The role of identity and attitudes in intra-organisational knowledge sharing.

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Abstract.

This paper provides a comprehensive review of the literature on firm specific characteristics influencing knowledge sharing. According to the first attempts to build a knowledge theory of the firm, the firm is best fit to exploit knowledge (Conner & Prahalad, 1996; Jensen & Meckling, 1992; Kogut & Zander, 1993). Despite this fact, companies are not enough capturing value from their knowledge due to the nature of knowledge (Teece, 1998). Organisations are however able to develop an identity that facilitates knowledge sharing, but such identity causes unlearning problems. In two case studies, the attitudes towards knowledge sharing were in dept analysed. The cases confirmed the importance of an identity to build trust and to stimulate informal knowledge sharing.

1. Opportunistic behaviour.

A knowledge theory of the firm explaining the existence, functioning and boundaries of the firm from a knowledge point of view is still under development (Conner & Prahalad, 1996; Grant, 1996). However, several statements explaining the role of the firm in relation to knowledge have been made in the literature (Conner & Prahalad, 1996; Jensen & Meckling, 1992; Kogut & Zander, 1996; Teece, 1998; Williamson, 1975). These highlight the benefits of the organisational context in knowledge sharing. However, specific characteristics of the firm might also impede knowledge sharing within organisations. Some tacit knowledge can not be expressed or shared at all. As a result, two parties may possess different views on their environment and may not be able to explain that view fully to others. As a consequence of those different views, they might disagree on modes of cooperation (Conner & Prahalad, 1996). Conner and Prahalad (1996) use this argument to explain why in such situations contracting might be costly and difficult. In particular, they explain that within firms coordination can result in a higher level of the use of knowledge, especially by means of authority. However, the problems with coordination within the organisation can be severe as well. Hierarchical relations have in particular the problem that the decision is made by one party which is not necessarily the most knowledgeable to make the decision. When individual tacit knowledge is required in decision making, decentralisation of decision rights is appropriate (Jensen & Meckling, 1992). All this leads to what is called the dilemma of delegation (Mintzberg, 1989). Even in situations without tacit knowledge, authority might not be the best choice because it can impose a climate of distrust, frustration, fear and competition limiting the possibilities to share knowledge (Senge, 1997). Other types of coordination, which are more horizontal, are therefore more appropriate from a knowledge point of view. However, knowledge sharing requires trust (McAllister, 1995; Newell & Swan, 2000; Nonaka, 1994). Therefore, such types of coordination, e.g. teamwork, networking, liaisons, need to be based on trust to be effective in knowledge sharing. In the lack of trust we are confronted with similar
problems as are present in market contracting, namely opportunism. Within firms the problem is explained in terms of goal discrepancy and principal-agency relations (Eisenhardt, 1989a).

Another problem within firms is that certain knowledge is derived from individuals and stored as organisational knowledge to the benefits of all members. This gives knowledge a public character and consequently a free rider problem (Boisot, 1998). There is uncertainty about each one’s contribution in providing knowledge to the community. Each individual has an incentive not to spend time on revealing his knowledge but still make use of the knowledge provided by others. All reach the same conclusion and nobody is willing to share knowledge. Clearly, behaviour in organisations might not be that different than opportunistic behaviour in market contracting.

2. Social identity.

Firms are able to store knowledge in routines disconnected from any individual in particular (Nelson & Winter, 1982). Knowledge of the organisation is in that sense considered as the dominant set of beliefs of the firm. Such set of beliefs can only be hold in institutions such as firms. This is similar to what Kogut and Zander (1996) call the identity of the firm. Such identity gives firms an alternative to contracts for coordinating their actions by setting a kind of order and rules. These can be less costly than contracting and therefore beneficial for firms.

An identity helps to overcome self-interested behaviour, such as in agency relations or when goal discrepancy exist, and develops trust (Ashforth & Mael, 1989). Identity also determines rules of procedural and distributive justice (Kogut & Zander, 1996). Those rules deviate from pure rational behaviour where individual objectives are maximised whatever the consequences for the people in the group. A powerful person might be reluctant to share knowledge because this might reduce his own powerful position in the organisation and might increase the position of others. A strong identity might prevent people from abusing their specialist knowledge as power.

Such identity gives the firm a common filter to look to the environment, called ‘dominant logic’ in the literature (Bettis & Prahalad, 1995). It filters information coming in the organisation, to result in firm specific knowledge (Boisot, 1998). Such filter might however become an impediment to the acceptance of new knowledge. The filter might make the firm blind for certain opportunities and alternatives in the market. Therefore, social identity is a limitation to knowledge creation. Moreover, the development of group or firm identity might result in the formation of cultural values in the group; but these values might include reticence as well as openness. The rules formed in a group as part of
the identity, might not be the most optimal (Kogut & Zander, 1996). Consequently the relationship between social identity, trust and knowledge sharing is unclear and needs to be further explored.

Knowledge sharing will urge people to use new knowledge and to unlearn old knowledge and abandon some of the rules. However, it is difficult to change inefficient routines incorporated in organisational knowledge (Levitt & March, 1988; von Krogh & Roos, 1996; Walsh, 1995). The identity in a group might therefore cause problems of unlearning and change. Moreover, people tend to communicate about things they have in common. Knowledge sharing is therefore often limited to common knowledge (Paulus & Yang, 2000; Stasser & Titus, 1987; Stasser & Vaughan, 2000).

In summarising of the above arguments, we can state that a social identity is necessary to overcome dysfunctional organisational behaviour that limits knowledge sharing. However, the rules and values developed within such identity are not always encouraging knowledge sharing and can also be a limitation to the absorption of new knowledge.


Other attitudes towards knowledge sharing are more caused by the high level of specialisation in organisations and general policy towards integrating knowledge. Identity might not be sufficient to integrate knowledge when there is a high level of asymmetry in peoples’ knowledge stocks due to the specialisation and a lack of awareness of the importance to integrate knowledge. First, motivation to share knowledge and absorb new knowledge depends on what both parties expect to gain from knowledge sharing and what it might cost them. There has to be reciprocity in the knowledge sharing process (Davenport & Prusak, 1989). It will, however, depend on the competition that might exist between people or groups. Although two people or two departments belong to one company they might compete for promotion chances or for scarce resources in the company. Asymmetries in their knowledge will result in differences in performance. On the one hand, knowledge sharing with the internal ‘competitors’ would demand almost altruistic behaviour. On the other hand, competition between departments or people might result in an increased search for knowledge and therefore in a higher knowledge use.

Perceived social confidence is another consequence. It determines the personal barriers of the receiver to contact someone (a source of knowledge) when there is a need for certain knowledge (Andrews & Delahaye, 2000). This is perceived approachability with the emphasis on ‘perceived’. The approachability is grounded in a (perceived) asymmetry in relationships among people and in a lack of common understanding to communicate on the knowledge. However, being aware of the benefits knowledge sharing can have is a first step to stimulate knowledge sharing. Obvious management can
play its role in this. Incentives or reward systems reducing individual competition or individual knowledge protection reduce barriers and increase approachability. Summarised, we can group the firm typical effects on knowledge sharing as either related to identity or either related to specialisation. Figure 1 groups the different aspects.

Figure 1: Attitudes towards knowledge sharing.

4. Context of the two case studies.

It is our aim to explore the firm specific factors affecting knowledge sharing. In particular, we will pay attention to the role of social identity, trust and the policy towards knowledge sharing. This will allow us to refine the assumed influences mentioned in this paper. A case study is appropriate because it allows gathering data from different levels in the organisation (Eisenhardt, 1989b; Leonard-Barton, 1990) and allows a more process oriented approach (Rueylin, 1999). Rueylin (1999) states that in social sciences it is often impossible to test and generalise causal relationships among variables. Different social contexts seem to make general laws in organisations almost impossible. This empirical research is explorative and has no intention to give proof or make general statements. We therefore selected two totally different companies and studied knowledge sharing in two totally different contexts. Comparison between the two cases will therefore be limited. Although the differences still teach us the importance of certain contextual aspects. By selecting two polar types, we are able to include a very broad range of contextual differences.


The first company is a small Belgian publishing company, hereafter named as company P. Data were collected by four semi-structured interviews with members of the management team and by making each member of the organisation (who worked more than three months in the company) filling out a likert scaled questionnaire.
Identity in company P:

The identity can be described as:

*We are fighters. You need to experience the making of a paper to know what is on stake, to know what a paper really is. We have been on the other side of the line and we know what it is. We were the underdog. New people are coming now in another company but we drum this mentality in, to keep fighting even for the smallest advertisement. In every team this mentality is stimulated by the exemplary conduct of the manager and some others in the team.*

It takes up to a year to fully understand the working style of company P. The major risk to this identity is the large number of new people in the organisation. More than ten persons were less than a year in the company. On the other hand, the identity is being passed through the new ones in an informal but effective way. Several remarks of the interviewed people make clear that there is a strong identity. This identity gives a kind of common goal to the people in the organisation, which results in very low rivalry and absence of opportunism and in a high level of trust. It is considered as extremely important to fit within the culture and to understand the company P style. Company P is very adaptive to its environment and does not seem to face problems related to unlearning or filters on new knowledge. On the contrary, new knowledge is greatly accepted and seek for.

The questionnaire confirmed the relationship between the existence of common knowledge and mental models and a high level of reliability, trust, openness and low opportunism. These variables have also a positive effect on the sharing of knowledge. Especially the high correlation between lack of opportunism and common knowledge indicates the role of a shared identity to reduce potential opportunistic behaviour.

The number of procedures are rather high for the relative small size of the company. However those rules are implicit, none of them is written down but everybody knows and follows them. The following statements illustrates this:

*Company P is very dynamic. If you want to move fast and dynamically, you have to make agreements but you also need to give people freedom, not to allow them to act as they please, but to act in the best way. But there are very strict rules, almost militaristic. We grew from a very small firm and the rules we have are unwritten rules but they are active.*

**Strategy towards knowledge sharing.**

The common knowledge base facilitates especially sharing tacit knowledge. Sharing is informal and occurs whenever someone has a question or problem or whenever a project is planned and discussed.
The pressure to deliver the weekly paper leaves few slack. There is no spare time to codify knowledge for later use or to share knowledge that does not seem to be solving any urgent needs or problems. The internet department is an exception because it codified parts of its internet software to sell it to a foreign company.

*Asking people to formalise their work is not pleasant. You can not ask: write down what you know for in case you leave or you be dismissed so that we still know what to do. But for the software we sold, we had to do it, and so we had a good excuse.*

Knowledge that is not shared immediately or codified for immediate use -that is within one week- is not codified or shared. Knowledge sharing is informal and oral.

*The danger of informal communication is that if you did not hear it in the corridors, you just do not know it. If we do not see each other for a week, it is already a problem because we evolve so fast. There is no system enforcing formal communication of decisions.*

Although there are no formal incentives there is a mentality of coming up with new ideas. People are judged on their creative contribution in the group. This makes people share and express their ideas. Within the four departments there are also weekly meetings which are a platform for sharing ideas.

**4.2. Company B: A financial group.**

Company B is an audit department of a bank that belongs to a larger international financial group. The bank is the result of a merger. During data collection the company also announced serious cost reductions, which had an impact on the department because several planned projects were cancelled. Data were collected by following a project team that worked on the testing of a new audit procedure. The team existed of one member of each of the involved units, one member of headquarters (the projectleader) and the auditmanager as head of the sub-department in headquarters (the project supervisor). It included two people from the Walloon region. The project leader and project supervisor were from the biggest one of the two merged companies, while the other four members in the project team were from the smaller company. Data were collected by interviewing the people from the team, by attending all meetings, by analysing all official communication concerning the project and by joining two audit interviews in the field that were part of the project.

*Identity in company B.*

Identity in company B.

The work in the audit department is heavily determined by procedures and rules that impose the filling up of forms and the writing of several documents. Such procedures are normal for banks and
audit departments. Auditwork in general is subject to a large number of national and international standards. However, those procedures result in the collection and storing of a lot of information and in the sharing of codified knowledge. Besides rules, hierarchy is an important coordination mechanism. Project groups exist to combine peoples’ expertise and involve several local units in the development of new audit tools. The latter was the main objective in the project discussed here. There were a few conflicts that were caused by different views on the project and different goals.

*On the hierarchical level, some agreements were not met. If you agree that one of your subordinates will do a task with a person of the regions and afterwards the person of the region has to the job alone, then my boss will say ‘that was not our agreement’ and say ‘stop’.*

The different perspectives are coming from the fact that the people in the project are from different units with different culture, different original companies and different geographical locations with their own language (French and Dutch) and local cultures. One of the interviewed said:

*We have to deal with the phenomena that we are not yet a real team and everybody still thinks in his own background.*

Another one mentioned that:

*The way of communicating shows from which side [original companies] he comes but there is also the difference between the French speaking and the Dutch speaking.*

A lack of complete trust and asymmetry between the headquarters’ unit and the local units makes that people take care of what they are saying to each other.

*It is more waiting and not completely committing oneself. You notice that it lives here, the two companies, the ones from x know each other and if one from y comes in, he needs to be judged before they tell him something.*

The restructuring of the company and the departments due to the merger and the somewhat weaker financial results are important contextual factors causing uncertainty, what heavily influenced attitudes towards knowledge sharing.

*Strategy towards knowledge sharing in company B.*

There was a large awareness of the importance to keep record of all information gathered during the audit activities. Systems were available to guide that process. Sharing best practices and personal ways of working were not considered as important to be shared. The freedom in the job was very
limited. It was considered that within this limitation there was no need to learn from each other. However some admit that work methods still differ a lot from one unit to another and that they might learn something from each other. Such learning was mainly limited to a few people who started to know each other very well. By following courses and being involved in projects at headquarters such interpersonal networks over the unit boundaries were established. Unfortunately, it seemed to be always the same people involved in those projects. One of the reasons was that those projects required the best and bilingual.

Due to the merger everyone had to unlearn old routines and learn new ones. The culture, build up for such a long period of time, caused problems of unlearning. Several persons also mentioned that they had no idea of the knowledge that existed in the company. Much knowledge remained therefore hidden and unused. This was especially the case for tacit knowledge. Other limitations on knowledge sharing are related to the activities of the department. As audit department they are bound by professional secrecy, so they were not allowed to share all their experiences with other departments. A second limitation had to do with the fact that they were controlling other departments. To control these they need all information and knowledge they could possible get. However, those departments were not always motivated to provide knowledge, which would (from their point of view) be used against them.

5. Discussion

The main finding of these explorative case studies is that the difference between firm and market is weak. Especially when the difference is explained by the presence of identity. Shared mental models are clearly important to share knowledge in company P. In as far as those shared mental models exist for the whole organisation, there is an identity making knowledge sharing more easily. However, as was clear from our second case study, such identity might be different in each unit and therefore knowledge sharing between the units can not always benefit from such shared identity. There are several in between forms where the degree of intensity of cooperation differs. For example, joint ventures are combinations that make use of contracting but also develop an identity with own rules. When the use and sharing of knowledge could be fully specified in contract terms, such firm identity would not add any value. Scarbrough (1995) explains that there are several forms of networks between markets and hierarchies, which are subject to social control. The degree of social control and economic exchanges differs, with a maximum of social control in clan type organisations. All transactions still have some degree of social control (Scarbrough, 1995). In company B, we noticed that explicit rules are necessary because of the particular business but also because of a lack of implicit rules.
In company P it appeared to be much easier to develop a firm specific identity. There are several reasons for this. First, the company is small. In large groups, sub-identities might arise, which can be inconsistent with the overall company identity. The identity needs to be spread and transmitted to new members, a process that was clearly present in company P. In particular, the entrepreneur and his management team played a central role in the persistence of the identity. A third reason can be found in the success of company P at the time of data collection. It is much easier to develop a strong identity and to make people identify with it when it appears to generate success on the market. Another finding is that in both cases knowledge was often not shared just because people were unaware of the need. Awareness is therefore clearly the first step to knowledge sharing. Another explanation might be that there is just not enough time for sharing more knowledge or that sharing more knowledge is not considered as being a productive effort.

Implicit knowledge is shared in both cases through formal networks arranged in team meetings or project work. Since these networks are formal, it proves that management can stimulate knowledge sharing by encouraging such networks. The particular coordination mechanisms in the organisation, which should according to the literature give the firm an advantage in knowledge sharing, such as authority and routines, procedures etc were studied. It was clear that those mechanisms determined to a certain extend which knowledge had to be made explicit, stored and shared.

We can conclude that the importance of the role of identity to settle trust and leverage (tacit) knowledge sharing is confirmed in our explorative cases. However, identity might be weaker than suggested in the literature on the theory of the firm. We did not find evidence for problems related to asymmetry or approachability. Culture and shared mental models was dominating the rational for a need for reciprocity in sharing.

This research is the explorative phase of larger more quantitative research on the inter-relatedness between structure and knowledge sharing. By taking an open view on anything that might influence knowledge sharing in the two case settings we were able to discover what was apparently most striking in the cases. Although social identity and its role were emphasised theoretically in the literature, it was not yet in debt studied. A few exceptions are Kogut (1993) and Scarbrough (1995).

References.


