Social Capital and Knowledge Sharing in Knowledge-Based Organizations: An Empirical Study

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ABSTRACT

The study aims to understand the social and organizational factors that influence knowledge sharing. A model of knowledge management and knowledge sharing was developed inspired by the work of Nahapiet and Ghoshal. Data on KM processes and various social capital measures were collected from a sample of 262 members of a tertiary educational institution in Singapore. Rewards and incentives, open-mindedness, and cost-benefit concerns of knowledge hoarding turned out to be the strongest predictors of knowledge sharing rather than prosocial motives or organizational care. Individuals who are highly competent in their work abilities are less likely to share what they know when they perceive that there are few rewards or when sharing is not recognized by the organization. The findings provide evidence for the importance of social capital as a lubricant of knowledge sharing and engaging performance management systems in knowledge-intensive organizations.

Keywords: knowledge management; knowledge sharing; social capital

INTRODUCTION

There has been a proliferation of literature on knowledge management with the advent of the knowledge economy (Beck, 1992; Evers & Menkhoff, 2004; Stehr, 1994; Von Krogh, 2003) as indicated by an increasing body of work in organizational studies, information systems, marketing and the social science disciplines of sociology, psychology, and economics. However, notwithstanding the substantial insights generated about knowledge management issues in contemporary business organizations (Menkhoff, Chay & Loh, 2004; Nonaka, 1994; Von Krogh, 1998,) the development of robust theoretical concepts and models, which could explain why members of organizations do share
knowledge, has been slow. It seems that the phenomenon of knowledge sharing, identified as an important component in the management of knowledge workers in organizations, is still something like a black box.

This essay\(^1\) seeks to address this gap by theorizing about knowledge sharing in contemporary organizations based on empirical data collected in a tertiary educational institution in Singapore. The theoretical arguments we are developing in this article are rooted in the concept of social capital, and draws together perspectives from the sociology of organizations, economic sociology, social psychology, and the broad umbrella of organizational studies, which encompass literature such as knowledge management, organizational behavior, and strategic theory of the firm (Adler & Kwon, 2002; Wenger et al., 2002). In understanding the social and organizational factors that influence knowledge sharing, a model of knowledge sharing was developed based on the work of Nahapiet and Ghoshal (1998). The key objective of the essay is to identify some of the key antecedents of knowledge sharing behavior in organizations (see Figure 1) and to test respective hypotheses empirically.

**KNOWLEDGE SHARING**

Helmstadter (2003) defines knowledge sharing in terms of “voluntary interactions between human actors [through] a framework of shared institutions, including law, ethical norms, behavioral regularities, customs and so on … the subject matter of the interactions between the participating actors is knowledge. Such an interaction itself may be called sharing of knowledge” (p. 11). His definition of knowledge sharing highlights the role of social interactions which lends support to the theory of social capital where participation in groups and the deliberate construction of sociability is a prerequisite for the purpose of creating resource, in this case knowledge.

However, Helmstadter’s definition of “voluntary interactions” is not unproblematic as it fails to consider issues of politics and power in such interactions. While knowledge sharing, particularly in the context of economic organizations, is often encouraged through incentive systems (Bartol & Srivastava, 2002), the corollary also holds when involuntary interactions in the sharing of knowledge are often enforced by appraisals and incentive systems whereby employees who do not share their knowledge may be penalized and risk retarding their career advancement in the organization. Studies on knowledge sharing have thus far been “heavy on notion of negotiation and trust between members of the network and exceptionally light on domination and power-relations-independent relationships based on reciprocity and mutual trust, where self interest is sacrificed for the communal good” (Knights, Murray, & Willmott, 1993, p. 978). The writers further argue that such interactions are often embedded in institutional power relations that are hierarchical, competitive, coercive and exploitative (see also Aldrich & Whetten, 1981; Walsham, 1993). This aspect of politics and power in knowledge sharing will be considered later in this section as one of the conditions whereby involuntary knowledge sharing can occur.

Writers (e.g., Polanyi, 1967) have argued that knowledge comprises both an implicit and an explicit component. Through discourse, reflection and discovery, tacit knowledge (knowledge that is internalized but is not articulated or made public) can be transformed into an explicit form that can be shared in the form of data, scientific formulae, specifications and so on. The very process by which such knowledge is transformed is described by Nonaka (1994) as socialization, externalization, combination and internalization (see also Nonaka, Konno & Toyama, 2001; Nonaka & Takeuchi, 1995.)

While there is a paucity of research specifically addressing the mechanisms of knowledge sharing between individuals in organizations, this essay argues that Nonaka’s conceptualization of socialization, externalization and combination is of particular importance in explaining the process of knowledge sharing. Both these processes parallel the basic premise established by Helmstadter’s (2003) definition of knowledge sharing, which involves the “interactions
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