The Link Between Knowledge Sharing and Organizational Performance: Empirical Evidence From the Czech Republic

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ABSTRACT

Despite a general assumption that knowledge sharing among employees is vital for achieving a competitive advantage, only limited evidence has been provided to support it. This article examines the relation between knowledge sharing and three dimensions of organizational performance: innovativeness, financial performance and the use of human resources. The study uses data from a sample of 112 employees from the Czech Republic. The findings provide evidence that knowledge sharing is significantly related to organizational innovativeness, employees’ engagement, and the perceived benefits of knowledge sharing. However, there was no statistically significant correlation between knowledge sharing and financial performance. The results highlight that if a competitive advantage is built on innovativeness, then bilateral communication between supervisors and their subordinates, including the communication of the top management’s intentions and employees’ ideas, is essential because it facilitates knowledge sharing among employees.

KEYWORDS
Czech Republic, Exploratory Factor Analysis, Financial Performance, Human Resource Management, Information Sharing, Innovativeness

INTRODUCTION

Knowledge is considered to be the most valuable resource that is capable of bringing a sustainable competitive advantage (Bontis, 2001; Hung, Yang, Lien, McLean, & Kuo, 2010). Such a competitive advantage can be gained thanks to using internal resources, including employees and their capability to share knowledge (Dyer & Nobeoka, 2000); the use of unique knowledge to produce a certain product (McGivern & Tvorik, 1997); and the promotion of innovation and creativity (Cho & Pucik, 2005). As knowledge can support the uniqueness of a certain organization (Andriessen, 2004), differences in organizational performance can be explained by different approaches to the management of knowledge in different organizations (Massingham & Massingham, 2014). As Wiig (1997) proposed, changes associated with knowledge management, such as information technology (IT) implementation, the sharing of expert knowledge or the motivation of employees to learn and share knowledge, can lead to the increased profitability and viability of an organization. Thus, organizations have started to use

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knowledge management techniques to enhance work with knowledge and to increase the value of knowledge assets.

The relation between knowledge management and organizational performance is the field that needs deeper understanding (Zack, McKeen, & Singh, 2009). Although organizations invest more and more in knowledge management (Mills & Smith, 2011), organizations are often not aware of the benefits that knowledge management can bring (López-Nicolás & Meroño-Cerdán, 2011). Additionally, many organizations do not know how to measure the benefits of knowledge management (Jennex, Smolnik, & Croasdell, 2016) because measures of knowledge management that impact organizational productivity must be specific to every organization, and their identification must follow from a knowledge management strategy (Jennex, 2008b). Another reason why deeper research is appropriate is that performance can be understood differently. According to Pavelková and Knápková (2009), performance might be viewed differently from each stakeholder’s point of view because each stakeholder wants the organization to achieve different goals.

From the process point of view, knowledge management can be defined as a set of activities, including the creation, sharing and usage of knowledge (Častorál, 2008); knowledge acquisition (Cantner, Joel, & Schmidt, 2009; Fink & Ploder, 2009; Heisig, 2009); knowledge storing and identification (Fink & Ploder, 2009); knowledge verification (Thite, 2004); accumulation; knowledge internalization (Lee, Leong, Hew, & Ooi, 2013) and knowledge interception (Cantner et al., 2009). The mentioned activities involve people, technologies, assets, processes and tools (An, Deng, Chao, & Bai, 2014; Heisig, 2009).

Because knowledge management is a discipline that captures many activities, this study focuses on only one of them, knowledge sharing (KS). Some authors say that KS is the most important activity (Kim & Ko, 2014; Lee & Ahn, 2007; Minbaeva, Pedersen, Björkman, Fey, & Park, 2014). As knowledge is in the possession of individuals (Bock, Zmud, Kim, & Lee, 2005), it is necessary to share it within the organization to reach an optimal use of knowledge (Parent, MacDonald, & Goulet, 2014) and to enhance value creation (Cabrera & Cabrera, 2005). Hence, the goal of this paper is to examine the relationship between KS and organizational performance. This study addresses three dimensions of organizational performance (innovativeness, financial performance, and efficiency in human resource use) at the same time, which is not common in research studies, but such an approach offers new possibilities for comparisons. Furthermore, in contrast with many other studies (e.g., Darroch, 2005; Wang & Wang, 2012), the analysis of organizational financial performance is based on data gained from official financial statements. Additionally, the relation between KS and the perceived benefits of such an activity is examined.

The organization of the paper is as follows. First, research hypotheses are developed based on previous research. In the next section, the methods employed are described, including the sample, measured constructs, methods of data collection and data analysis. In the next section, the results are provided. Then, the results are discussed with reference to their practical implications. This is followed by the limitations of the findings. Finally, conclusions are drawn.

THEORETICAL FRAMING AND HYPOTHESES

Knowledge is a term that is difficult to define with a single definition. Usually, knowledge is gained through experience, education, and skills (Kamhawi, 2010). Thus, knowledge is an individual’s property because the information is processed in the mind (Ipe, 2003) as a result of cognitive processes (Alavi & Leidner, 2001). Knowledge enables the owner to make decisions (Častorál, 2008; Jennex, 2008a) and leads to action (Ipe, 2003).

There are two basic types of knowledge presented in the literature: tacit and explicit (Supyuenyong & Swierczek, 2011; Wang & Wang, 2012). Explicit knowledge is the knowledge that can be stored and transferred easily, while tacit knowledge is usually gained through experience; therefore, it is difficult to articulate and transfer it (Chang, 2014). Currently, tacit and explicit knowledge are considered two
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