

MTEI SEMINARS

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Rubik's Dilemma: Partial Knowledge and the Efficacy of Learning

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A core assumption in the strategy literature is the positive cross-sectional correlation between a firm's knowledge and its performance. Does this also imply that superior knowledge today will engender enhanced learning and superior performance in the future? Consider a firm endowed with partial knowledge — the 'correct' answer to a subset of problems within a larger multi-dimensional problem. Endowed with partial knowledge, the firm naturally focuses its search on the dimensions of the problem for which it does not have correct solutions. Moreover, naive wisdom suggests that firms endowed with more complete initial knowledge should generate superior long-run performance. Using an NK model, we demonstrate that this wisdom is sometimes incorrect — there are conditions under which the extent of initial knowledge is negatively correlated with future performance.

When:
15 October 2012, 12h-13h30

Where:
EPFL, Odyssea 4.03, VIP room