. In the following these will be referred to as “interpretive frameworks” which were the basis for constructing “interpretive boundaries” (see Dougherty, 1992). Boundaries in relation to difficulties to “understand” each other were created in vertical relations (especially in relation to customers), hierarchical relations (in relation to owners) and in expert relations. Differences in interpretive frameworks creating interpretive boundaries within the relationship were described as efficient barriers to communication and thus knowledge exchange, and could, as was observed especially in the hierarchical relationships to owners, become quite conflictual.

Through “investments in the relationship” – often in the form of intense interaction – these boundaries could be moved from within the relationship to becoming boundaries around the relationship. Shared interpretive frameworks were described as a strong enabler of knowledge exchange and creation and protected the relation against potential intruders. Especially in relation to the customers, several of the interviewees described how they invested into creating a better understanding of their customers than their competitors,
indicating ambitions to create shared interpretive frameworks bounding the relationship to the environment.

The cases indicate that investments into building shared interpretive frameworks were more important when the relationship evolved around a complex product (e.g. F’s production systems) or intangible service (G’s and H’s consulting services). More simple and tangible products (such as A and B’s locks and mountings), exchanged through the taken for granted market model evoked less boundaries along the interpretive frameworks dimension. The importance of interpretive frameworks was also found in relation to suppliers of rather intangible services, such as (management) education and other expert services. In both these cases difficulties of ‘understanding’ the other were emphasized.

The importance of differences in interpretive frameworks creating barriers to collaboration and knowledge exchange has been pointed out by previous research. In an intraorganizational context, it has been observed in the interaction between different professional or functional groups (e.g. Carlile, 2002, 2004; Dougherty, 1992). In an interorganizational context it has been pointed out that the overlap of knowledge between a receiving and a sending organization is key to a firm’s ability to accommodate new knowledge (absorptive capacity) (Lane et al., 2006). The current study indicates that such an overlap is created on an individual level over time through interaction between individuals, an aspect that has often been neglected by the absorptive capacity literature (Lane et al., 2006).

5.3 Trust

Relations were demarcated in terms of ‘trust’. The notion of trust was mainly used to construct boundaries around relationships. However the lack of trust – or distrust – was occasionally mentioned as a strong boundary within relations and an important barrier to knowledge flows mentioned especially in the hierarchical relations.

Trust as a way of constructing boundaries around relations was referred to in relation to vertical relations, horizontal relations, hierarchical relations and, of course, personal relations. In the vertical and horizontal relations, ‘trust’ as a boundary around the relation was constructed as a way of dealing with especially interest boundaries within the relationship and the risk of opportunistic behaviour. Trust was described as an alternative, and more effective way of dealing with the interest boundary than the formal contract regulating the parties’ pursuit.

Trust-based boundaries around a relationship were constructed through investments in the relationship. While the creation of trust-based boundaries around a relation could coincide with the creation of interpretive boundaries it also signified a shift in the quality of the relationship from a formal/legal relationship of organizations towards a more informal and personal relation. Relationships bounded by ‘trust’ boundaries had a different character than the managers/professionals’ distanced relations with anonymous organizations or representatives of a function. In relationships characterized by ‘trust’ the relationship had gained a value beyond the narrow self-interest of the individual actors. Trust based relations were valued for more than their short-term instrumental value in the business relationship, giving the parties in the relationship some security that they would not be taken advantage of by the other, which supported open communication and knowledge flows (see Uzzi, 1997).

While the previous boundary dimensions ‘interests’ and ‘interpretive frameworks’ represent what Hernes (2004) calls mental boundaries, the trust dimension has a different character, representing a social boundary. The current findings regarding the importance of trust in giving relationships a different character confirm much earlier research emphasizing the importance of trust in enabling the exchange of privileged and difficult to price information and knowledge by reducing the fear of opportunistic behaviour among the involved actors (Foos et al., 2006; Uzzi, 1997).
5.4 Private/organizational

As trust-based boundaries around relationships became enforced through continued interaction they could evolve from trustful business relations into what respondents described as “friendship” relations. In this evolution, however another boundary dimension came into play, namely that between the private/personal and the organizational/public. By becoming a “friendship” relation, the value of the relationship as such became stronger in relation to its instrumental business value and a tension between the two values emerged. The boundary dimension private – organizational through its close relation to the trust boundary may thus also be described as a social boundary. This boundary dimension however differs from those previously discussed by defining the boundary in relation to “the self” rather than the other. While the interest, interpretive frameworks and trust boundaries were built in relation to “the other” as similar or different, the private organizational boundary bounds the self in relation to “the other” and thereby sets the scene for what knowledge may be exchanged in the relationship.

The private – organizational dimension was enacted both as a boundary within and around relations. As illustrated in relation to personal relations in the consulting organization H some individuals preferred to separate private/friendship relations from instrumental business relations, thus creating a boundary within the relation hindering the exchange of work-related knowledge in the more private friendship relations.

The private/organizational dimension was also enacted in boundaries around relationships. In this case it challenged the relation between the social value of the relationship and its business value. In, e.g. the case of H, in which friendship relations had been established with subcontractors, people could experience tensions between “people you like” and “people that do good work” potentially giving up access to the best knowledge and expertise in favour of a rewarding interpersonal relationship.

This indicates some potential limitations of the trust based, embedded relationships that have been identified as important for knowledge exchange in previous research (e.g. Powell et al., 1996; Uzzi, 1997; Uzzi and Lancaster, 2003) and adds to the “paradoxes of embeddedness” identified by Uzzi (1997). On a firm level, Uzzi discusses the risks that over embeddedness of relations may make organizations more vulnerable as they invest heavily in a limited number of relations and thereby reduce their flexibility and access to non-redundant information and new opportunities (Uzzi, 1997, p. 57). The private-organizational boundary identified above indicates another paradox, namely that the defining character of embedded relations – that they have a value beyond their instrumental business value – may become a liability as these other, social values take precedence over the business value of the relationship.

5.5 Priority

Finally boundaries were constructed in relation to the priority (and time) given to the relationship and its focal tasks. The issue of “insufficient” time and resources, reflecting a low priority of the task, was recurrently mentioned as a boundary hindering the exchange of knowledge within relationships. Boundaries created in this way focused on the question whether a relationship was viewed as an essential and thus prioritized part of the individual’s work or whether it was just “desirable and encouraged” but outside the individuals core activities and thus of a less prioritized character. Especially educational relationships and more general “network building” were described desirable and encouraged – but hard to
find time for – which created a boundary within these relations. The priority dimension could also
be enacted in constructing boundaries around the relation, thus giving it the kind of support and
engagement through which, e.g. interest and interpretive boundaries could be overcome. The inter-
views indicate that the building of strong knowledge relations required investments in time and
effort, investments that in turn required the building of a “priority” boundary around the relation-
ship.

Underlying the priority dimension for constructing boundaries are actors’ perceptions of
what constitute “essential” (prioritized) activities and relationships as opposed to relationships
that are just “desirable and encouraged” but not perceived as part of the essential tasks of the
individual. Like the private/organizational dimension, the priority dimension thus relates more to
the “self” than the “other”.

The importance of the framing of relationships as a learning opportunity and the commitment
of resources to this has been emphasized as an important prerequisite for learning in inter-
organizational relationships on an organizational level (Aadne et al., 1996; Simonin, 2004). The
current study indicates that this aspect is also experienced as an important one by those indi-
viduals involved in the relationship.

This discussion also highlights the importance of how individuals frame the relationships in
which they are involved for the exchange of knowledge within that relationship. The current
study indicates that these framings were influenced by central systems and values within the
organization. When comparing the interviews, it was striking how individuals from different
organizations displayed rather different views of the importance of gaining knowledge through
different kinds of external relations. This highlights the importance of organizational
culture and systems in enabling interorganizational knowledge flows on an individual level
(Seufert et al., 1999).

6. Conclusions: dealing with knowledge in everyday business relations

Managers and professionals are heavily involved in relationships that cross the borders of
the formal organization, and they describe these relationships as important sources of
knowledge both for themselves and for their organizations. This indicates that organizations
access external knowledge through many more relationships than those alliances, part-
nerships and other formal collaborative relations specifically designed to acquire
knowledge. Among the five kinds of relationships identified only the "expert relationships”
were defined around an explicit knowledge acquisition agenda. Paradoxically these
relationships were also the ones least often mentioned by the respondents as important
knowledge sources. Furthermore, they were challenged by strong “priority” boundaries
indicating that they were not always perceived as very helpful.

Instead, relationships developed for other purposes, like securing the input and output of the
organization (vertical relationships) or shaping the industry (horizontal relations) seemed to
be more important channels for the outside acquisition of knowledge. This thus calls for a
broadening of research efforts aimed at understanding organizations’ acquisition of external
knowledge. Rather than focusing specifically on those relations initiated and designed with
an explicit learning agenda, the management of a firm’s knowledge across firm boundaries
needs to understand and incorporate the multitude of relations that members of an
organization are involved in (see Powell et al., 1996).

The acquisition of knowledge across organizational boundaries is widely described as
challenging. The identified challenges range from dealing with the risk of opportunistic
behaviour to bridging differences in culture and language. Most discussions of challenges
have however focused on the organizational level, viewing the organization as a
homogeneous actor (Marchington and Vincent, 2004; Mazloomi Kamsey and Jolly, 2008).
The current study has shifted the level of analysis to the individual manager/professional and
his/her relations. The applied framework focused on the boundaries these actors
constructed within and around their external relationships. Through this approach five
dimensions were identified in terms of which boundaries enabling and impeding knowledge
acquisition in these relations were constructed. These dimensions and their relation to
hindering versus enabling interorganizational knowledge acquisition provide input to organizations wanting to integrate every-day interorganizational relationships into their knowledge management activities.

The identified dimensions confirm the salience of mental and social boundaries identified in earlier research. But they also provide a basis for elaborating on the nature of these boundaries and provide a more fine-grained framework of boundaries that may help both managers and researchers to better understand the barriers and enablers of knowledge flows in interorganizational relations. Two facets of mental boundaries were identified – interest boundaries and interpretive framework boundaries. These were found both within relationships hindering knowledge flows, and around them enabling knowledge flows.

The current research also confirmed the importance of social boundaries as a way of mitigating the identified mental boundaries, especially the interest boundary. Two facets of the social boundary were proposed – trust and the private-organizational boundary. While trust is generally viewed as a key dimension of social boundaries (Hernes, 2004) the private–organizational boundary adds to current knowledge by pointing at the potential limitations of the trust-based boundary around relationships when it comes to enabling knowledge exchange. While previous research has assumed that increased embeddedness enhances the prerequisites for knowledge acquisition (e.g Marouf, 2007) the current study indicates that this may be true only to a certain extent. Strong embeddedness of a relationship may both make people reluctant to use (and risk) the relationship for business purposes and lead to goal replacement in the relationship, where the maintenance of the relationship may get precedence over the value of the relationship from a business perspective.

This observation calls for an understanding of interorganizational relationships that goes beyond commonly used dichotomies such as arms-length vs. embedded ties (Uzzi and Lancaster, 2003) or business vs. social ties (Marouf, 2007). Based on the current study, two types of embedded relations may be suggested – trustful business relations and friendship relations. The trustful business relations were governed by a common (business) purpose, i.e. an interest boundary around the relationship which was business related. They were also characterized by a trust-based boundary around the relationship, but the main purpose of the relationship was business related. Friendship relations could (but did not have to) evolve from trustful business relations as the trust boundary was strengthened. Central to the friendship relationship was that people appreciated the other not only as a source of knowledge or a collaborator in a business project, but as a whole person. The governing logic of the friendship relation was a social one, focusing on the appreciation of the other person, rather than the other person’s (business) knowledge and value. This however also activated the main boundary in the friendship relationship – the private/organizational boundary. While previous research has mainly focused on the positive aspects of embeddedness, the current study indicates a limitation of the social embeddedness of relations. These findings are in line with Weick and Robert’s (1993) proposition that groups may be smartest when their social ties are still in the early stages of development and thus calls for reflection on what level of social embeddedness is suitable in a specific situation.

Finally the current study points at a boundary dimension that has received only limited attention in previous research – the priority dimension. This boundary highlights not only the importance of the individual’s framing of a task as essential versus non essential for it to become a vehicle of knowledge exchange, but also the organization’s view on and support

“Boundaries within and around personal relationships were constructed in relation to two main dimensions – one was the trust dimension, the other what may be called a private–organizational dimension.”
of different kinds of relations. Organizations that want their employees to specifically engage in external relationships for learning and knowledge acquisition thus need to realize that this requires a shared understanding of such relationships as an essential part of the work.

This last point emphasizes that managers/professionals construct boundaries both in relation to “the other” and in relation to “the self”. Whereas the “interest” and “interpretive framework” dimensions were largely used in establishing “the other” as different or similar, the private/organizational and priority dimensions were more directly linked to the individuals’ self perception. It was their understanding of their work in relation to other spheres of life respectively their understanding of what constitute core activities within the organization and what not, that shaped their perception of boundaries within the knowledge relations. This implies that interorganizational knowledge flows are related not only to the structure and character of the existing relations and “the other” but also to organizational members’ understanding of their life and work.

The above conclusions are subject to a number of limitations originating from the nature of the sample of the current study. The companies studied were all based in Sweden and rather small (between 11 and 350 employees). It is reasonable to believe that managers/professionals’ networks as well as the ways in which boundaries are constructed around and within the relationships constituting these networks are influenced by both cultural and institutional conditions on a national level (Bhagat et al., 2002) and company specific conditions, such as size and industry. The authors would, e.g. expect the more social boundary dimensions (trust, private/organizational) to be played out differently within different cultural contexts (see Hofstede, 1984). It may also be expected that managers/professionals’ interorganizational relationships in larger organizations include also more formalized relationships in addition to the more informal ones identified in the current study. Further research is thus needed to gain more knowledge and to validate the current findings by studies of knowledge relations and how boundaries are constructed in other cultural and institutional contexts, other types of firms, as well as in organizations of larger size.

References


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