

**A COMPARATIVE CASE STUDY OF KNOWLEDGE
SUPPLY AND ORGANIZATIONAL EFFECTIVENESS**

BY

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Abstract

It has been widely observed that economic activities are increasingly dependent on intangible, knowledge-based resources (Hayek, 1945; Drucker, 1966; Bell, 1973; Brinkley, 2006). One result of the move to a knowledge economy is that traditional notions of work and human resources have broken down and organizations have adopted new methods of sourcing knowledge. This thesis addresses the question of how organizations can optimally determine their requirements for knowledge from within and outside their boundaries. The objective of the thesis is to develop a theory of organizational knowledge supply and to test the theory in explaining and predicting the effectiveness of an organization's knowledge sourcing strategies. The research question driving this thesis therefore is: "Can knowledge-based theory of the firm explain the relationship between organizations' mix of internal and external human resources and organizational effectiveness?"

The aim of this thesis is to contribute to human resources and organizational theory through its theoretical model and empirical evidence of the relationship between knowledge sourcing and organizational effectiveness. The thesis also aims to contribute to practice by informing organizations about the effectiveness of different human sourcing practices.

Knowledge-based theory of the firm and contingency theory were used to develop an initial theoretical model of fit and effectiveness. To extend existing theoretical models, and to support the case study, the initial theoretical model was refined so that it not only included fit and effectiveness (as in past research), but it also posited a model of the intervening process by which fit leads to effectiveness.

To test the posited theoretical model, a comparative case study was commenced in mid-2004, in two 4.5 star inner city hotels in Australia, each a member of a different hotel group. Qualitative and quantitative research methods were used, with semi-structured

interviews and questionnaires as the key data collection methods. The main data collection process was completed in April 2005.

The findings from the study generally support the theoretical model. The case study however also revealed that much of the effect of the fit of human capital on organizational effectiveness was constrained and enabled by two other organizational resources (hotel systems and processes, and the hotel brand standard). This finding suggests that existing theoretical models that suggest an independent effect of human capital fit on performance may be incomplete.

In summary the thesis research question was answered with a conditional affirmative. In other words, knowledge-based theory can explain the relationship between organizations' mix of internal and external human resources and organizational effectiveness, but existing knowledge/human capital-based models of this relationship can be extended and thus improved in two ways:

- 1) By positing a model of the intervening process by which human capital fit leads to organizational effectiveness.
- 2) By positing a model of the degree to which the effect of human capital fit on organizational effectiveness depends on other organizational resources.