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The behavioral cost of managing knowledge: learning to learn under bounded constraints

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ABSTRACT

Bound by biases and beliefs, we have a natural tendency to economize on effort and remain within a safe comfort zone of operation. Drawing upon behavioral theory, we scope out constraints when forming judgements and conceptualize how cognitive biases operate within environments of bounded rationality. We present a theoretical exploration of how human behavioral tendencies affect knowledge management in organizations, offering a more nuanced understanding of the costs associated with managing individual motives. We also examine the temporality underlying our perceptions of facts, evidence and 'truths', and propose behavioral change strategies for improving learning and cognition.

KEYWORDS

Knowledge; behavior; knowledge management; learning; judgment

Introduction

Knowledge Management (KM), as an organizational process, delineates the mechanisms through which firms create, capture, share, and utilize intellectual assets. While the KM discourse has acknowledged theoretical challenges and epistemological paradoxes (Lawrence and Poliquin 2023; Lee 2020; Rahmandad, Denrell, and Prelec 2021; Sousa and Rocha 2019), insufficient attention has been devoted to the behavioral inclinations and dispositions that influence the construction of meaning, the approach to learning, and the formation of judgements when managing knowledge. Management scholars have been trying to understand how individuals and organizations can make better sense and use of knowledge, and recent research pinpoints several areas, such as the unequal representation of expertise (Monteiro 2025), the contrast between relational and substantialist views of knowledge (Pakarinen and Huising 2025), and the role of ignorance (Bakken and Wiik 2018; Schwarzkopf 2020), that seem to play an important role in improving our knowing and how we generate meaning. Argote (2024) underscores the role of psychological processes in knowledge transfer and learning within organizations. Empirical evidence suggests that KM is heavily influenced by expected socio-psychological costs and is facilitated by proactivity, a disposition characterized by motivation and pro-self behavior (Mell et al. 2022; Mickeler et al. 2023). Zhang, Zhao, and Yin (2023) make an important observation: the tendency to view error sharing as a socio-psychological cost, leading to negative evaluations of one's ability, which in turn prompts individuals to avoid or conceal knowledge and responsibility. Consequently, two questions emerge: first, how can we ensure that our judgements are unbiased and justified; and

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second, how can we cultivate behaviors that create a contextual space for generating organizational knowing and understanding from both explicit and latent meanings?

Our work provides insight into how behaviors affect our understanding and our relationship with KM. We contextualize the very nature of knowledge and review contradictions and dilemmas in the KM discourse. We draw on behavioral theory to theorize constraints when making choices and forming judgements. We unpack the construct of ignorance and conceptualize the organizational implications for improving learning and cognition. Our research investigates the following research questions: How do behaviors affect knowledge management processes? How do people extend the boundaries of rationality? How do biases affect judgment? What behavioral motives can be used to support utilization and application of knowledge? In this paper, we make a twofold contribution through considering a micro-level perspective. We first examine our behavioral dispositions against KM. We explain the motives behind our tendency to remain within a safety zone of operation, a steady state, and develop insight on how to extend the boundaries of our rationality. Secondly, we explore how organizations might implement behavioral change strategies. We look at how behaviors impact on our contextual understanding and thus the effectiveness of KM initiatives, and examine the behavioral cost associated with constructing meaning, escaping comfort zones and befriending organizational ignorance. Our paper contributes to debates on how we build and manage knowledge, how we organize and challenge our perceptions of 'truth', and how we construct meaning and form judgements under a bounded set of constraints.

The paper is structured as follows. First, we examine behavioral dispositions against KM. We conceptualize epistemological differences between 'truths' and 'our interpretation of truths' to explain how meaning and understanding is shaped. We then explore behavioral change strategies, present organizational implications and discuss avenues for future research.

A contextualization of knowledge

While knowledge implies the combination of reasoning (phronēsis), good judgment (noēsis) and intellectual wisdom (sophíā), the lines between 'truths' and 'our interpretation or understanding of truths' are, alas, very blurry. This is particularly relevant for organizations where knowledge is now more ephemeral than ever. What may be known as 'true' at one point of time can quickly become out-of-date, obsolete, or irrelevant, which necessitates a different organizing approach, not purely based on facts and knowns. The notion of 'truth' is also innately dynamic, and this is becoming more amplified as automation advances. In the context of machine learning, knowledge is seen as an intellectual possession or end state of achievement, rather than a living, opaque and translational, product (Pakarinen and Huising 2025). The validity and value of what is known however is already having an even shorter shelf life with many of our 'truths' proving not true following review or investigation.

Easterby-Smith and Prieto (2008) see knowledge as the content the organization possesses and position KM as being the field concerned with creating ways to disseminate and capitalize knowledge to improve organizational performance. Knowledge, be it in tacit, explicit or a more blended form, is indeed that very element when shaping contextual perspectives. Yet oftentimes we forget to assess veracity and accuracy, assuming knowledge is imperishable, eternal, and impervious to assumptions.

Evidently, difficulties in contextualizing understanding results from knowledge boundaries that exist (Carlile 2004). Knowledge has been described as sticky, embedded, and localized (Szulanski 2000) which makes the sharing of best practices a complex phenomenon. Moreover, where pragmatic boundaries exist, knowledge needs to be transformed as opposed to transferred or translated, which makes working across such type of boundaries even more complex and fuzzy (Hislop, Bosua, and Helms 2018). Therefore, moving across knowledge boundaries, typically by co-creating common ground that transforms the local understanding of others, can bring immense organizational value, and leads to creating richer, more broadly shared meanings. Institutional theory and work on knowledge integration in complex environments provides a

pertinent perspective for how organizations manage to coordinate diverse expertise and embed learning practices under conditions of complexity, uncertainty, and bounded rationality (Grant 1996; Meyer and Rowan 1977). In environments where problems are ill-structured, solutions uncertain, and knowledge distributed across specialized domains, learning becomes institutionalized through standardizing interdisciplinary procedures that aim at reducing the cognitive load on individuals. Formal policies and templates guide how knowledge is captured and used, minimizing reliance on memory or individual discretion. Dedicated knowledge brokering roles gain institutional legitimacy and organizations adopt integrative tools that automate and structure knowledge management. Although this provides consistency and predictability, there is a risk of undermining adaptability (Feldman and Pentland 2003), leading to cognitive complacency and bureaucratization, with KM becoming checklist-driven, rather than organic.

Schwarzkopf's view of organizational ignorance as a collective sense of awe that allows companies to organize themselves brings a new sociological perspective on the value and boundaries of KM (Schwarzkopf 2020). Indeed, knowledge is seen as being a subset of the unknown which grows from ignorance, as the two do together (Bakken and Wiik 2018). Zaltman (2007), who also positions 'comfort with ignorance' as one of the special qualities relevant to nurturing an open mind, argues that most thought, emotion, and learning occur without awareness. He highlights that relevant but undiscovered knowledge may exist, and that knowledge accepted as relevant is often not. In many ways, today's disruptive environments like the use of AI require employees more than ever to assess how they think and approach new domains of thought and knowledge (Jarrahi et al. 2023). Guided by the view that human behavior can be understood only through the construction of interpretations which give meaning to that behavior, there needs to be a fine balance between increases in the amount that one knows and simultaneous increases in the recognition that there is much that one does not know. Recognizing therefore the boundaries of knowledge is a central stimulus for critical thinking and decision-making. Also, understanding how knowledge and ignorance complement each other can help us in forming new insights on how we treat 'knowns' and can change our behavior toward being more accepting in exploring decision paths that would otherwise be invisible or ignored. The following section draws on behavioral theory to examine how behavioral tendencies and dispositions shape our thinking when seeking to apply knowledge and engage in KM.

Examining behavioral dispositions against KM

Although the value and importance of managing knowledge is broadly acknowledged, the general belief that the greater the investment in KM the better does not seem to hold true (Mciver et al. 2013; Reus et al. 2009). This can be attributed to the bounded nature of what we know, our inability to specify in advance what knowledge is going to be relevant, when and where, the difficulty of appropriately contextualizing knowledge and ensuring single sources of truth, as well as individual dispositions and biases (Baumeister, Tice, and Vohs 2018; Hislop, Bosua, and Helms 2018; Schultze and Stabell 2004) □ all raising important questions about how we choose to manage knowledge and ignorance.

Exploring our behavioral tendencies more closely, we find that when the energy for mental activity is low, self-control is impaired, leading us to a state of ego depletion (Baumeister, Tice, and Vohs 2018). This causes discrepancies between intended goals and actual behaviors, amplifying cultural and social influences. For example, employees tend to share less knowledge with team members perceived to be very capable. Distrust may cause decision-makers to refrain from asking about the usefulness of knowledge and its context for application. People may choose to share knowledge as a way to develop personal relationships with peers or to simply manage their impression on others (Wang and Noe 2010). These different behavioral motives can lead to misapplication or misuse of knowledge, supporting McIver's et al. (2013) view on the need to better understand work requirements and associated settings prior to adopting any KM activities.

In this regard, cultivating a strong learning culture can help mitigate individual-level variability in cognitive capacity or motivation by embedding learning processes within the fabric of organizational life (Schein 2010). Norms of reflection, feedback, and continuous improvement become institutionalized through regular practices such as debriefs, retrospectives, and iterative experimentation (Garvin, Edmondson, and Gino 2008). These practices create social and procedural scaffolds that support learning as a collective, distributed activity rather than an exclusively individual endeavor (Orlikowski 2002). Moreover, psychological safety and shared expectations enable participation and knowledge sharing across diverse roles, reinforcing learning even in complex, uncertain, or resource-constrained environments (Brown and Duguid 1991).

Reaping the benefits of KM at the organizational level entails even greater complexity. 'Wicked problems' are difficult to conceptualize and articulate, knowledge required for determining possible options is often not known, and decisions are typically made following a top-down approach with the danger of unfettered power, insufficient engagement from employees and the potential for autocracy (Liu 2020). This often leads to an unstructured and ill-defined decision process, contributing to a less rational and more intuitive or political path, seen as performative praxis or social reality (Cabantous and Gond 2011). Grint's (2010) seminal work on leaders' framing of problems makes an important contribution to this area. He claims that solving wicked problems that sit outside our knowledge are not a matter of technical work, but political will and leadership. Problems of that nature usually require collaborative or collective effort to be able to address them. They are often associated with telling people things they do not want to hear and may also require us to persuade others to do something they do not necessarily want to do. Similarly, 'insoluble problems', such as scarcity, are unending (Bakken and Wiik 2018). They are known to be problem-generating problems that even contested, still remain unresolved as no single solution will ever be perfect. In organizations, this is often overlooked, and there is rarely an attempt to explore unseen realities.

Simon's (1947) work on the psychology of judgment provides a strong theoretical framework through which we can draw valuable insights into the behavioral mechanisms influencing our choices. He introduces the term 'bounded rationality' and argues that 'global' optimality in our choices is an impossible goal, rather agents are optimizing 'locally' based on the constraints, that is, the information and knowledge they hold. The assumption that humans have knowledge that is complete or at least very clear and voluminous and have the skills to compute all the alternatives in order to reach the highest attainable point in their well-defined preferences is not deemed realistic.

Theories of bounded rationality can be generated by relaxing one or more of the assumptions of subjective expected utility theory. Instead of assuming known probability distributions of outcomes, we may look for strategies for dealing with uncertainty that do not assume knowledge of probabilities. This implies that we are inclined to make decisions anchored on existing conditions or beliefs. Hence, as opposed to assuming the maximization of a payoff function, we postulate a satisfying strategy. This also relates to empirical evidence on how behavioral biases manifest in KM contexts (Foss and Pedersen 2019). Indeed, based on this theory, agents are still assumed to make rational choices, determining consequences, and calculating the impact of such consequences to select the optimal in a logical way, like in neoclassical theory. However, the deviation is made from the assertion that the knowledge we possess is bounded, hence making perfectly informed, globally optimal choices is inherently not possible. This alternative approach opens new avenues in exploring the difference between the prior assumption of agents being 'maximizers' and Simon's assertion of them in fact being 'satisficers', whereby humans search for actions that achieve reasonable rather than optimum payoffs. This is evidenced in many organizations where senior managers and executives aim to satisfy the constraints set by shareholders, for example a minimum desired level of profits, rather than maximize or optimize unknown

functions. Under this approach, design solutions happen through an 'endless frontier' of options (unbounded variety or unimagined possibilities), oft-times impossible to know or infer.

In organizations, thinking takes place in an environment of uncertainty or contingency (possibility within constraints); what 'might be', rather than what 'is' or what 'ought to be' (Simon 1990). No individual or group has complete knowledge about every aspect of the firm's activities and operating environment, but all groups and individuals have some knowledge, and this tends to be most complete in the immediate vicinity of their own activities. As a result, beliefs, prior knowledge, perceptions, and biases inevitably shape the 'variety' of our thinking and understanding. Our undue emphasis on what is currently known or readily established leads us to question what lies behind our thinking when wanting to utilize knowledge and KM.

Work by Gino and Staats (2015) on why organizations don't learn looks at how different biases interfere with learning, highlighting the importance of destigmatizing failure and embracing a growth mindset where intelligence and talents can be enhanced through effort. Through our work, we explicitly emphasize how our behavior and tendencies as constraints of choice affect KM judgements. Based on our interpretation of 'truth', we do not seem to effectively internalize the value of KM as an organizational mechanism for processing and creating and new information and realities. Our mind becomes selective, acting myopically to unknown or unfamiliar options. We sometimes see KM as a necessary evil or a fallacy of relevance, avoiding taking personal responsibility for our knowledge when choices need to be made or failing to contextualize its real value and true potential. We therefore recognize the behavioral cost associated with how people understand, utilize, and apply relevant knowledge. The principal assumption of altruism and reciprocity does not necessarily hold true in a bound environment of constrained choices. Personal investment in KM is costly in terms of time, monetary, and other relational or psychological costs, and not employed effectively if seen as disutility[1]. It also requires substantial effort and willingness on our part to tame the tendency to go with what we know or feel more comfortable with. This results in us developing a 'safe' comfort zone of operation, in essence a 'low hanging fruit' mentality. Inevitably, this affects the way we perceive, utilize, and organize knowledge, also explaining the mismatch between KM intentions and actual outcomes. It also affects the quality of our understandings as we rely more on personal intuitions and individual traits.

Individual behavior changes when value is not internalized or part of our own self-interest. This is also reflected through our engagement with new information and hence our thinking choices. We self-judge based on what we deem most appropriate. We are constrained by what we know or more precisely what we think we know. We have the tendency to believe that we see the world around us objectively, and that people who disagree with us must be uninformed, irrational, or biased (see naïve realism in Ross and Ward 1996). We are trapped in our own perceived reality, unable to create spaces where new knowledge and ideas are generated. What we do depends on what issues and answers we focus our attention on, and what we focus on depends on how the firm's rules, resources, and relationships distribute various issues and answers into specific communications and procedures (Ocasio 1997; Ocasio et al. 2023). Knowledge disavowal and cognitive dissonance are also highly pervasive in many organizations which adds to the existing constraints and can be particularly challenging when there is evidence of an aging workforce or a possible knowledge deficit (DeLong 2004).

Choices are a mirror of our boundaries. We resist deviating from the known, which is vital for judging the relevance and soundness of our knowledge. We produce knowledge for uncertainty reduction and problem solving, rather than unknownness and environmental exploration (Le Masson et al. 2019). Influenced by construals (Wilson 2022), we avoid uncertainty, ambiguity and the unknown when it comes to expanding our rationality and cognition. Also, it is not just altering cognitive representations. More than that, agents need to be willing to lose tacit knowledge associated with prior cognition (Gavetti and Levinthal 2000). Learning to learn requires effort and this is seen as additional work if no behavioral motive is in place to change our thinking in

what we uphold implicitly. This very much informs our thinking, not only in terms of individual cognition but also in shaping practices and processes of KM, as discussed in the next section.

Exploring behavioral change strategies

Our motivational drivers make us delimit to a safe zone, a zone in which we let our guard down, get too comfortable and become complacent. Essentially, we create a microcosm of reality, a steady state. Whether we need to use existing knowledge or find/search for new, we do it within the frames of this 'closed' zone. When we create such a safety zone it is very difficult for us to recognize flaws in our current thinking and thus form a new logic. Our reasoning is driven by mental models we construct, simulating scenarios which we believe preserve truth (Johnson-Laird 2010). We block or ignore available information, and sometimes we may not even be aware of what information we are rejecting or how much. Fundamentally, every zone of ours is our imaginary border/boundary for the discovery of a new truth. The mind gets trapped in boundaries. That is how it feels safe and secure. Being bounded is our mind's natural, most common state. It is where our mind calms down and can function normally. Unsurprisingly, this state of being trapped also explains the fact that most of our judgements are based on biases and apprehensions. This conceptualization relates to schema theory (Ghosh and Gilboa 2014) in that human cognition relies on stored, structured representations of prior knowledge to understand and respond to new knowledge. When encountering a new situation, people try to match it to a known schema; in essence, schemas provide default assumptions that guide reasoning and higher-order thinking, offering a familiar cognitive framework through which individuals can comfortably relate to and interpret new information.

Building on this idea of structured interpretation, early signs suggest that organizations are turning to AI technology to support decision-making and problem solving. An important part to this transformation is the delegation of decision-making authority to AI. This however is known to alter or disrupt the design of vertical and horizontal information structures which are necessary to efficiently coordinate interdependent roles and units (von Krogh 2018). Systems need flawless data as input, yet with changes in organizational design, it is not always clear where and when task input is required. Questions also remain around the legal, ethical and accountability implications of such delegation. This inevitably raises additional concerns about how AI may perpetuate or even amplify choice biases, and how behavioral costs can better be accounted for by automated systems. In terms of seeking 'solutions', problem formulation requires situational data and reasoning that departs from well-structured algorithmic searches. Despite recent technological advances, the challenge of solving real-world problems in organizations remains unchanged: inferring from data plausible but tentative explanations or 'general' solutions. This underscores the need for phenomenon-based theorizing (Bamberger 2018), prompting a critical examination of what constitutes a problematic situation within an organization, particularly those that currently employ or could potentially benefit from AI-generated solutions. Although algorithms offer 'solutions', they remain tentative and in themselves cannot offer an explanation or justification, e.g. by reexamining data and sense-testing task outcomes in organizations (Paul 1993), reinforcing the argument that AI alone cannot replicate the flexibility, adaptability, and generativity that characterize human judgment.

To optimize KM, we argue that we would need to move beyond a mechanistic way of treating knowledge. We recognize that this will require a new mindset, which calls for a change of attitude toward learning, managing, and thinking about knowledge. A mindset where we become more aware of opportunities for self-improvement, more willing to embrace challenges, and more likely to persist when confronted by obstacles (Gino and Staats 2015; Moser et al. 2011). Tricking the mind can make us think of a different zone, other microcosms, other ways of thinking. This can be done either consciously or unconsciously through internal or external forces. The transition to

another zone or even just the awareness of existence of many zones is a prerequisite for making better judgements and for a more correct and comprehensive treatment of problems. Of course, as we move to new zones, we note our natural tendency to create new microcosms, but the transition—or humble attempt alone—moves us closer to a better contextualization and understanding of knowledge, similar to exploration and exploitation strategies.

Manifesting knowledge-seeking behaviors

The way in which we manage knowledge has many facets and is very different and at times contradicting (Alvesson and Kärreman 2001; Mciver et al. 2013; Schultze and Stabell 2004). This also confirms the different aspects or zones within which our human mind can function. Our perceptions and beliefs drive our behavioral choices which form the basis of our judgment. People's preference for maintaining the current state of affairs is well recognized and to some extent is part of human nature. Humans habituate toward a steady state; homeostasis and allostasis demonstrate this psychological foundation. When it comes to finding the best way to constructing meaning, we think that we know the whole story and tend to be complacent about how we get to a conclusion, lost in our own willful biases, placing less emphasis on 'learning to learn' motives. This should rather require questioning of how we and others think and feel, which in turn carries an element of risk arising from uncertainty. For this to work, organizations need to create structures that allow for an environment that actively promotes and rewards inquiring behavior. How often do we recognize alternative ways of doing things? How likely is it for managers to accept something outside of what is expected? We posit that by internalizing benefits from efforts to challenge personal microcosms, we are able to cognisize the dynamic properties of knowledge (contextual, ephemeral, and personal in nature) and as a result deliberately change our behavior accordingly. This should be viewed in line with how we are confined in terms of our capacity to hold and process knowledge. Beshears and Gino's (2015) work on cognitive biases is highly pertinent, particularly regarding the need to effectively engage System 2 thinking. This requires exerting cognitive effort, which is a scarce and precious resource, yet can be achieved through creating opportunities for reflection, considering disconfirming evidence and evaluating decision alternatives in a simultaneous rather than sequential manner.

This behavioral element has been missing from the current debate and is essential for any future KM developments, particularly in areas related to how agents contextualize outputs generated by automated decision-support systems. Current practice fails to account for a sustainable, deep embodiment of KM behaviors, and often attests to a short-term, patchy, and rather inconsistent way of managing knowledge. Poor performance is known to be attributed to behavioral difficulties, including flawed learning and poor problem solving (Rahmandad, Denrell, and Prelec 2021). Adoption-related challenges can also be explained and alleviated through this reasoning since questions around the level of investment in KM are equally bound by the same judgment motives.

Transitioning to new ways of managing

This new approach questions the traditional ways of managing others. The default managerial position needs to be that people are within a microcosm. Therefore, there is no guarantee that employees will fully comply with or conform to an order or a directive when asked. Managers would also need to understand that command does not necessarily imply change in behavior. A prerequisite for effective management is to acknowledge that staff operate within their constrained microcosm. This requires a different set of interventions and a new way in which to solve problems. In this context, in line with Grint (2010), agents will need to adopt the mindset of a 'vu jàdé' leader (not being conditioned by the familiar), as opposed to that of a 'déjà vu'

manager (predicated on prior beliefs and experiences). This requires facilitating the construction of an innovative response to the novel problem, rather than rolling out a known process to a previously experienced problem. Historically, we see a transition in how management is conducted. From resource-based to knowledge-based, strategies have shifted toward exploiting tacit commodities and intellectual assets (Cooper et al. 2023). We now see that the focus should not just be on managing the intangible of knowledge but also on individual microcosms, a behavioral-based view of the firm that better articulates linkages between microprocesses and macro-level outcomes.

This ties in with the temporality around how people view facts, evidence and 'truths', and the significance we place in our own beliefs, thoughts, and opinions. We are oblivious to the reality that is happening. We rely too much on instinct and emotion and too little on logical, deliberate thinking, which results in poor choices and poor outcomes (Beshears and Gino 2015). In an organizational context, we can attribute tensions to the different microcosms we are all under. Often, we cannot tolerate hearing an opinion we do not like. If we have a certain viewpoint, we may naturally feel vulnerable and close ourselves off from listening to different views. We may ignore or discredit even the very existence of views being articulated depending on which side of the debate we belong. We also find ourselves frustrated or apprehensive when we discover unknowns. This aligns with the body of literature on confirmation and belief bias where agents weigh their own information more favorably against information generated by others, under-reacting to new information or negative signals and evidence (Benjamin 2019).

Reframing of lessons learned

Lessons learned have been used as a technique to capture, codify, and share knowledge. Regardless of how we see them being applied, the main purpose of using them remains consistent: to learn from success and failure. Although this idea is widely accepted, the finer implementation details seem to be the most difficult to operationalize. Organizations are failing to learn from their past project experiences and critique has been made for neglecting or ignoring lessons, especially failures (Eskreis-Winkler and Fishbach 2020; Gino and Staats 2015), by not making them accessible and searchable enough, and not using them to drive meaningful changes (Newell et al. 2006). Prospect theory and the concept of loss aversion describe how people choose between different prospective options, showing that the value function is convex for losses and concave for gains (Kahneman and Tversky 1979). This allows us to frame lessons learned in a different way.

Losses bite more than the equivalent gains; hence lessons should be documented in the form of what was lost or could have been lost as a result of our choices so that when employees are in similar situations these negative outcomes or losses come to mind. This includes areas of disappointment as well as regret to incentivize agent to pursue further knowledge. The notion of framing and reporting 'loss lessons' behaviorally leads employees to more seriously consider and remember those lessons and subsequently produce actions that generate a robust response as a result. Harnessing cognitive biases is not something considered amongst practitioners who predominantly view lessons learned as an opportunity to replicate past successes or reward great ideas, rather than project explicitly the losses due to wrong decisions or commend someone for acknowledging not knowing something important.

Nudging subliminal messaging

A nudge is a behavioral technique that suggests using subtle direction to help steer people toward making a judgment or taking a specific action rather than enforcing it (Thaler and Sunstein

2009). Despite some critique around their effectiveness, nudges are now part of policy interventions used to tackle problems from climate change to obesity but currently missing from the KM discourse. KM tries to be direct in its messages and KM systems' ability to deal with organically developing, hyper-complex, challenges often lack the functionality required to build strong personal and intellectual bonds. 'Knowledge nudges' are presented as a strategy to tackle the enforced use and adoption of KM, which is known to be sporadic and inconsistent. They can take different forms depending on the context and capabilities already available. Examples could include visual knowledge cues for learning or verification purposes, e.g. to trigger System 2 thinking and make demands more personal (Beshears and Gino 2015). This will help us question automatic, instinctive and emotional responses, encouraging greater deliberation and analysis. Additionally, knowledge nudges can act as motivational enablers for nurturing informal or unplanned interactions that stretch from communities of practice to organization-wide communities of communities, known to improve working, learning, and innovating. Knowledge nudges can also play a key part in exploiting and codifying knowledge, particularly across multiple organizational structures. They can help to quickly establish single sources of truth while avoiding an overengineered and overly controlled environment which is detrimental to the creation of valuable tacit knowledge (Schultze and Stabell 2004).

Recognizing the KM fallacy

Sunk cost fallacy and loss aversion are similar in that economic rationality is limited (Arkes and Blumer 1985; Kahneman and Tversky 1979). Individuals commit the sunk cost fallacy when they continue a behavior or endeavor because of previously invested resources (Arkes and Blumer 1985). For KM, there is a real dilemma about its role in supporting effective decisions. On the one hand, KM seeks to identify the best possible solution for maintaining and sharing organizational knowledge; on the other hand, it seeks to uncover any inefficiencies, updating its suggestions and proposing alternative ways of working, taking advantage of technological advancements. Both require employees to invest time in being trained or accustomed to a particular tool and process only to find out ex post that a better solution is available and ready for use. We see that transition from a situation where we have incurred cost and investment of resources can be difficult. This can also be related to the law of the instrument and pro-knowledge bias principles which implies that individuals have a strong tendency to remain at the status quo (Samuelson and Zeckhauser 1988). In this context, knowledge disavowal may act to reinforce a comfortable status quo, resulting in potentially inferior judgements (Zaltman 1983). From an organizational perspective, employees are over-reliant on using a familiar technique or applying a particular solution and will ignore the fact that they may not have made the most appropriate judgment. KM therefore needs to build in adjustments that account for poor System 1 and System 2 thinking, such as adding time buffers (Beshears and Gino 2015). The KM fallacy that employees will always seek to switch to something new for the betterment of their judgment and performance is not entirely true. Escalating commitment to a losing course of action reaffirms the need on the part of agents to create an illusion that they have not erred. As Zaltman (1983, p. 173) quotes Solzhenitsyn, "the right to know everything is a false slogan. People also have a right not to know, and it is a much more valuable one". To combat this fallacy, internalized and open-minded thinking along with substantial own effort and commitment is required. As argued in this paper, when employees realize the value created through acquiring knowledge to support their thinking, it will enable them to objectively evaluate information and form sound judgements. That said, responsibility also lies with dedicated KM roles and the organization's culture in ensuring that employees are not complacent to enable change of behavior to happen (Pepple, Makama, and Okeke 2022).

Befriending ignorance

When we are within a safety zone we let go. At times we are afraid of everything that is outside of what we know, and in general we do not deal with unknowns as long as they are not in our way or causing us a problem. Many times, we want to deliberately create the illusion that we do not know or we do not want to know things within our own safety zone to eliminate the likelihood of 'error', simplify even further the way in which we will act, or avoid anticipatory regret (e.g. see willful ignorance in Gigerenzer and Garcia-Retamero 2017). When we discover new zones, we increase our perception of our ignorance as we realize its magnitude and real impact, and this can sometimes be overwhelming. We recognize the need to know and the willingness to learn. We understand the value of ignorance and try to cognize how best we can manage it. The true value emerges when we realize that our judgements are born in areas where they were previously completely unknown to us; when we are continuously walking on uncharted waters, treading on ignorance. If we befriend ourselves with this idea and reconcile with the fact that we need to look for the unknown (and not the things we already know) to solve our problems only then will we be able to optimize the way in which make choices.

As Bakken and Wiik (2018) note, if we acknowledge ignorance, we become more respective to the significance of unknown processes and are able to see relevant (if peripheral) information. This conceptualization also alludes to the fact that 'truth' lies outside our known logical systems where statements are incomplete or not yet proven. In organizing, constructing meaning based on unknowns need not be seen as a taboo, but rather as a 'richer' (Weick 2007), more nuanced way to uncover completeness. Paradoxically, organizations, being decision-making systems, are not only preconditioned on ignorance, but they also create it as a by-product, leading to the uncovering of new problems, which in turn requires new decisions. Hence, there is a need to develop organizational mechanisms to absorb such ignorance, something that can often be seen as controversial or damaging to building an image of a 'successful' institution. Yet, without tapping into this resource, organizations seem selective in what knowledge they choose to engage with, underlining a normative deficit of what is to be known. The completeness of knowledge is thus replaced by a search for relevant knowledge and a justification of evidence, rather than judgment and responsibility (Bakken and Wiik 2018).

Concluding remarks and future directions

This paper advances a new research agenda focused on how individuals form judgments and how cognitive biases operate within environments of bounded rationality. By integrating these behavioral insights, we offer a more nuanced understanding of the costs associated with managing knowledge and propose more targeted strategies for mitigating them. Central to our argument is the idea of escaping known microcosms—shifting how individuals internalize and respond to uncertainty, particularly through the institutionalization of structures that privilege disconfirming evidence and the systematic evaluation of alternative perspectives. We further examine how individual motives can be more proactively managed to foster behavioral change, highlighting the inadequacy of existing management practices in harnessing the diverse beliefs, thoughts, and opinions of people. Our findings suggest that knowledge is often either prematurely propagated or discarded based on subjective interpretations of evidence and prevailing notions of truth. We contend that learning should not be limited to narratives of success and call for greater personal accountability in addressing our collective susceptibility to complacency. By emphasizing the role of cognitive nudges in activating reflective (System 2) thinking and valuing ignorance as a productive precursor to insight, this study underscores the psychological and structural levers that shape knowledge work. Looking ahead, we encourage further research that synthesizes organizational dynamics, heuristic reasoning, and human behavior to deepen our understanding of how

knowledge is constructed, how truth is contested, and how learning and judgment unfold within bounded cognitive and institutional constraints.

Note

1. The economic term of disutility is used to denote the feeling of dissatisfaction and lack of happiness.

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