Chapter 20
Social Loafing in Distributed Organization: An Empirical Study

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ABSTRACT
This study investigates how social loafing indirectly influences the knowledge sharing behavior in the context of IT-enabled distributed organization. In this high social loafing environment, we found the individual favor benefits may negatively moderate the relationship between economic and social strategies and knowledge contribution. This study provides some suggestions for the management of virtual organizations in supporting strategies design, knowledge contribution encouragement and member selection.

INTRODUCTION
As organizations are geographically dispersed nowadays, numerous firms have changed to distributed organizations, or so called “virtual organizations”. Most of distributed organizations adopted information systems, especially knowledge management systems (KMS) for supporting knowledge sharing (KS) behavior among their members (Alavi & Leidner, 2001; Hejduk, 2005). KMS provides an IT-based platform where employees from different places can communicate and share knowledge. However, contrary to earlier expectations, these firms face the serious problem of “KS dilemma” where people are unwilling to share knowledge through these IT-based KMS (Breu & Hemingway, 2004; Ratcheva, 2003). Several studies have found that the availability of ICT is no guarantee of KS (Alavi & Leidner, 1999; Snowden, 2003; Takkinen, 2004). Some studies have found the “KS dilemma” to be even more salient in an IT-based environment (Breu & Hemingway, 2004).

A considerable body of KS literature has adopted the framework of social exchange theory (SET) to understand people’s unwillingness to share knowledge in KMS. According to SET, one of most critical reasons for unwillingness to share knowledge is that people are not well motivated to...
share their knowledge (Hertel et al., 2005). Based on SET, people can be motivated by motivators such as social and economic factors (Kankanhalli et al., 2005; Lin, 2007). Since individuals’ motivations can be influenced by organizational interventions, some supporting strategies are considered to increase employees’ KS behavior (Kankanhalli et al., 2005). Numerous firms have applied economic reward systems in their KMS (Garud & Kumaraswamy, 2005), and some others apply social reward strategies.

However, a review of the KS literature shows these supporting strategies affect employee KS behaviors, especially in the IT-based environment, at dissimilar levels (Bock & Kim, 2002; Bock et al., 2005). These supporting strategies are also interacted with individual differences (i.e., exchange orientation), and organizational context (social loafing level) (Cropanzano & Mitchell, 2005).

From the perspective of social loafing theory (SLT), Redman et al. (2005) suggest that the interaction effect of individual difference and supporting strategies may be conditional upon the environment’s social loafing level. However, in the IT-based distributed environment, rare studies have examined the interaction effect of individual difference and supporting strategies on KS. It is still to be investigated whether some supporting strategies are effective or not in encouraging KS behavior in the IT-based environment with high social loafing level. This study tries to fill this gap that we investigate the supporting strategies-individual interactions on knowledge sharing in the high social loafing environment.

**LITERATURE REVIEW**

**Costs and Benefits of Knowledge Sharing**

Numerous studies have investigated KS from the cost-benefit perspective (Kankanhalli et al., 2005; Lin, 2007). Kankanhalli et al. (2005) have identified the social and individual cost and benefit factors in knowledge contribution in the electronic knowledge repository. Based on Kankanhalli et al.’s (2005) framework, the benefits include organizational reward, image and reciprocity.

- Organizational rewards: Organizational rewards include monetary incentives such as bonuses, and non-monetary awards such as job security (Davenport & Prusak, 1998). One fundamental motivation of sharing knowledge is getting rewards for contributions (Fey & Furu, 2008; Kankanhalli et al., 2005; Lee & Ahn, 2007; Wolfe & Loraas, 2008).
- Reciprocity: Reciprocity is a social benefit of individuals engaged in social exchange (Blau, 1964). Reciprocity of KS refers to the belief that current knowledge contribution will lead to future help from others (Lin, 2007).
- Image: Contributors may receive intra-organizational respect for KS behavior (Kankanhalli et al., 2005).

**Strategies for Supporting Knowledge Sharing**

Several studies have identified the factors influencing KS, and have provided strategies on supporting KS in KMS. We review the literature on antecedents of KS in KMS from the perspectives of reducing costs and enhancing benefits. The summary of antecedents of KS in KMS is illustrated in Table 1.

One stream of literature tries to develop technical solutions to reduce the cost of sharing knowledge, and support KS across the boundaries of time and space (Gillies & Galloway, 2008; Greenberg & Roseman, 1999). Apart from reducing the cost of sharing, a second stream of literature identifies the social factors for enhancing benefits of KS. Several theories have been ad-