

Knowledge Sharing Through Social Exchange Theory Perspective

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Introduction

The concept of knowledge sharing in organizations has a very scarce theoretical background. It has been studied through human and social capital theory (Morris, Snell, Lepak, 2005) but other conceptualisations are hardly present. Literature (Szulanski, 1996, Youndt & Snell, 2004) says that there are many reasons in an organization why knowledge sharing does not yield an optimal level. Bureaucratic and hierarchical cultures, formal and rigid structures and procedures can limited knowledge sharing. There are obstacles hindering employees in knowledge sharing and transfer. The perception of losing advantage and status through sharing knowledge is particularly important (Morris, 2001; Willman et al, 2001). Many researches have emphasized the role of rewards in sharing knowledge (Robertson&O'Malley Hammersley, 2000; Hansen et al, 1999).

In order to foster knowledge flows around the organization many organizations invent HRM practices to facilitate knowledge transfer. Darroch (2003) analyzed KM practices and behaviors. She measured knowledge acquisition, storage, dissemination and the use of knowledge. She found a three factor solution that determines knowledge management that, in turn, has an important impact on firm performance and innovativeness. These factors are responsiveness to knowledge (responsiveness to the customer, a well-developed marketing function, response to technology and competitors and flexible organizations); knowledge acquisition (employee attitudes and opinions, a well-developed financial reporting system, sensitivity to market changes, the science and technology profile, international partnerships with customers, market survey) and knowledge dissemination (dissemination of market information, knowledge dissemination on-the-job, techniques for dissemination, technology for dissemination, written communication). All these elements of successful knowledge management present a huge challenge for HRM to navigate their strategy and policies in these directions.

Scarborough and Carter (2000) present a comprehensive review of the ways in which HRM issues could be linked to the topic of KM. They suggested framework of five perspectives as linking HRM practices to knowledge management issues. The "best practices" perspective assumes that it is possible to develop a set of HRM "best practices", which facilitate knowledge sharing, and that these practices will be universally applicable to all types of organization. For each of the four perspectives they assumed direct impact to knowledge management outcomes. First perspective: high commitment management will encourage

knowledge sharing. Second perspective: tailored HRM for knowledge workers will improve motivation and retention and performance of knowledge workers. The internal and external fit of HRM will provide HRM and business strategy and codification. Third perspective: development of human and social capital will ensure a long run strategic advantage. Fourth perspective: developing and supporting learning will improve sharing of learning and tacit knowledge. These links Scarbrough and Carter (2000) provided shed light on the personal nature of knowledge (and human/social capital) and the need for human motivation in sharing and utilizing knowledge (Hislop, 2003).

Minbaeva (2005) asked what is in the “black box”, what are the mediating variables that should have been considered when arguing for a link between HRM practices and knowledge transfer? She tested factors (1) that foster absorptive capacity of knowledge receivers. (2) She also tested the supporting learning environment.

(1) Absorptive capacity includes both employees’ ability and motivation. Factors that foster absorptive capacity are prior knowledge of receivers and the intensity of effort (Cohen and Levinthal, 1990). There is extensive evidence that investment in employees’ training enhances the human capital of the organization, which later has positive effects on organizational performance.

But employees’ performance can be limited because of absence of motivation. Minbeava (2005) argued that HRM practices can influence individual performance by providing incentives that elicit appropriate behavior. The incentive system includes performance-based compensation and the use of internal promotion systems that focus on employee merit and help employees to overcome invisible barriers to their career growth. Promoting employees from within the firm is likely to provide a strong motivation for employees to work harder in order to be promoted (Minbeava, 2005). The theory of social capital, social dilemma theory and social exchange theory further explain the social dynamics of knowledge sharing (Cabrera, Cabrera, 2005).

In our paper knowledge sharing in organizations is understood as a proces of social exchange in which employees are involved. Although organizations operate in the economic sphere as econmic units, it is obvious that processes within them go beyond economic transactions.

Economic and social exchange

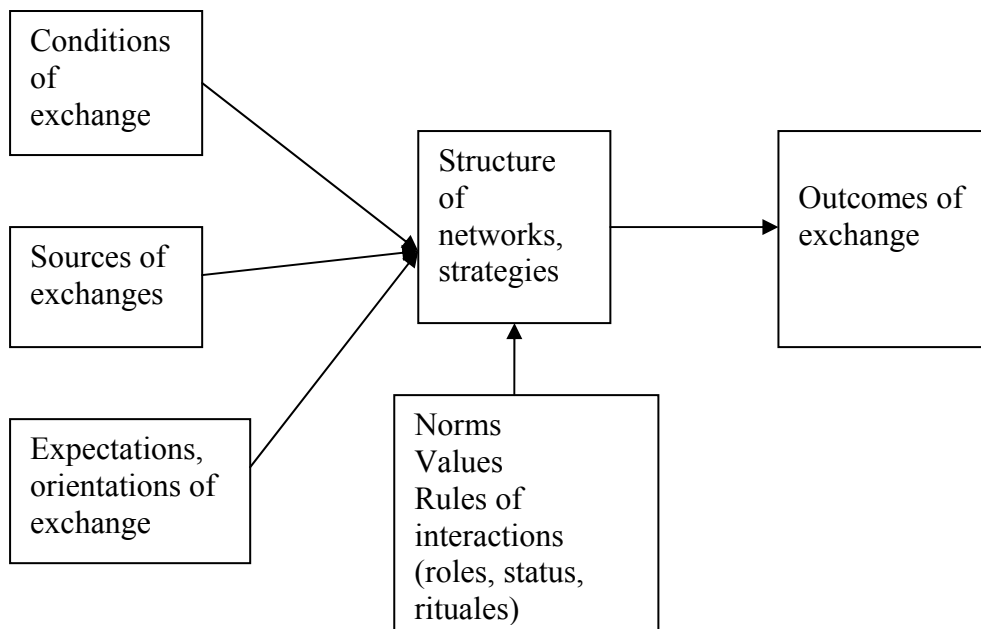
Blau (1964) defined the main difference between social and economic exchange. In economic exchange private ownership and a large number of objects exist which are available on the open market and can be obtained by anyone who can buy goods at the price determined by supply and demand. Customers can negotiates prices. The payment for goods are legally ensured, payment is determined in sum, time and space. The main difference between economic and social exchange is the existence of “nonspecific obligations”. Social exchange includes the exchange of services among actors which forms “difuse future obligations”, which are not precisely defined, as they are in an economic exchange. Payback is not amount, time and space defined.

The second difference is that “the payback is not a matter of negotiation, but is at the discretion of a giver” (Blau, 1964: 13). In general social exchange is more specific, it takes place among a smaller number of actors comapared with economic exchange.

Social exchange is happening in an organizational context, which is by and large a highly competitive environment. Employees as individuals or as groups and teams or departments are competing over resources but on the other hand they have to cooperate in order to attain common goals. In such a situation knowledge sharing is a part of the exchange process and knowledge is a very important source of exchange. The transfer of knowledge in an organization has its exchange background although precise calculation and selections are not emphasized.

In general social exchange takes place under specific conditions over which members want to hold control. People enter into relations with others to get resources, which are under control of the others. In the process of social exchange employees exchange different resources: material resources and symbolic resources such as information, knowledge, power, respect, belongingness, sanctions, honor, emotions, etc.(Etzioni, 1968). In the following scheme the process of social exchange is illustrated.

Scheme No1. the process of social exchange



In an organization there are many types of exchange. Homans (1961, 380) for example specified two forms of behavior in the social exchange process: subinstitutionalised and institutionalised. The first is more elementary and the second is more complex. In the second, exchange is regulated with rules, values and norms, while in the first the exchange is more an unregulated process where actors seek favorable outcomes only in direct exchange. Homans (1961) defined subinstitutional behavior as being when actors are acting directly upon the actions of others regardless of the rules, which may or may not exist in a situation. Homans (1961:4) said it is important to know “how employees will help each other even when formal rules do not demand their mutual cooperation”. Knowledge sharing in an organization has the same nature. It happens as subinstitutional behavior.

Knowledge sharing in organizations as a subinstitutional process

Up to now knowledge sharing in organizations was seen as a subinstitutional process, which happens in an institutional emptiness. Spontaneous transactions among actors in the exchange process are not subjected to any institutional pressure and exchange happens in a “pure form” (mutual help, problem solving or mutual attraction among employees). To understand this process we will look at the process of social exchange in greater detail.

In an organization with its hierarchical structure a tendency to uphold the information exists. But on the other hand an organization is not just a sum of individuals who want to keep important information to themselves. In an organization a lot of work constalations, groups and teams exist and this forms a second tendency to inform the other members of the group. Shared meanings for preserving common themes, shared definitions of reality, sinhronisation of values and goals, all these processes demand information sharing.

A micro interactional space among organizational members and groups exists where information and knowledge are a source of exchange. There are a lot of information in free exchange. Small efforts and a few costs are demanded to get this information. But some information, which demand big efforts and high costs to obtain, are under strict control of their holder. They are important highly valuable sources, which are under protection of their bearer. This is self protectional behavior. The actor retains inner domains for his autonomous use (Goffman, 1997). The borders of protected domains are under the supervision of their owner since they are important for keeping good exchange conditions in the future. Actors exert constant efforts to keep reciprocity and stable conditions in exchange.

Employees in organization don't share knowledge because they don't want to accept inferior exchange standard. Successfulness in exchange is connected with favourable exchange outcomes.

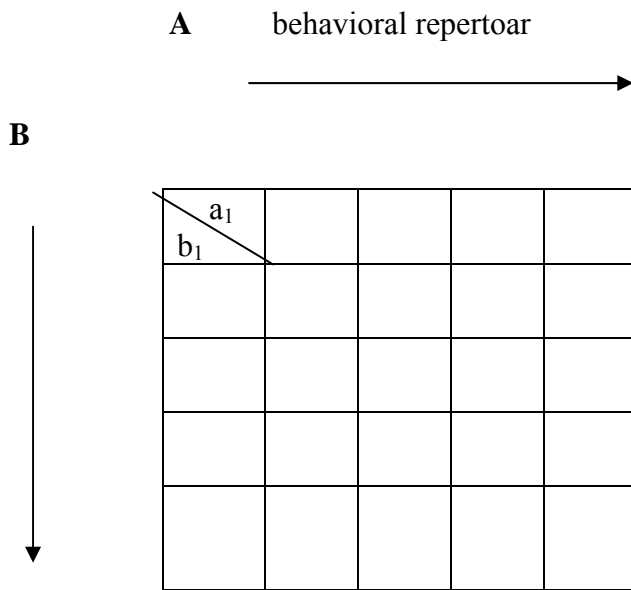
In order to establish such cicrumstances the organization has to design an HRM policy that will ensure better reward uotcomes for employees. If employees understand that they can enter in a valuable exchange process, they will do so.

Homans (1961:61) revealed one of the basic secrets of human exchange. Namely, actors are prepared to enter the exchange process under the following terms:

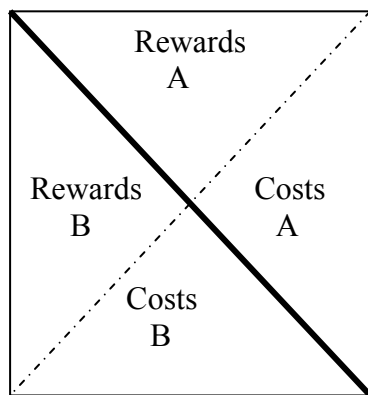
1. Everyone has to have something that others do not have, but he needs;
2. They change approximately the same values;
3. Everybody has to get more than he gives otherwise exchange would not have meaning for actors and it would not happen.

Thibaut and Kelley (1959) argued that actors in an exchange proces will orient themselves on the basis of an expected ratio between costs and rewards. They desinged a matrix of behavior chain (niz) for the diadic situation (A and B actor).

Scheme 2 Thibaut & Kelley (1959:14) matrix of expected reward and costs:

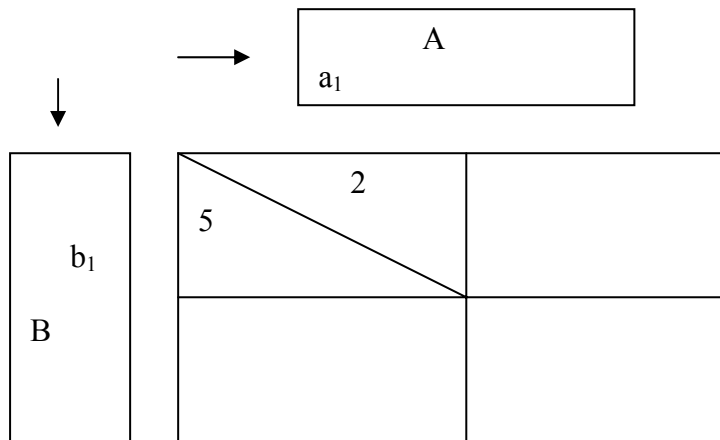


Each cell of a matrix has a specific relation between rewards and costs for actor A and B:



The behavioral chain of both actors is selective and changible depending on expected rewards and costs. Many outcomes are possible. The matrix shows how outcomes can change with regard to different behavior patterns of each actor. For example information given to other can be connected with small or big costs in time or efforts, but it is also connected with high respect, honor and commitment of the information receiver. For example if the costs for A are 4 and rewards are 6, than total positive outcome for A is 2. On the other side if for B the information given is very valuable and he depends on it very much, the help for him is 6, but he is not highly subordinate to A, so the costs for B is just 1, than total positive outcome for B is 5. This situation can be put into the matrix, cell number 1 is a_1b_1 as follow.

Cell no 1 of the matrix



A has in his behavioral repertoire at least two options: to offer information or not, which for him means different total outcomes (rewards minus costs); and B can accept or refuse the information as well, depends on his calculation.

Thibaut and Kelley (1959,21) argued that an actor values the outcomes on the basis of two standards which are not economic criteria. The first standard means the level of attraction of relations: for the person the involvement in interaction could be more or less satisfactory. They named the standard as “comparison level” CL. The second standard set the bottom level for the outcomes in the light of an alternative. It is the level where a person takes a decision to continue or to stop the relations. They named the standard as “comparison level for alternatives” CL_{alt} . So for person one relation is not very satisfactory (below the CL), but he will not break the relation. This will happen when the level of dissatisfaction reaches the lowest level in a light of alternatives which are at his disposal (below CL_{alt}). As soon as the outcome drops below the CL_{alt} , the person will break the relation. For two persons the condition to continue the relation is that both of them retain the relation between rewards and costs beyond CL_{alt} .

Thibaut and Kelley (1959) argued that valuation of the outcomes is connected with his CL, that is a reflection of all his prior outcomes. For a person an appropriate level of outcomes is expected on the basis of all known outcomes in the past. Satisfaction with the wage is not connected to a comparison of all past wages of a person only, but to a professional role, education and tenure. A person is a part of hierarchical structure of organization as well and he is doing comparisons with others in a company or organization. And he compares the wage to the wages of their colleagues, trade union arrangements and so on.

To share knowledge it means that all costs and rewards are taken into consideration. But first, conditions to enter the exchange with others have to exist. According to Homans (1961:61):

1. He will not enter the exchange without existence of a need,
2. If he shares he will have to get something back which is valuable for him,
3. It has to be a favourable exchange with rewarded outcomes.

According to Thibaut and Kelley (1959) he will evaluate the outcome comparing CL and CL_{alt}. Than he will decide to keep exchange process in the future or he will drop the relation.

Knowledge sharing in organizations as an institutional process

It is important to mention that in an organization besides the dyadic and triadic exchange processes exist indirect exchanges as well. This form of exchange is an exchange between individuals, groups and organizations, based on values, norms and regulated social relations. Individuals act in this relationship calculating their costs and rewards or they act spontaneously and keep their presence as long as these relationships have favourable outcomes for them.

“Elementary social behavior”(Homans, 1961) which means direct social exchange does not exist separated from institutional exchange processes. The spheres of human behavior and action which are more regulated and institutionally arranged, are not isolated from exchange rules. “Normed and institutionalised” does not mean something else, isolated from the exchange process. It is not an alternative to free exchange. Relations on a macro level: (1) between individuals and organizations; (2) among organizations, and (3) between organization and society are still exchange processes, but the exchange is indirect and organized by rules, which ensure appropriate relations, social control and stable transactions. But in this relations new media occur: money, values and norms. On this level transactions based not only on mutual trust, attraction and mutual rewards but people act as representatives of their roles determined by normative rules and organizational goals, strategies, rewards paid by organization and not just from direct exchange process. Exchange processes on this level are more complicated, get new dimensions and quality, but they are not excluded. Norms and values are the media in social exchange processes as money is in economic transactions. Norms and values stabilize behavior and determine it in advance. Norms ensure justice in exchange as well.

A number of writers have concluded that a knowledge sharing supportive organizational culture must be present in organizations for knowledge management activities to succeed (DiTienne et al., 2004). Transgression from micro to macro conditions in the exchange process includes growing importance of shared values, which also have a mediating role in the process of indirect social exchange. Without knowledge sharing supportive organizational culture values can not play a mediating role in indirect exchange processes.

Direct and indirect exchange processes have to be understood as mutually intertwined, where individuals act as role holders, bear rules in minds, are in direct or indirect relations, and they can calculate their short or longterm advantages. This can be done only because institutionalisation of social life (norms and values) enables a longterm duration of interactive structures among individuals, groups and organizations.

To ensure knowledge sharing processes are a durable and longlasting orientation of employees organizations must develop knowledge sharing policies, supporting with value orientations, rules and norms. They are specific value standards, which control orientations and association among people.

In organizations to ensure knowledge sharing and transfer as a durable and lasting process it is important to solve the problems of:

- how to retain stability of the exchange process with less costs,

- how to retain the stability of comparison level (CL and CL_{alt}) of individual in exchange processes,
- its predictability, and
- How to establish consistent coordination based on indirect exchange processes.

Retention of the established order of exchange processes demands its institutionalization. Institutionalization is the first condition of durable exchange processes. Interaction process (knowledge sharing) in an organization can not just be a result of the contingent direct mutual exchange among individuals but it becomes a part of existing structure of values and norms, which last as a complex of established conditions of action and mutual transactions. Institutionalized patterns of interaction give to the individual different rewards.

Blau (1964:100): for example made the classification of rewards obtained in an exchange process which are divided into two groups spontaneous and calculated. In spontaneous action rewards could be intrinsic (attraction) and extrinsic (social acceptance, respect, status). In calculated action rewards as well could be intrinsic (social approval) or extrinsic (material rewards, subordination, support, power). If rewards are lower than expected or there is none at all individuals will not enter the exchange process or will seek different institutional arrangements. Rewards management for knowledge sharing in organization has to be seen in a holistic nature, which means that rewards strategies are connected to the overall HRM climate in the organization vis-à-vis market expectations for each occupational category. It is obvious why financial rewards alone do not promote knowledge sharing in organizations (Dixon, 2002).

Institutionalized patterns of interaction do not just limit the behavior of individuals but also frame exchange processes. This includes the CL and CL_{alt} of outcomes among individuals, groups and organizations as well. It means that CL and CL_{alt} are not just results of direct and indirect transactional processes based on mutual attraction and competition for scarce resources among individuals but they are determined by institutional processes too. Individuals on the other hand enter exchange processes based on individual calculations of rewards and costs and keep them going if rewards are estimated as appropriate and just.

Conclusions

Every individual and collective transaction has to be seen as a complex of institutional arrangements, normative patterns, values which influence the individual calculation of action.

To analyse the macro structure demands inclusiveness of more than just one level of social organization. To analyse the macro structure one has to be aware of its substructures such as groups and individuals. Personal systems of actors which enter into indirect social exchange process have their own system of motives, needs and preferences besides their common goals and interests. In the case of exchange between groups, this exchange is indirect, but a lot of direct exchange processes take place within it.

More complex process of knowledge sharing would appear if it is understood as an institutionalised activity, regulated with norms, values or other rules.

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