



The Effect of Knowledge Sharing Practices on Organization Performance

تأثير تطبيق تبادل المعرفة على الأداء المؤسسي

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DISSERTATION RELEASE FORM

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Abstract

Knowledge sharing is considered as one of the most critical steps in the Knowledge Management process. Likewise, knowledge sharing practices is also disputed to have a positive effect and able to improve the performance of an organization. It is always good to share the good and bad experiences among the team members in any organization as this would allow others to either try to use the way of doing business better or also to avoid the negative decisions that others have gone through.

This study examines the concept of knowledge, the factors that negatively or positively help the facilitation of knowledge sharing, and the effects or impact of knowledge sharing on the organizational performance of an investment company in the UAE. Knowledge sharing practices are hypothesized to have a positive effect on five areas in an organization: the human capital or employee competencies, employee's productivity, employee's quality of work and performance, the effectiveness of the organization, and the customer satisfaction.

It is hypothesized that positive effect on these areas will have a positive effect on the performance of an organization. For each emphasis area, this study discusses the conceptual framework used and recapitulates the empirical research results. This research found out that knowledge sharing practices improves the areas mentioned above and this will lead to an improvement in the performance of the organization. The paper concludes with the recommendations such as establishment of knowledge repository and constant meeting across the teams to better improve the knowledge sharing practices in AAA Real Estate Development Company, as well as future research to better capture the knowledge in an organization.

Keywords: knowledge sharing, organizational performance, knowledge management, employee productivity

الخلاصة

تعتبر تبادل المعرفة واحدة من أهم الخطوات في عملية إدارة المعرفة. وبالمثل، هناك منازعات حول ما ان ممارسة تبادل المعرفة لها تأثير إيجابي وقادرة على تحسين أداء المؤسسة. من الجيد ان تتبادل التجارب الجيدة والسيئة بين أعضاء الفريق في أي منظمة وهذا من شأنه السماح للآخرين إما محاولة استخدام أفضل الممارسات للأعمال التجارية أو أيضا محاولة تجنب القرارات السلبية التي مر بها الآخرين. تتناول هذه الدراسة مفهوم المعرفة، العوامل التي تساعد سلبا أو إيجابا على تسهيل تبادل المعرفة، وأثر تبادل المعرفة على الأداء المؤسسي. ويفترض ان ممارسة تبادل المعرفة أن يكون لها تأثير إيجابي على خمسة محاور في المؤسسات: رأس المال البشري أو كفاءات الموظف، إنتاجية الموظف، ونوعية وأداء الموظف في العمل، وفعالية المؤسسة، وأخيرا رضا العملاء. لقد افترض ان التأثير الإيجابي على هذه المحاور سوف يكون لها تأثير إيجابي على أداء المؤسسة. لكل مجال من مجالات التركيز سوف يتم مناقشة هذه المحاور في ظل مفهوم تم استنتاجه خلال هذا البحث وسوف نلخص نتائج البحوث التجريبية. وسوف يتلخص البحث في النهاية مع التوصيات والبحوث المستقبلية المرجوة.

كلمات البحث: تبادل المعرفة، الأداء المؤسسي، إدارة المعرفة، إنتاجية الموظف

Dedication

This dissertation is dedicated to my wife, who taught me that nothing is impossible. She removed the hesitation that I had at early first day of my master degree education as I thought the work pressure and my age touching 40 wouldn't help me to go through the success requirement, but her continuous support was the main encouragement for me to be at this stage of study.

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DECLARATION BY CANDIDATE

I hereby declare that this dissertation is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been acknowledged.

Signature:

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Chapter 1: Introduction

1.1 Background

AAA Investment Company was founded in 2002 which in addition to all investment sectors specializes in Real Estate development such as residential, leisure and commercial buildings in Dubai and all over the world. Since that time, AAA Investment Company had branched-out quickly in other countries like the North Africa, Jordan, Lebanon, Qatar and Saudi Arabia.

AAA Investment Company had completed 45 buildings to date with 7,000 plus units covering an estimated 12,000,000 sq feet with projects in the whole area of Dubai, specifically in IMPZ, TECOM, DIFC, JLT, Business Bay, Jumeirah Village, and Dubai Marina.

AAA Investment Company also has a further 50 buildings at various stages of progress across the Middle East, North Africa region. These consist of 9,000 plus units, spanning an estimate 17,000,000 sq feet.

With respect to the Knowledge Sharing practices, it is very uncommon in AAA Investment Company as the knowledge learned or obtained from the transactions or activities in any of the completed projects mentioned above is not being shared in a formal way, or can be said that knowledge is not being shared at all.

The Knowledge Sharing practice is considered as being reserved amongst the employees of the different departments of AAA Investment Company. The knowledge mainly resides in the employee or employees within the department (business unit) and not being shared with others.

Due to the Global Economic Crisis in 2009, AAA Investment Company experienced a huge downturn in their projects. Some projects were kept on hold and some projects were totally cancelled. We can refer to the Table 1 down which shows the target number of buildings, achieved number of buildings, and the percentage achieved number of buildings. In fiscal years 2009 till 2012, the company failed to achieve its objective of minimum 5 buildings per year. Unfortunately, this was due to unexpected re-organization and a decreased in manpower forcing the company not to perform efficiently with the target number of buildings placed on the line.

Performance Indicator	Period		Total
	2006 - 2008	2009 - 2012	
Target Number of Buildings	15	20	35
Achieved Number of Buildings	15	5	20
% Achieved Number of Buildings	100%	25%	57%

Table 1 – Key Performance Indicator of AAA Investment Company

The AAA Investment Company has gone through a difficult time with the recent economic recession and the employee's turnover was very high and the company lost almost 75% of its manpower. Employees' leaving the company is a big issue, as not only the

company lost talented people who have the know-how of the business but also the employees who have resigned took the knowledge with them. This issue needs to be widely exchanged among the head of departments to find a solution in order to share the experiences of people handling deferent projects to reside the information and knowledge within the organization by exploring the knowledge and benefit from it. David (1999) noted that the information and knowledge needs to be refreshed as old data needs to be verified and check if it is still valid.

1.2 Research Question & Objectives

In this research, the issue has been generated from the lack of knowledge sharing practices in AAA Investment Company. There is no system that is put in place to capture the knowledge gained in any transaction or activities and the way of sharing that knowledge or information with others. The responses from the interview held with key personnel from AAA Investment Company confirmed that there are no incentives given to employees when they shared their knowledge with others.

Employees who shared their knowledge have not benefits at all as bonus based on salary and grade is given to everyone. David (1999) believed that the knowledge sharing culture starts from the individuals. This belief needs to be in the person to be able to

interact and be willing to share the information obtained just like the belief of giving today, gaining tomorrow.

The aim of this research is to get an answer whether knowledge sharing practices has an effect on the performance of an investment company in Dubai. This will show how much the organization is utilizing the knowledge gained during the service from the individual in different deals/projects and how it is being shared with others so they all can benefit from the lessons learnt and from successful deals. In order to investigate the process, the following objectives have been set:

1. Clearly identify the level of knowledge sharing practices in AAA Investment Company.
2. Determine the implications on the individuals and the effect on the organizational performance if knowledge sharing is being practiced in an organization.

1.3 Scope of the Research

This research is framed with a scope of determining the level of knowledge sharing practices in AAA Investment Company to finding out if it has an effect on the organizational performance. Some of the organizational performance of AAA Investment Company that is to be studied are the employee competencies and its business processes.

The level of knowledge sharing practices as part of Knowledge Management will be determined and measured, likewise the channels or mediums of knowledge sharing practices such as face to face meetings, email communications (Information Technology), etc. Key Performance Indicators of Financial Performance of AAA Investment Company can be the number of real estate projects or deals closed in a month or in a year; the profit earned which is the total sales minus the total costs, etc.

Chapter 2: Literature Review

2.1 Concept of Knowledge

2.1.1 Definitions of Knowledge

To understand more the concept of knowledge sharing, we should first make a clear definition of knowledge. Innovation Zen (2006) mentioned that many people agree that knowledge and information are two different things. Information can be defined as the general data articulated by words, numbers, sounds, images, and so on. While, knowledge is defined as the practical application or use of the information. The distinction between the two is that information can be easily transported, stored or shared without lots of difficulties but the same cannot be said about knowledge. Knowledge does require a personal experience.

One good example to show the difference is a scientific experiment. A person observing and reading the results or outcome of the experiment can receive information about it, but the person who did or conducted the experiment personally is knowledgeable about it.

Chaitan, *et al* (2012) defined information as facts readily available about someone or something. Knowledge is defined as something that an individual person have gained or acquired through education and personal experience that is actually very useful in our lives. The comparison between knowledge and information is shown in Table 2 below:

Difference Between Knowledge and Information	
Knowledge	Information
1. Information becomes knowledge once we apply it or use it.	1. Readily available data or facts
2. It is with the individual and involves personal experience.	2. These are raw data gathered from observations.
3. It is gained and acquired from education, information, belief, experiences, etc.	3. These are general data expressed by words, numbers, sound, or images.
4. Can be shared but might be understood differently.	4. Can be shared and understood easily by everyone.

Table 2 – Difference between Knowledge and Information

Anand (2011) has defined knowledge from different references. First, he defined knowledge an aspect of production. Production of certain goods or services is an output of the knowledge used efficiently and systematically.

Also, he defined knowledge as known information that is stored in the head or brain of an individual. Knowledge is stored in the brain of every person and nobody can steal or take this away.

Likewise, knowledge is defined as composing of beliefs and truths, concepts and perspectives, expectations and judgments, know-how and methodologies. These different concepts and understandings

are components of knowledge. Knowledge is based on information tied together with the understanding of how to use this information. This definition is also known as know-how.

Anand (2011) also defined knowledge as structured information based on experiences, reflections, and interpretations. Memories of the past and understanding of certain things are the main platform of knowledge. As well knowledge is defined as the interpretation of information which helps in executing various tasks, solving different problems, and making major decisions to be able to perform, learn, and teach. Knowledge aids in solving problems and sharing the information.

Also knowledge can be defined as comprehending the relationship of the input variables on the output through the outcomes. Knowledge interprets the relationship between the input and output data. Also it is defined as a fresh or modified ideas or known thought of something. Knowledge can be new ideas or modified philosophies.

The whole bunch of ideas, experiences, and methodologies can be defined as knowledge which are treated as correct and true, and which serves as a guide to the thoughts, actions, and communication of the people. Knowledge is considered certain ideas, experiences, and practices to guide the people.

A reasonable personal belief that enhances an individual's capability to take efficient action considered knowledge. It also drives a person to take action based on his personal conviction. Knowledge refers to the amount of information, experiences, skills, beliefs and memories an individual have.

Knowledge is a stored information which can be accessed anytime and anywhere and it comes from the head or brain of any individual which contains recorded thoughts, ideas, concepts, facts, techniques, and data that is changed and developed by personal experiences, values, and beliefs supported by decisions and action-related meanings.

Knowledge learned by an individual may differ from the knowledge gained by another person who receives the same subject or information. Knowledge varies when it is received and taught because each and every person are created differently and have different capabilities of receiving any amount of knowledge.

Based on the above definitions by Anand (2011), we could arrive at three meanings of the word "knowledge". First, "knowledge" refers to a state of knowing, or becoming acquainted or familiar with things and be fully aware of it, to know the facts, principles, methods, techniques and so on. This simply referred to as "know about." Secondly, the word "knowledge" refers to "the capability to act,"

which means understanding of facts, principles, methods, and techniques with the ability to use them to make things happen.

This is termed to be the “know how” meaning of knowledge. Last but not the least, “knowledge” corresponds to the codified, accumulated and captured facts, principles, methods, and techniques which has been expressed and embodied in the form of procedure manuals, books, formulas, computer codes, and papers.

Knowledge is explored in different books and articles, and it mainly refers to the data and information that resides in a person that gives preference or advantage over others by holding tacit information that would be good to share and exchange with others. Ismael & Yusof (2009) mentioned in their article the definition presented by (Nonaka and Takeuchi 1995) as ‘as a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information’.

It is important to know the knowledge that needs to be identified and later to be exchanged with others for the benefit of either the individuals or for the organization.

When knowledge gets shared, we often see it happened between two or more, Ismael & Yusof (2009) explained the combination of the

explicit and tacit knowledge as a combination between the (information, know-how and know-why) and the (skills and competency). They further explained that it is important that the individual should be willing to share the knowledge to initiate make it happened.

Performance would refer to the organization financial performance in which they see the development of better cash flows progress year after year. Organizations need to define how to judge if the organization is performing? How individuals or a team deliver their task in the given time. Ismael & Yusof (2009) mentioned in their report the definition of the performance based on Rao as 'Performance is what is expected to be delivered by an individual or a set of individuals within a time frame'. Therefore, the better knowledge the individuals would have, the better expectation is from them to deliver within the timeframe and in a more efficient way as the knowledge gain would increase their way of doing the work and of course learning from the past that help in reducing or eliminating the mistakes.

As per Ismael & Yusof (2009), it is important to know the performance dimension that the organization focuses on so the information and knowledge gathering would focus on those dimensions. Ismael & Yusof (2009) added that the performance can be measured at two levels: individual and organization performance. We will touch on this point later in this research as how people can

be encouraged to share their knowledge when the rewarding system gets only measured based on organization or business section level.

With relation to the performance measure for AAA Investment Company, Ismael & Yusof (2009) mentioned some angles of performance measure which was based on Samat, Ramayah and Saad study related to the performance measures of the organization which are: number of complaints, return on investment, financial performance, increased of sales, productivity and customer and worker satisfaction.

Managing the Knowledge and bring it to the level that everyone in the organization can share it would benefit the individual as well as the overall organization and therefore would give it a competitive advantage. David (1999) explored different ideas as how best the information and knowledge can be practiced and exchanged.

David (1999) refers to the organization culture that needs to be changed in order to encourage the individual to share their knowledge and exchange the know-how and more importantly the know-why. David (1999) He also refers to the importance of starting the initiative from top to bottom as the top management should be the model for all other individuals in the organization. David (1999) He suggested to have the Knowledge Management as business

philosophy and have the Knowledge Management as part of the clear business objectives that everyone in the organization should be fully aware of. Hsu (2008) added that the encouragement of the top management is needed and they need to facilitate the process. Hasanali (2002) pointed that the knowledge even if it is being collected in the right way, but not being used, it will not lead to any advantage. Therefore, she believes that those who share their knowledge, they would like the experience to be practiced and used.

2.1.2 Sources of Knowledge

Anand (2011) mentioned that it is very good to note that knowledge can be acquired or received from external sources or may also be generated internally. Although the sources of knowledge can be from external or internal, it generally originates within a person, group, or even organization processes. Once knowledge is received or extracted, it can be stored or kept in a repository so that other individuals or teams within the organization can access and share them. The following are the five types of knowledge which is based on their sources:

1. Acquired knowledge – this comes from external sources outside an organization.
2. Dedicated resources – knowledge that is developed by a dedicated team like research and development within an organization which is designed for a particular purpose.
3. Fusion – a type of knowledge produced by different group of people joined together who are working on the same project.

4. Adaptation – a type of knowledge generated as a result of reaction to new technologies or processes brought in the market.

5. Knowledge networking - is a type of knowledge extracted from the information shared, either formally or informally, within an organization.

2.1.3 Knowledge Accessibility

Anand (2011) stated that there are three types of knowledge accessibility. It is very valuable to know that knowledge increases its value when it becomes more accessible and formal.

1. Tacit Knowledge – it is knowledge that cannot be expressed or articulated.

2. Implicit Knowledge – it is a knowledge that can be expressed. It is understood by observing a behavior or a performance. This knowledge can be extracted by a skilled individual who knows how to identify a knowledge that is not articulated or expressed.

3. Explicit Knowledge – it is a knowledge that was already expressed and recorded in the form of texts, diagrams, tables, material specifications, product specifications, and so on. This knowledge is considered as "formal and systematic", with which some examples are computer logics and programs, scientific formulas, and product specifications. One known example of an explicit knowledge is the formula for finding the area of a square (side multiply by its side). Some other examples are documented best practices, formalized work standards, and so on.

2.2 Knowledge Sharing as part of Knowledge Management

Knowledge Sharing is one of the vital parts of Knowledge Management process. Anand (2011) commented that there are so many definitions of Knowledge Management, but the bottom line is the same. That is, knowledge management is simply managing the available knowledge and encouraging the employees to share it with one another to be able to create value adding services and products. Knowledge Management is the precise and efficient management of very important knowledge and its associated process steps includes the capture and creation of knowledge, organization and retention of knowledge, dissemination of knowledge, and use and application of knowledge. Knowledge management is responsible for converting the individual knowledge into an organizational knowledge that can be extensively shared and properly used and applied throughout the whole organization. Knowledge Management focuses on making the knowledge of employees available for everyone as well as for the organization itself.

To know more of the Knowledge Management concept, we shall discuss the step processes of knowledge management which is categorized into four major processes:

1. Knowledge Capture and Creation – in this process, knowledge is identified, captured, acquired, and created within an organization.

2. Knowledge Organization and Retention – in this process, the knowledge which is normally in tacit form is codified in an understandable manner. Once this is done, knowledge is categorized and stored in repositories in a standard format for later reference and use.

3. Knowledge Dissemination – in this process, knowledge is shared among all people within an organization in the form of both tacit and explicit. To support this process, incentives and encouraging culture are implemented.

4. Knowledge Utilization – in this process, knowledge is applied and used appropriately to produce value adding services to the whole organization.

Knowledge Sharing is a vital part of Knowledge Management, and it is covered in the third step process of the Knowledge Management process. Hasanali (2002) mentioned that one fundamental success factor of knowledge management is to have a general understanding of the words “knowledge management” and “knowledge sharing” and how these two important words apply to the situation of an organization and its needs. Once these two words are fully recognized, the organization is actually complying with the critical success factor of knowledge management which is to listen to the organization’s employees and its customers.

Hasanali (2002) also defined knowledge management as a continuous set of approaches and strategies which creates,

safekeeps, and utilizes knowledge assets including the people and information to ensure that the knowledge smoothly flow to the right people at the right time. These assets will then be applied and utilized to create a much higher value for the whole organization.

Lee and Ahn (2007) mentioned that Knowledge Sharing is considered as a critical factor for the successful roll-out of Knowledge Management processes. To maintain competitiveness with other industry players, organizational knowledge and skills should be shared amongst the employees. Hence, knowledge sharing practices and activities are highly regarded as crucial and essential to Knowledge Management. However, knowledge sharing has also been considered as a major barrier and issue to the effective implementation of knowledge management. This has been proven through a survey report collected from 2073 knowledge management practitioners and experts which raised their top issue about motivating the employees to share their knowledge in the knowledge management system.

Lin, Wu, and Lu (2012) states that Knowledge Sharing or transfer is the way the employees exchange and talk about knowledge internally or externally through all medium of channels such as discussions, conferences, both formal and informal networks, database, and practices with the aim of improving the value of knowledge usage during the dissemination and sharing of knowledge.

Wang and Noe (2010) mentioned that knowledge sharing provides the information regarding tasks and the procedures of carrying out these tasks so as to assist the employees to work together in solving problems, bringing out and develop fresh ideas, and / or implement new procedures and policies.

Furthermore, knowledge sharing can be done either written communications or face-to-face personal communications through a network with other experts, or the collection, organization, and documentation of knowledge for other people. Information sharing is a different concept as it refers to sharing of information with other people that is done through experimental studies wherein the participants are provided with the lists of information, user's manual, or programs.

Wang and Noe (2010) disagreed with Lin, Wu, and Lu (2012) as they stated that knowledge sharing is different from knowledge transfer and knowledge exchange. Knowledge transfer refers to both the sharing of knowledge by the knowledge provider or source and the gaining and utilization of knowledge by the receiver. Knowledge transfer normally has been used to illustrate the movement and activities of knowledge among the different units, sections, divisions, departments, or organizations instead of the individuals. Sometimes, knowledge exchange is used interchangeably with knowledge sharing, but knowledge exchange is different in such a way that it involves the two activities at the same time - knowledge sharing or employees providing the knowledge to other employees and

knowledge seeking or employees looking for knowledge from other employees.

Wang and Wang (2012) have said that knowledge sharing is the essential means through which the employees can communally exchange and share their knowledge and be able to contribute to knowledge application, innovation, and eventually the competitive advantage of an organization. Wang and Wang (2012) emphasized that the function of tacit and explicit knowledge sharing in the knowledge creation process is based on Polanyi's (1966) conceptualization, of (Nonaka and Takeuchi's 1995) mode which is the Socialization, Externalization, Combination, and Internalization (SECI) model. The process of knowledge sharing converts the organizational knowledge into the individual or group knowledge level through the process of internalization and socialization. Reciprocally, the processes knowledge sharing can transform the individual and group knowledge into organizational knowledge through the process of combination and externalization.

Knowledge sharing practices in any organization play a very important role for the preservation of valuable heritage and cultures, learning new ideas and techniques, solving difficult and complex problems, creation of core competences and initiating fresh and different situations. It is important to note that tacit knowledge sharing is the basis of socialization while explicit knowledge sharing supports combination in some organizations.

With regard to the processes of externalization and internalization, tacit and explicit knowledge sharing processes have significant roles in the alteration of the two types of knowledge. Explicit knowledge sharing composes nearly all the procedures or practices of knowledge sharing that are established within organizations. Explicit knowledge sharing is practiced more often than not in the workplaces because explicit knowledge is easily collected, codified and shared or transmitted.

Management tools and mechanisms, like procedures, hand books, formal language, and information technology systems encourage the willingness of the employees in sharing their explicit knowledge. Comparatively, face-to-face interaction like meetings, conferences, etc. is the principal means for sharing tacit knowledge.

Wang and Wang (2012) noted that the keys for sharing tacit knowledge are the readiness and ability of the employees to share what they know and to apply what they learn. The main foundation of tacit knowledge sharing is human experience because any individual will not be able to accept new knowledge without having an earlier connection to his or her “social software”. Some of the problems that may hamper tacit knowledge sharing in an organization are the co-employee’s willingness to share and apply tacit knowledge, limitation on the awareness of the tacit knowledge an individual have, the struggle in communicating tacit knowledge that is linked to

physical and/or mental action, and the insufficiency of applying tacit knowledge in other situations.

Nonetheless, trusting relationships amongst the employees in the knowledge sharing process would eliminate the mentioned obstacles.

Hong, et al. (2011) mentioned that knowledge creation must be viewed as a process in which the knowledge possessed by the employees should be increased and internalized as part of the organization's knowledge base. Based on this perspective, according to (Nonaka and Takeouchi 1995), the creation of knowledge should be considered as a process wherein knowledge possessed by individuals is increased and adopted as part of the organization's knowledge base. This confirmed what Staples & Jarvenpaa (2001) have mentioned that employees gained and managed organizational knowledge at individual levels.

The employees in an organization gather, store, utilized, and alter the knowledge that they apply in their daily work activities Lam (2000). Therefore, knowledge is produced and shared when employees interact with one another at different levels in an organization. This simply means that knowledge cannot be created without the employees and groups within an organization.

According to Ackerman, Pipek, and Wulf (2003) there are three types of knowledge sharing within an organization – they are knowledge retrieval, knowledge exchange and knowledge creation. Knowledge retrieval means that the main process of sharing the knowledge between the organization and the employees is by means of retrieving the existing organizational knowledge. Knowledge exchange denotes that the main goal of knowledge sharing between the employees is to exchange and transfer existing personal knowledge.

Last but not the least, knowledge creation or production emphasized that that the primary objective of knowledge sharing between employees is to generate new knowledge which then will result to fresh new combinations of existing employee, shared/common or organizational knowledge. Barson, et al. (2000) commented that if an individual does not have the trust on the information or knowledge that are given to them, even if they receive it they will definitely not make full use of it.

2.3 Factors Affecting or Influencing Knowledge Sharing

2.3.1 Organization Factors

2.3.1.1 Organizational Culture, Values, and Environment

Wang and Noe (2010) state that the organizational culture has some effects on knowledge sharing. The results of a qualitative study from

fifty companies have shown that a culture which does not support the knowledge sharing practice among the sections in an organization will only realize limited benefits from a new technology infrastructure.

Among many cultural values of an organization, trust is the one mostly influencing knowledge sharing practices in an organization. Somehow, trust eliminates the negative impact of perceived costs of knowledge sharing. It also helps promote intranet-based Knowledge Management System, knowledge sharing among the employees and organizational exchange of knowledge. Likewise, an organization that focuses on competition among the employees poses as a hurdle to knowledge sharing practices while cooperative team perceptions facilitate in creating trust, which is an essential condition for knowledge sharing.

Apart from trust, organizations with cultures that emphasizes on innovation will more likely help in implementing intranet knowledge management system and help information sharing through norms and practices that encourage knowledge sharing.

There are so many results based on various studies made on the relationship between learning culture and knowledge sharing. It was found that an organization's environment that encourages and welcomes new and fresh ideas and value the lessons learned from

past failures has a positive relationship with an effective knowledge sharing.

Mixed results have been found in studies examining the relationship between learning culture and knowledge sharing. However, Wang and Noe (2010) in his research also mentioned that Lee, Kim, and Kim (2006) have failed to determine a significant relationship between a learning orientation and knowledge sharing. A learning orientation is a climate which encourages the learning and trying of new approaches and procedures.

Lin (2008) has made an assumption that inter-unit interactions have a significant influence on knowledge sharing. It was further pointed out that trust among employees and departments have a positive influence on knowledge sharing. Employees are willing to share their knowledge with others only when they have accepted the common objectives and they have been clearly identified within the organization.

Lin (2008) has also made an assumption that commitment of the employees in different sections of an organization helps in knowledge sharing. Further, knowledge sharing is also influenced by different characteristics of organizational culture. The values that support a cooperative and open working environment and that which encourage employees to participate results to a positive influence on sharing the knowledge amongst the employees. An organizational culture that provides challenging tasks and work activities inspires

employees to work, and shows care for the employees produce positive influence on knowledge sharing.

Hsu (2008) Top management values and character are considered as the foundation of an organization's culture. Additionally, top management values motivate organizational culture that encourages organizational knowledge sharing. Hence, top management's values and character play an important role in the initiation and implementation of organizational knowledge sharing practices which acknowledge that knowledge is one source of its competitive advantage. From these statements, Hsu (2008) assumed that organizations with top management that recognize knowledge as source of competitive advantage will likely execute organizational knowledge sharing practices.

2.3.1.2 Support of the Management

Wang and Noe (2010) stated that management support has been an essential factor that influences the sharing of knowledge amongst the employees thereby promoting the willingness to share as well as in building the knowledge sharing culture. Further, the support of the top management affects the quality and level of knowledge sharing by persuading the employee's commitment to the knowledge management system. The supervisors and employees' support and encouragement of the knowledge sharing practice also boost the sharing of the knowledge as well as understanding the benefits from it.

Wang and Noe (2010) mentioned that King and Marks (2008) failed to prove that there is a significant effect between organizational support and knowledge sharing. Somehow, management support that is particular to knowledge sharing is a good measure of the employee's level of knowledge sharing. It was found that supervisor's control was an important factor of the employee's effort in sharing the knowledge. Manager's control of the rewards system and the employee's belief on the manager's knowledge and expertise on his designated area have shown positive effect on the employee's willingness to share his or her knowledge.

Theories such as the agency theory and social exchange theory have been utilized in studying the relationship between the management support and knowledge sharing practice. In general, these studies have shown that the support of the management is expected to influence the knowledge sharing in an organization.

2.3.1.3 Rewards and Incentives Systems

Wang and Noe (2010) stated that rewards and recognition systems have been helpful in facilitating and building a supportive culture as well as sharing the knowledge in an organization. Organizational rewards such as bonus, increment, and promotion were shown to have a positive relationship with the frequency of knowledge sharing as part of knowledge management system. Likewise, employees

who recognize the benefits of sharing the knowledge are higher level of rewards and incentives will more likely to report that knowledge management system is useful to them.

Wang and Noe (2010) have mentioned that researchers have also made study on how different types of rewards have affected knowledge sharing. A lab experiment showed that a cooperative reward system had a positive effect on information sharing between employees but a competitive reward system had the opposite effect.

Rewarding is a good key to encourage staff to share their knowledge if they know that it will give them some return. It is in different context, but as concept, in the past years, our company AAA Investment Company introduced a Suggestion Reward Scheme SRS in which every idea is rewarded, for that the company received good feedback from the staff by sharing their ideas to enhance the way of doing business.

At later stage, the system was introduced electronically, through intranet, and sharing of the staff of their ideas increased more than 2000% because of two reasons, one that it is easy to use and handy and also supported by the awareness that gone together with the initiative. David (1999) explored the role of technology in the implementation of the knowledge management program. He mentioned that some argue about the use of technology but he feels the technology is a must as it makes it easy to share the knowledge especially that many companies are setting in different geographical locations.

Based on some studies made by Bonner et al. (2000) they have suggested that extrinsic incentives inspire and encourage knowledge sharing but other authors have contended that such rewards and incentives will give negative impacts (Bock & Kim 2002). More so, other studies have highlighted that organizational rewards and incentives systems have no effect at all on the intentions of the employees for sharing their knowledge with other employees Hung et al., (2011).

2.3.1.4 Organizational Structure & Strategy

Wang and Noe (2010) stated that an organization with a functionally segmented structure will likely reduce the knowledge sharing practices amongst the different functions and departments. Based on research, knowledge sharing may be increased by having a less centralized organization structure which creates a working environment that promotes interaction amongst employees like the use of open workspace, use of flexible job rotation and job descriptions, and constant communications and informal meetings of departments.

To sum it all, the outcome of these studies have shown that organizations should provide opportunities to employees to interact with one another. More so, the employees' seniority, ranking, and designation in the organizational structure should be disregarded to help promote knowledge sharing.

Lin (2008) assumed that the less the formalization of an organization structure is, the more it will help to facilitate knowledge sharing among the departments. Furthermore, the more complex an organization structure is, the less helpful it will be to share the knowledge among the departments. Complex organization structure would mean less communications and interactions among the employees thereby decreasing the interests to share knowledge with one another.

Hsu (2008) mentioned that organizational strategy has a strong effect on the organization in terms of encouraging knowledge sharing and learning including the development of its human capital and competitive advantage against its competitors.

Organizations with high product innovation capabilities supported by organizational knowledge sharing practices sets it apart from other organizations. An organization's strategy will be strengthened, supported and improved by an efficient use of knowledge. Hence, knowledge sharing practices should be aligned with the business strategy of an organization.

2.3.1.5 Cultural characteristics

Wang and Noe (2010) mentioned that Siemens changed the rewards system for sharing the knowledge for their Indian and Chinese employees to be able to adjust to local income levels.

In the studies made, it suggested that participants from the Chinese culture were likely to share knowledge or information for the benefit of the whole organization even if the sharing was a disadvantage to the person, for example sharing the past mistakes related to the job. In comparison, the Chinese participants were not like the American participants in sharing their own “lessons” with someone considered as a “weak” member.

2.3.2 Employee Factors

2.3.2.1 Team Characteristics and Processes

Wang and Noe (2010) mentioned that team characteristics and processes influence the sharing of knowledge among the employees within an organization. One concrete example is the longer a section or a team has been working with one another, the more likely the employees will share their knowledge to one another.

Team communications and agreeable styles have been found to be positively related to the willingness of sharing the knowledge among the team members. Research made on hotel businesses also showed that empowerment of employees increased knowledge sharing practices.

2.3.2.2 Diversity of Employees

Wang and Noe (2010) further reiterated that the minority status, as well as the mixture or diversity of employees is related to the sharing of the knowledge. The similarity-attraction paradigm used in the study demonstrated that employees who feel that they are minority

based on education, marital status, or gender were less likely to share their knowledge with other employees. Some indicators also show that higher female-male ratios of employees working in Research & Development teams in large companies were more likely to practice knowledge sharing.

Small studies have investigated the part of social connections with other employees in sharing the knowledge. The studies imply that socially isolated employees tend to disagree with others and share their distinctive knowledge within a diversified group. Acknowledging the employee's skills and expertise also enhances the willingness of sharing the knowledge within a functionally diversified organization.

2.3.2.3 Social Organizational Networks

Wang and Noe (2010) mentioned that the close relationship among the people within social organizational network can help sharing the knowledge and improve the quality of information or knowledge gained. Moreover, the closeness of the employees and the social bonding tends to be positively related to the willingness of sharing the knowledge. These studies emphasized more on the relationships amongst employees instead of the employees themselves. The outcome suggested that the establishment of network connections and the related social capital can assist in sharing the knowledge within a community of practice.

2.3.2.4 Individual characteristics

Wang and Noe (2010) mentioned that only few studies were done in examining the effect of individual personality or dispositions in sharing the knowledge. It was determined that employees who were opened regarding their experience were likely to have a positive influence on exchanging knowledge with other employees.

The high level of curiosity drives the employees to look for more ideas and insights from other employees. The ability and skills of employees in using computers also have a positive influence on the sharing of knowledge through electronic media. High level of education and lengthy work experience are more likely to assist in sharing their knowledge and expertise and creates positive attitudes and behavior toward knowledge sharing.

2.4 Barriers of Knowledge Sharing

Lee and Ahn (2007) also mentioned that the following are some of the barriers of sharing the knowledge:

2.4.1 Knowledge as Power in an Organization – employees considered their unique knowledge as power in an organization and when other people or employees gained their knowledge, the contributors of these knowledge might lose their power and would

threaten their jobs in the organization. Many people feel if they hold the knowledge to themselves, they will be the heroes of the company and the company will always be listening to their requests. Hence, the contributors of the knowledge will likely keep their knowledge private and intact.

2.4.2 Time and Effort Required – the time and effort required to make the knowledge clear and understandable and to structure it so that it can be shared easily is also another barrier for knowledge sharing. The more an employee shares his or her knowledge, the more costs of time and effort is necessary.

Wang and Noe (2010) suggested that the followings may be barriers to the sharing of the knowledge in an organization:

2.4.3 Obstruction

A major obstruction to the sharing of knowledge across different culture is the lack of incentives across cultures. - A lack of incentive programs can contribute to the low morale of the employees and it will increase their absenteeism rate. This is because the employees who are lacking of incentives would feel that they have no good reasons to show up to work. The consequence of this is that the employees will lose their interest in sharing their knowledge as they have lost their interest in showing up for work.

2.4.4 Hesitation

Hesitation to be evaluated and anxiety because of the fear of negative assessment and evaluations has been determined to have a negative relationship with knowledge sharing. Some employees hesitated to share their knowledge as they fear of being evaluated and assessed negatively by their co-employees and the management.

The moment employees started to lose their confidence and became fearful of being negatively evaluated, they will not share their knowledge, skills, and experiences to other employees. Hence, this is one of the barrier why knowledge sharing is not being practiced by employees in an organization.

Davenport & Prusak (1998) highlighted that one of the challenges or difficulties that contemporary organizations faced nowadays is to increase their capacity to manage the knowledge of their employees as well as the organizational knowledge.

Seba et al. (2012) have commented that knowledge management and sharing in the government entities are presently encouraging an increasing level of interest. Based from the early studies of knowledge sharing in government entities comparing the public

sector with the private organizations, the studies have focused on primarily the aspects of culture.

One good example is argued by Liebowitz (2003), that the knowledge sharing practices in the government entities is somewhat hard and difficult because almost all the employees considered knowledge as closely related to their 'power', and coupled to their aspirations of being promoted. Furthermore, Chiem (2001) emphasized that there are different approaches with regard to rewards system for knowledge sharing between the private organizations and government entities as well as the negative impact that bureaucracy has on knowledge sharing practices in the government entities.

Bureaucratic organizational cultures refer actually to the personal views of the employees working in government entities that they view knowledge management as the responsibility of the 'management' and do not necessarily mean that the knowledge sharing practices should be the responsibility of the employees.

2.5 Knowledge Sharing Practices on Improving Employees Performance and Organizational Performance

2.5.1 Organizational Knowledge Sharing Improves Organizational Human Capital (Employee's Competencies) to improve Organizational Performance

Hsu (2008) mentioned that organizational knowledge sharing which has been argued to improve organizational performance and attain competitive advantage, is most of the time not encouraged successfully. Further, organizational knowledge sharing practices has been argued to persuade and help knowledge sharing which are assumed to have a positive relationship with the employee's competencies as well as with the organization performance. This study is based on 256 companies in Taiwan.

Hsu (2008) mentioned that knowledge is not distributed equally within the organization. Hence, the way an organization to develop and infuse competitive advantage is by recognizing, capturing, sharing and storing knowledge which is very critical to the organization. Sharing and receiving knowledge from colleagues, co-employees, and other un-acquainted members of the organization is an ordeal of human nature and most of the time can be very difficult.

The result of which is that knowledge sharing within organizations had been not so effective and the performance of the organization is not improved. Managerial involvement is a must to persuade and implement organized and efficient knowledge sharing. Hsu (2008) significantly mentioned that organizational sharing practices or knowledge management do not have direct impact or effect on the improvement of organizational performance. However, it is stated that knowledge sharing practices or knowledge management do have a direct impact or effect on the improvement of individuals' or employee's outcome or performance which in turn affect or improve the organizational performance.

Hsu (2008) added that an organization which practices knowledge sharing will develop the competencies of its employees through the knowledge being shared, transferred, and exchanged. Once the employees' competencies are developed, their performance will also improve and ultimately the organization's performance will also improve with fresh and pertinent knowledge. Lin, Wu, and Lu (2012) further mentioned that knowledge sharing is a process with the purpose of gaining experience from some people or employees; hence it is also called "knowledge transfer", which helps the organization learn.

Hsu (2008) defined organizational human capital as the competencies of the employees within an organization. Organizational human capital includes the knowledge, skills, and

abilities of the employees that generate performance differentials for an organization.

The other perspective is the important contributions of human capital to optimistic outcomes of an organization. The competencies of employees may lead to effective or improved job performance. This can also help the organization in improving its financial performance.

Hsu (2008) mentioned that organizational human capital is valuable because employees or human resources have different knowledge, skills, and abilities. Organizational human capital is not always available as it is very hard to find and acquire human resources or employees that will always give high performance levels. It is found based on studies and research that companies with a higher level of human capital will likely have better financial performance. More so, high level of human capital produces other positive outcomes such as organizations being innovative and being able to cope with fast-changing environments.

Hsu (2008) clarified that knowledge sharing engages the transfer or distribution of knowledge from one employee to another employee, or one group to another. Organizational knowledge sharing allows employees to connect with external or outside knowledge sources. Organizational innovation can be acquired from the knowledge received and learned from other organizations within network connections.

Knowledge shared from other organizations enhances the employees' task effectiveness and innovativeness due to the collected problem diagnosis and appropriate resolutions. Hence, organizational knowledge sharing is a valuable approach in the development of organizational human capital. Organizational knowledge sharing can be major foundation of organizational learning and can bring huge benefits to the organization.

In contrast, Hsu (2008) stated that knowledge sharing amongst employees cannot be an easy task to practice because of the costs perceived by the individual or employee sharing the knowledge. First cost is that tacit knowledge should be codified or articulated before it can be shared and distributed to others, which requires a great amount of time and resources. Second cost is that potential rewards should be given to the employee sharing the knowledge as it is an additional task to be done by that employee. This is called opportunity costs. Hence, to properly implement knowledge sharing, costs should be given sincere consideration.

Moreover, an individual will do a favor to other individuals with a general expectation of some future return but is unsure of when it will be returned. As mentioned earlier, knowledge sharing will also create a loss of power to the contributor in an organization.

Organizational knowledge sharing practices will aid knowledge sharing because they are implemented and initiated to distribute

knowledge and employee learning within the organization. The employees learn from the knowledge shared but the responsibility of sharing the knowledge as well as the costs incurred is shouldered by the organization.

As a result, organizational knowledge sharing practices improve organizational human capital and increase the employees' knowledge, skills, and abilities. Hsu (2008) reiterated that an organization should ensure that the lessons learned from past failures and mistakes are shared to its employees to avoid the same mistake and problems.

Lastly, organizational knowledge sharing practices involves the application of training and development programs as well as mentoring programs.

Haas and Hansen (2007) mentioned that the advice of the experienced colleagues play an important role in signaling competence to show the customers. The name of advisors written in proposals, agreements, presentations make a big difference as it prove the credibility and good reputation of the organization. The experience and expertise shared by experience colleagues help in closing contracts with potential customers. Customers would feel confident that the organization they are dealing with is backed-up by highly-experienced experts who will be able to satisfy their current and future requirements. However, the willingness from these

experienced colleagues should be there in sharing their experience and advices, otherwise the benefit will not be realized.

A signal of competence through the work activities and interactions with other employees is expected to develop a favorable reputation amongst its employees including the external customers. Take a look at the management consulting industry where signals of competence would be able to make an important difference to the possibilities of closing a new client contract. This task outcome will have beneficial by-products because the credibility, reliability and reputation of the organization continue to grow as customers refer the organization to other potential customers.

Law and Ngai (2008) claimed what Ipe (2003) mentioned that it is believed by many people that through the exchange of knowledge among employees or across organization divisions, competitive capabilities are developed that can lead to an organization's success.

Gupta and Govinarajan (2000) claimed that it is widely known that intellectual capital is the main factor for crating the competitive advantage. Organizations must focus on the creation and mobilization/transfer/sharing of new knowledge on a quicker and more efficient manner than its competitors.

Anand (2012) mentioned that the benefits of knowledge management systems where knowledge dissemination / sharing as

one of the important process are improved employee skill and development of core competencies.

Groff (2011) mentioned in his article that knowledge is certainly precarious to effective institutions, building capacity and producing sustainable solutions for the greater growth and equity. Knowledge sharing in the framework of development is a process that encourages the common learning on the development policies and strategies coupled with state-of-the-art solutions.

Sharing the knowledge should not be practiced for the sake of sharing only the information. The aim of knowledge sharing should be to enhance capacity development and it is necessary that an active relationship should be present between the knowledge provider and the knowledge seeker. Knowledge sharing contributes to the development effectiveness if the knowledge is really needed and if the employees who require the knowledge know how to identify their needs and apply the knowledge to their work functions and responsibilities.

Research Proposition 1: Organizational knowledge sharing practices improve the competencies (knowledge, skills, and abilities) of the employees (human capital) which help improve the organizational performance.

2.5.2 Knowledge Sharing Improves Employee's Productivity

Haas and Hansen (2007) mentioned that the performance of a task involves the use of knowledge and this can be assessed in many different ways. Haas and Hansen (2007) mentioned specific task performance perspective that are considered critical and important to teams that work on many knowledge-intensive tasks, such as new product development, improvement of service, process management tasks, as well as management consultation tasks.

Efficiency can be assessed from the time saved by using the available knowledge and shared from other employees within an organization.

Time savings can affect the productivity levels and competitive performance particularly when earlier completion of a task will give benefits to the organization. One example is in management consulting business where time savings are very important as the work is mostly time pressured and the customers mandate quick responses on their requests.

Haas and Hansen (2007) mentioned what Eisenhardt and Tabrizi (1995) have written that the earlier a product is launch means the earlier new revenues will be generated. Also, the more you spend extra time on a given task would create opportunity costs in the form of a time that cannot be used in other tasks. Hence, tasks completed

in a swift manner would produce a task outcome as well as an opportunity time to use on other tasks or activities.

Haas and Hansen (2007) argues that high quality electronic documents being shared can help employees in saving time by allowing them to complete some important elements of their work more quickly than the normal way of carrying out the same work task. One good example is a document which contains an up-to-date information on market sizes which helps the sales team to analyze and prepare a strategic proposal to the customer in a more quicker manner, which allows the team members to focus on other aspects of the proposal or divert some of their members to other critical projects or activities or tasks.

Employees those are able to save time on some activities of their work tasks by reusing the codified knowledge from electronic documents can either use the time saved in working with other activities of the work task or use it with other project tasks. In contrast, a sales team that uses only relatively low quality will probably spend more time in the collection and checking of basic background information to ensure the reliability of initial analyses.

If the electronic documents being utilized by the employees contain higher quality of knowledge, the chances of saving time while doing the tasks would be higher also when these knowledge are exploited and used. The productivity of the employees from the usage of the

electronic documents is influenced by both the quality of the knowledge contained in the documents and the extent of rework necessary to integrate the knowledge into the new work tasks.

Documents that have knowledge in it with low quality would cause the teams to do considerable reworking which would require more time in completing the tasks. General assumption would be the less amount of rework required due to high quality of documents, the higher the projected productivity gain in the form of time saved by the team.

A recent study by (Kim 2011) emphasized that improved communication and better collaboration in knowledge management/knowledge sharing helps improve the productivity and decision making of the employees.

Productivity is the relationship between the output of an organizational system and the costs to generate those outputs. Improved employee's productivity will in turn improve organizational performance.

Anand (2012) mentioned that the benefits of knowledge management systems where knowledge dissemination / sharing as one of the important process are best decision making, improved productivity/efficiency, and cycle time reduction.

Research Proposition 2: Knowledge sharing improves employee's productivity by best decision making and reducing the time the employees spend on work tasks which will in turn improve organization performance.

2.5.3 Knowledge Sharing Improves Employee's Work Performance / Quality

Hass and Hansen (2007) mentioned that the quality of the work output is very important for knowledge-intensive tasks. High work quality means that the output of the task, for example a product, decision or proposal, is able to meet or exceed the expectations of the people who receive or use it. One clear example is in the management consulting industry, where customers demand analyses which are creative and tailor-made to their requirements. The high-quality work outputs should meet or exceeds their expectations. High-quality work outputs would produce useful by-products in the form of new knowledge that can be utilized in succeeding similar activities or tasks.

Haas and Hansen (2007) claimed that improvement of quality of work performed by employees is dependent on the quality of work inputs which can be the personal advice from highly-experienced colleagues. Colleagues who have experience in areas like calculation of real estate investment cost in real estate development business will help other employees to generate ideas and determine possible ways in formulating the viable solutions. These personal

advices will help the team or other employees to develop customized and creative solutions for the customers because they can tailor made the advice as per the requirement of the customers.

The personal advice or assistance from the experience colleagues is very important in generating high-quality work outputs because the problems or issues can be better understood and alternative solutions can be think of and considered. Personal advice or knowledge provided by more experienced colleagues would give greater benefits to other employees in improving the quality of work. However, the challenge here is the willingness of the experienced colleagues in sharing their knowledge and personal advices.

Some experienced colleagues might be willing spend time talking on the phone, meeting with other employees face to face, take time to travel and visit other teams, or meet with the potential customers. Other may keep with them their knowledge and expertise and may be unwilling to sacrifice some of their time in sharing their knowledge. Hence, the unwillingness of these experience colleagues also affects the quality of work output.

Our assumption is that the benefit from the personal advice is influenced by the level of the advisor's experienced as well as their level of effort in sharing their knowledge and expertise.

Kim (2011) claims that knowledge occurs in various forms and that re-use and reproduction of it through production through teamwork generates many useful new ways of resolving problems, which eventually help in improving performance. The relationship between knowledge sharing and individual performance was examined and it was found out that knowledge sharing significantly affects the work performance of employees. Work performance of employees may refer to the previous experiences of the employees. If the knowledge learned from the past experiences is shared amongst the employees, there is a very high possibility that the same mistakes will be avoided.

One concrete example is the calculation of Real Estate Investment Cost which is calculated before an investment can be made on any real estate properties like lands, buildings, etc. This is one of the main reasons why real estate investment becomes a success or not. Real Estate Investment Cost becomes critical especially when the cost calculation and the assumptions are not properly considered. Any employees who experienced the mistakes and knowledge learned from the real estate investment transaction and does share them to other staff might result to the avoidance of the same mistake. Hence, work performance is improved due to the sharing of knowledge and experience in which it is reflected on the overall return on investment.

Kim (2011), in his research, also claims that knowledge sharing can help employees improve the quality of public services, and successful knowledge sharing needs institutional support and encouragement.

Anand (2012) mentioned that one of the benefits of knowledge management systems where knowledge dissemination / sharing as one of the important process is new or better way or working.

Yuqin et al. (2012) mentioned that sharing and transferring the tacit knowledge have a significant role in the promotion of organizations innovation and the quality of employees, therefore the organization should implement incentive programs to encourage the sharing and transfer of tacit knowledge.

Research Proposition 3: Knowledge sharing improves the work performance and quality of the employees which will in turn improve organization performance.

2.5.4 Knowledge Sharing Strengthens Organization's Effectiveness

Research by Kim (2011) claims that knowledge sharing can strengthen the organizational effectiveness by maximum utilization of the knowledge shared by employees in an organization. Kim (2011), in his research, considers knowledge sharing as the process for improving effective organizational performance by retrieving useful knowledge from other work groups/sections/departments.

Organization's effectiveness refers to the effectiveness of the organization's business processes. Business processes will be improved when the employees work in the same pace and work approach due to the same level of knowledge amongst the employees. Strengthening the organization's effectiveness will eventually affect the organizations' performance.

Law and Ngai (2008) mentioned that as employees learned either new knowledge or the knowledge and experiences collected in the past would help significantly in improving the business processes and practices, which are considered indispensable components of an organization's capabilities.

Research by Kim (2011) mentioned the relationship between knowledge sharing and management capabilities which will in turn affect the performance of the organization. It was found that increase in knowledge sharing will improve the resources mobilization, decision making capability, strategic ability, and the ability to link implementation elements.

Resources mobilization refers to the mobilization or deployment of resources like manpower, money, and materials. Decision making capability refers to the ability of the management to make critical and major decisions. Strategic ability refers to the strategic management which is aligned to the achievement of the organization goals.

Anand (2012) mentioned that the benefits of knowledge management systems where knowledge dissemination / sharing as one of the important process are enhancement of the continuity of the organization, improved business processes, and better management of the intellectual capital.

Yang (2010) mentioned that many organizations have gained tremendous benefits from establishing knowledge management practices. Benefits from knowledge management practices whereby knowledge sharing is one of the important process of knowledge management system are reduction of potential losses on intellectual capital from employees resigning, improvement of job or work performance by helping all employees to retrieve and use the knowledge they need, improved employee satisfaction by gaining and learning knowledge from other employees and benefiting from the rewards system, improvement in products and services quality, and best decision making process.

Abili et al. (2011) mentioned that knowledge sharing can help organization succeed in the future. Abili et al. (2011) quoted Scholl's (2005) statement that knowledge sharing process requires more attention. If knowledge is not share, organizations would face problems and challenges. Efficient knowledge sharing among the employees in an organization, particularly in research and educational organizations, will lead to multiplication of knowledge,

reduction in operational costs, and the assurance of sharing work processes in an organization and enabling the employees to solve the problems and issues.

Cultural values that affect the knowledge sharing practices are trust, coordination, creativity, and execution. Any organization that is willing to improve these cultural values can utilize knowledge sharing as the major force to strengthen the performance of an organization.

Fugate, Stank, Mentzer (2009) denoted that knowledge sharing in perfect timing will aid in providing the knowledge available to the employees who requires it. This will initiate quality discussions and increases the chances that a collective agreement can be accomplished in a quicker pace.

Research Proposition 4: Knowledge sharing strengthens organization's effectiveness by improving business process and enhancing management capabilities which will in turn improve organization performance.

2.5.5 Knowledge Sharing Improves Customer Satisfaction

Research by Kim (2011) mentioned that knowledge sharing positively affects organizational performance by responding quickly to customer's needs, requirements, and inquiries. Customer satisfaction is one of the key performance indicators of an

organization. Responding more rapidly to customers will improve customer satisfaction thus will improve organization performance.

Law and Ngai (2008) echoed what Sher and Lee (2004) had claimed that the knowledge sharing activities expedite learning among the employees and help them resolve issues and problems which are similar to situations experienced by other employees in the past, hence enabling the employees to perform quicker responses to the customers.

Law and Ngai (2008) mentioned also what Sher & Lee (2004) claimed that many authors have emphasized out that knowledge sharing among the employees would improve the response time to customer requirements by speeding it up at a lower operational costs.

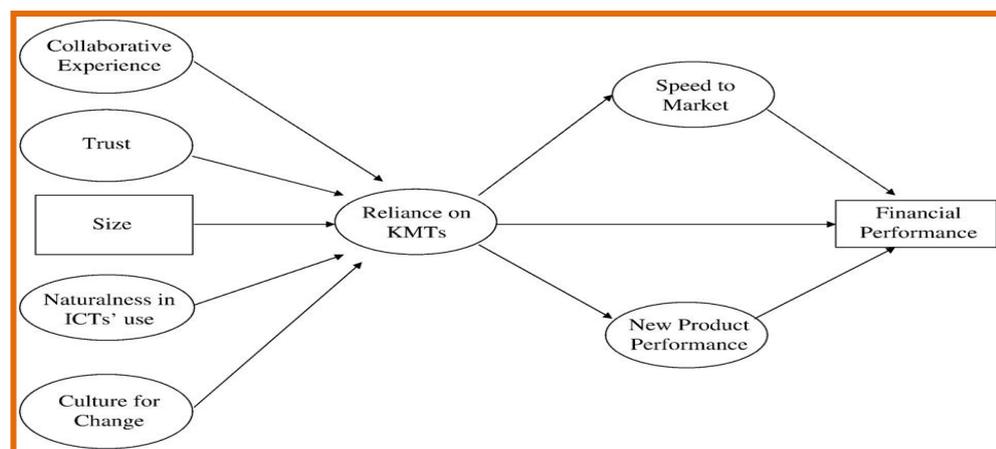
Law and Ngai (2008) emphasized what Baker and Sinkula (1999); Sher and Lee (2004) claimed that the sharing and learning of new knowledge among the employees would improve organization's capabilities and performance through various ways such as cost reduction, response time to customer requirements, evolution and success of new products, and the tremendous growth of market share.

Research by Kim (2011) claimed that knowledge sharing positively affects organizational performance by spawning new ideas for

services and products. Introduction of new ideas will improve the quality of the products and services being offered to the customers, hence customers' satisfaction will be achieved and organization performance will be improved.

Law and Ngai (2008) echoed that Earl (2001) have mentioned that a very significant effect of learning and knowledge sharing is the development of new products and services to satisfy customer's requirements which is vital to an organization's successful performance in the industry.

Law and Ngai (2008) further mentioned Day (1994) that the consequences are first, the enhancement of the organization's understanding of the customer's needs and requirements, and second, the improvement of the organization's ability to develop and innovate new products and services.



1

Figure 1 – Effect of Knowledge Management Tools on Organization Performance

Anand (2012) mentioned that the benefits of knowledge management systems where knowledge dissemination / sharing as one of the important process are quicker development of new products, improved responsiveness, improved customer relation, improved customer satisfaction, improved quality of products and services, and increased speed of innovation.

Vaccaro et al. (2010) explained in Figure 1 above how knowledge management tools affect or improve the performance of an organization. Knowledge management tools affect the performance of an organization either directly or indirectly. Direct impact is likely to happen in the enhancement of knowledge-based activities. The indirect impact of knowledge management tools is predicted to have an effect on two innovation-related variables which are the (1) product performance, and (2) the speed to market of new product development.

Vaccaro et al. (2010) reiterated what has been mentioned about the effective knowledge management activities that have a direct effect or impact on the organization's financial performances due to the utilization of the knowledge-based synergies between business groups in the perspective of multi-business organizations.

First, knowledge management activities enhance the easiness and reduce the cost of transferring the information. Second, knowledge management activities reduce the costs incurred by the loss of

significant information. Third, knowledge management activities promote the sharing of information and knowledge concerning R&D activities and eventually reduce the risk of useless duplications of work such as innovation attempts and experimental tests. Fourth, knowledge management activities improve the associated process costs and lead time by reducing it significantly and thru the implementation of new processes and procedures.

Vaccaro et al. (2010) mentioned that an active synergy of manpower, knowledge, and resources is considered one of the important characteristics of the innovation process. An example of this is the study of 72 technology organizations where it showed that the rate of new product and introduction of service is a function of the employee's ability to combine and share the knowledge. Moreover, Vaccaro et al. (2010) have quoted that a study of an automotive research and development project showed that combination and association of various knowledge sources, via the development of both social networks and broad social circles, sustain an efficient organizational involvement in innovation.

Knowledge management activities are expected to have a very good role in the improvement of business units with regard to the access and exchange/sharing of diverse internal and external knowledge sources as well as the ability of these studies to maximize their use which will lead to the positive effect on the innovation capability. Knowledge management tools and activities have an advantage over

other virtual technologies such as CAD software used for crash test simulation because data storage and transfer/sharing are easier to use.

Knowledge management tools and activities are expected to directly sustain much better product performances through the enhancement and development of knowledge-based processes of research and development activities.

In comparison with the traditional way of working methods, knowledge management tools and activities are expected to allow the easier and faster processes of transmitting technological knowledge within the inter-departments of an organization. The incorporation of knowledge-based assets will result to the substantial decrease in the bottlenecks of any process and the delays connected with new product development, hence facilitating faster outcomes and results.

The impact of new product development activities on the financial results has been a debatable issue since innovations are primarily humongous and the cost of innovation can exceed the relative income connected to the product differentiation. Excellent new product development and performance which fulfill the market requirements and provide high level of quality will allow greater financial performance in an organization.

Coupled with new product development is the speed of response to market the new products in a quicker response. The higher the speed to market the products and develop and launch them in a short period of time eventually improve the financial performance of an organization.

Wang and Wang (2012) denoted that innovation creativity is heavily dependent on the employee's knowledge, skills, and experience especially in the value creation process as shown in Figure 2 below. Based on this parameter, knowledge sharing is highly considered to be the valuable inputs for innovation process because of their characteristics of firm specific, path-dependent, and socially complex. It is noticeable that an organization's capability to convert and use knowledge may be the gauge of its innovation level, such as new methods used for solving problems and new product range as immediate response to the ever-increasing demand from the global market.

Nevertheless, organizations must remember that they can only begin to manage knowledge effectively if and when their employees have the willingness to share their knowledge and what they know. Continuous process of sharing the knowledge will contribute to innovations within teams, sections, and the whole organization.

For employees to accomplish effectively their innovative tasks, the employees should all the time have to borrow and use tacit

knowledge (skills and/or experiences) from their colleagues, otherwise look for explicit knowledge (institutionalized practices or approaches) which are already established in the organization. Consequently, an organization that can support and promote knowledge sharing practices within teams or the whole organization will most probably produce fresh and new ideas for developing new business opportunities, hence expediting innovation activities. The model which explains the relationship between the innovation and knowledge sharing, and organizational performance can be seen on Figure 3 below.

Wang and Wang (2012) have highlighted that if employees shared their knowledge amongst each other, this will lead to quicker responses to customer demands and requirements at a significantly lower operational costs. Other authors have associated knowledge sharing to be a vital part of an organization's learning process and activities which will lead to the improvements in market sensing and innovation tasks or activities. Further, knowledge sharing would help in the facilitation of a broad range of changes in an organization. Hereafter, both the explicit and tacit components of the organizational knowledge sharing practices are valuable part of the innovation process.

Wang and Wang (2012) have denoted what Teece (2007) have suggested that knowledge is an essential component of valuable intangible assets for the creation and sustenance of competitive

advantages. Within the organization contexts, employees can learn both from their own direct experience and from the experiences of the other employees. It is natural for employees to interact with one another which allow knowledge learned by one employee to be transferred and shared to the other employees through comments, feedback, help, explanation, or advice. Exchange and sharing of knowledge between the employees will allow knowledge sources to be together which will result to manipulation of new knowledge routines or structures.

Wang and Wang (2012) have mentioned that in the context of explicit knowledge sharing process, any employee who shares their knowledge from different sources to other employees will contribute to the efficiency and success of the knowledge sharing process. In comparison with tacit knowledge sharing, discussion and conversation inspire the employees to share their ideas and experiences with one another which enable the employees to have a specific role but is not influential.

As a result, both knowledge sharing practices are to enhance the recipients' knowledge, skills and experience as well as their ideas and attitudes.

Wang and Wang (2012) have emphasized that employees who share and contribute their knowledge will be able to understand more their existing knowledge on a deeper level because they will receive discussion and feedback from other employees. Hence, the

benefit from knowledge sharing will be quicker response to the needs of the environment or market and a significant reduction in the cost of resolving problems and issues.

Organizational knowledge sharing can be the main foundation of the organizational learning and can bring huge benefits to the whole organization. Wang and Wang (2012) reiterated Hsu's (2008) claimed that knowledge sharing practices have a positive relationship with the organizational human capital or the employee competencies which aid in the organizational performance. Wang and Wang (2012) denoted Law and Ngai's (2008) statement that knowledge sharing and learning behaviours would boost organizational performance through the enhancement of business processes, products and services of an organization.

Based on a survey study in Xi'an, China made by Du, Ai, and Ren (2007) regarding the quantitative relationship between the knowledge sharing and organizational performance, different extents of knowledge sharing play various roles which lead to different results in the organizational performance, considering the contextual factors. Even though empirical relationships between organizational performance and knowledge sharing have been studied, only few researches ponder the particular effects of explicit and tacit knowledge sharing practices on various organizational performance specifically the financial and operational performances.

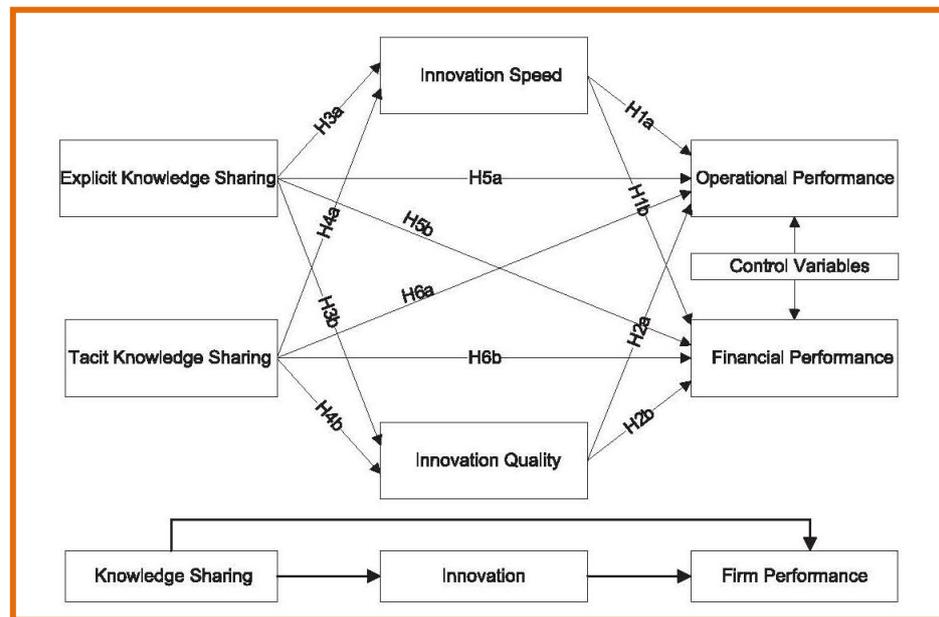


Figure 2 – Knowledge Sharing Effect on Innovation

Ghoshal (1987) have mentioned that when knowledge is locally produced, the capacity of an organization is improved by adjusting products to the local product markets. This will help the organization to identify the technological changes that will impact the organization performance and this will capitalize on penetrating new market potentials through new development of products

Research Proposition 5: Knowledge sharing improves customer satisfaction by responding quickly to customer’s needs and enhancing products or services quality which will in turn improve organization performance.

2.6 Conceptual Framework

As it is outlined in the literature review, the conceptual framework as shown in Figure 3 below shows the relationship among the factors that affect the facilitation of knowledge sharing, the barriers that prohibits the facilitation of knowledge sharing, and the effects or implications of knowledge sharing on the individuals or employees and eventually on the performance of the organization.

The conceptual framework works like this: first, in a certain organization there are two major factors that affect or influence the knowledge sharing practices in an organization. These are Organization Factors and Employee Factors. Both of these factors can influence knowledge sharing in an organization either in a positive or negative way. Positive way means it increases the knowledge sharing practices in an organization which makes it effective and beneficial to the whole organization.

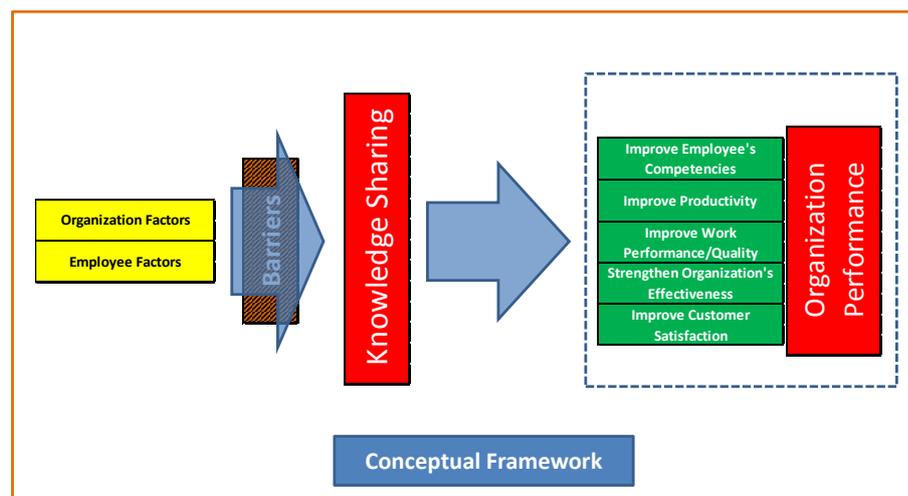


Figure 3 – The Conceptual Framework

Negative way means it decreases the knowledge sharing practices thereby avoiding the knowledge to be shared and exchanged. In

between these two major factors and the knowledge sharing practice or process, there are some barriers which blocks or obstructs the knowledge sharing practices in an organization.

The moment that knowledge sharing practices is established in an organization as one of the major process in Knowledge Management, it will affect positively the employees on different manners. First, it will improve the organizational human capital or the employees' competencies. Second, it will improve the productivity of the employees as well as their efficiency by reducing the time of completing their tasks, activities, or the whole project. Third, it will improve the work performance of the employees and their quality of work. Fourth, it will strengthen the effectiveness of the organization which refers specifically to the effective management of employees. And fifth, it will improve the customer satisfaction because of enhancement in the quality of products and services offered to the customers. Realizing all the positive effects of knowledge sharing practices as mentioned will eventually lead to an improvement in the performance of the organization

Chapter 3: Methodology

The approach used in this research is the qualitative method. Qualitative research is a pragmatic research in which the data gathered are not in the form of figures or numbers. The qualitative research has been used to find out the effects of knowledge sharing on the performance of AAA Investment Company. For this purpose, a series of personal interviews were conducted. The interviews were conducted between March and April 2013 and the data which was collected and analyzed for this research was based on the responses of 12 employees out of 52 personnel working in AAA Investment Company: Human Resources Department (2 individuals), Administration Department (2 individuals), Legal Department (1 individual), Finance Department (2), Investment Department (4 individuals), and Joint Venture Section (1 individual).

Those 12 organized responses satisfied the self-administered questionnaire survey disseminated for full time employees to get the variety of views from different background and mix of cultures. The 12 respondents represent a 23 percent response rate, which is good enough for a middle-sized company like AAA. Overall, the sample of respondents or interviewees seems to be diverse, which represent different hierarchical levels, experiences, and cultural values.

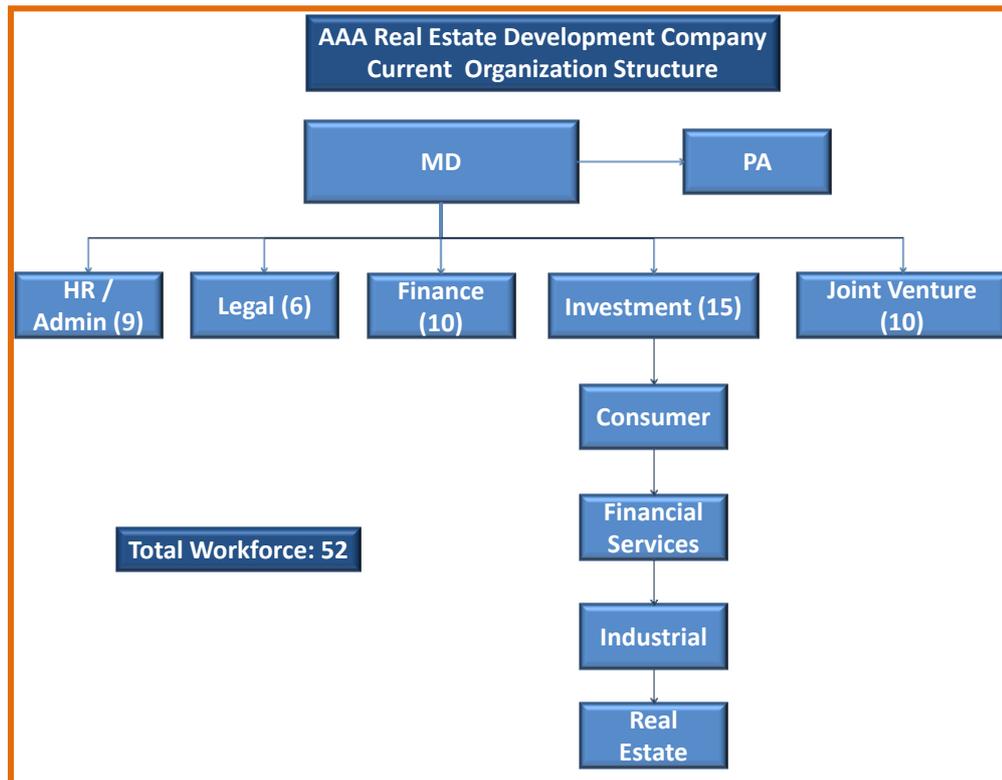


Figure 4 – AAA Investment Company Organization Chart

The employees who were interviewed from Human Resources Department were the Assistant Manager and a Senior Executive of the Sourcing team. The HR Assistant Manager has been with the company for more than 8 years now and has had a Master Degree in Business Management.

The Senior Executive of the Sourcing team has been with the company for a long period of time, roughly over 7 years, but has been instrumental for sourcing the best people who now works in AAA Investment Company. These two were considered seniors within their department as most of their colleagues have recently joined only.

They both hail from Arab countries with the Assistant Manager highly influenced by Western culture where he had completed his Master degree.

The employees who were interviewed from Administration Department were the Senior Administration Officer and the Senior Assistant Manager. Both of them were there since the company was founded in 2002. Both of them hail from Asian countries with the Senior Administration Officer being very fluent in Arabic language as he has been in the United Arab Emirates for the last 20 years. Both of them are having Bachelor Degree in Business Administration.

The employee who was interviewed from the Legal Department was the Senior Legal Manager who was also with the company for the last 10 years. He is from an Asian race origin and had a Bachelor Degree in Political Science.

The employees who were interviewed from Finance Department were the Assistant Finance Manager and the Senior Accounts Officer. The Assistant Finance Manager is from Emirates and the Senior Accounts Officers is from an Asian country. Both of them were there in the company for the last 5 years.

The employees who were interviewed from Real Estate Investment Section were two Senior Assistant Managers and two Senior Investment Officers – one for Real Estate and one for Financial Services. They were instrumental for the tremendous growth of the company during the peak of Dubai. However, they also have been in the ups and downs of the bread and butter of the company, which is the real estate business. They have a very good background with respect to executing their job and winning the customers and closing the deals.

Lastly, the employees who were interviewed from Joint Venture Section were the Assistant Manager and Senior Executive. They were both in the company for the last 5 years and have had their share of experience on closing good deals during the time AAA Investment Company was still performing really well. Both are coming from Arab countries with Bachelor Degree in Accounting.

Prior to the interviews, the interviewees received some valuable information regarding knowledge management and knowledge sharing to acquaint them with the subject matter. The interviewees were requested to review the materials to prepare them for the actual interview sessions and to ponder upon some of the interview questions as follows:

1. Can you explain and rate the level of knowledge sharing in your organization?
2. Tell me about how free are your employees to share ideas/information/know-how amongst each other.
3. Tell me to what extent you think that the employees know each other very well (relationship) which helps and encourage them to share the knowledge amongst each other.

The interview for each employee lasted for a minimum of 75 minutes that covered the 14 important questions regarding knowledge sharing and its effect on the performance of AAA Investment Company. The questions were derived and developed from the Conceptual Framework and were divided into three major parts. The first part, being the response to the first objective which is about the perception of the individuals towards the level of knowledge sharing in AAA Investment Company . This question was asked in the format of a 5-point Likert scale with “5” denoting the highest value.

The second part pertains to the factors that affect or influences the facilitation of knowledge sharing in AAA Investment Company. These factors are the organizational factors and employee factors. Organizational factors like the Organization culture, values, and environment, Support of the management, Rewards and incentive systems, Organizational structure and strategy, and cultural characteristics. Employee factors like the Team Characteristics and

Processes, Diversity of Employees, Social Organizational Networks, and Individual characteristics.

The third part pertains to the effects of knowledge sharing on organization performance such as Improvement on the employee competencies, Improvement of the employee's productivity, Improvement on the employee's work performance and quality, Strengthening of the organization's competitiveness, and Improvement on the customer satisfaction.

During the interviews, three critical and important steps were taken. First, the level of knowledge sharing was identified. Next, the organization and employee factors that affect the knowledge sharing practices were identified under each department where the interviews were held. Finally, the interviews were utilized to determine the implications or effects of knowledge sharing on the performance of AAA Investment Company. The later portion of the interviews were also utilized to discuss the suggestions or recommendations from the interviewees in improving the knowledge sharing practices in the company, as well as the future research to improve this research and broaden the scope for maximum benefits.

Upon completion of the interviews, the author studied the notes and record in preparation for the next stage. A comprehensive report was made and submitted to the AAA Investment Company.

Chapter 4: Data Analysis and Discussion

4.1 Level of Knowledge Sharing

As previously outlined, the organization structure of AAA Investment Company was structured based on Functions, where the major component of which is the Investment Department which composed of the Consumer Services Sector, Financial Services Sector, Industrial Services Sector, and Real Estate Sector. In the Investment Department, the structure of sectors was based on the category type or industry type. Each section covered all the geographical areas around the world. Across the organization chart are other departments composing of HR, Admin, Legal, Finance, and Joint Venture Department.

Most of the responses from the survey questionnaire showed that the level of knowledge sharing in AAA Investment Company is on a fair level. Knowledge is being shared if and only if it is being asked. Knowledge sharing is based on adhoc basis and it is shared if the higher management had asked for it. Further, the employees does not mind if their knowledge is being shared as they are willing to share it to other employees.

4.2 Factors influencing Knowledge Sharing

Within each department and sections, employees have the willingness and ability to share their knowledge. Employees felt at ease and comfortable whenever discussion is held about the problems and issues at work with other employees without the

sentiment the 'it will rob me of my job security as my knowledge and expertise will be known to all' (Senior Assistant Manager 1 – Investment). The employees felt that they are up to the challenges and accepted new ideas 'without receiving some shouting' (Senior Investment Officer – Real Estate). The willingness and the capacity of the employees to share their knowledge within the teams/sections/department were enabled by the organization's working environment. With regard to this factor, most of the employees interviewed have responded that 'there was a freedom to share their knowledge amongst each other' (Senior Accounts Officer – Finance) and that knowledge sharing practices depend on the relationship between the management and the employees.

The employee's confidence to share their knowledge, ideas, success in projects, and bad experiences with the top management is somehow affected by their relationship with the top management. 'The better the relationship between the top management and the employees, the more open the employees in sharing their knowledge' (Assistant Manager – Human Resources). Others responded that the top management is very open and welcome all information and ideas from the employees, even the mistakes and bad experiences as this would serve as a lesson to other employees by avoiding them in future transactions and deals. Some responded that there are no restrictions with regard to the employees sharing their knowledge with one another.

In contrast, the environment in AAA Investment Company is not supportive of the knowledge sharing as the 'top management focuses more on closing deals instead of allowing the employees and the whole team to share their experiences, knowledge, and ideas' (Senior Assistant Manager – Consumer). However, some employees tend to 'keep their knowledge to themselves because of job security reasons' (Assistant Manager – Joint Venture Section) and some mentioned that there is no formal or official way of sharing their knowledge.

Further, employees were unwilling to share their knowledge across teams or departments or sections. Some employees were hesitant to go into another department's open plan area because they felt rather unprotected: 'the whole department/section would be looking at you and thinking what's a real estate officer doing in our (human resources) area'(Senior Executive – Sourcing team).

The high level of trust that is present between the members of the same department/section did not appear on the members across the functional teams. This prohibited knowledge sharing:

"There are no restrictions with regard to knowledge sharing but employees are conservative. People have self-preservation to protect themselves (job security). Actually, people are mature but conservative." - (Senior Assistant Manager – Real Estate)

One employee factor which influences the facilitation of knowledge sharing is the relationship amongst the employees in an organization. Some of the employees have denoted that 'there is a gap amongst the employees which prevents them from sharing their knowledge with one another' (Senior Investment Officer – Financial Services). Most of the time, knowledge is not being shared but only information. One of the reasons why there is a gap is because of another employee factor which influences the facilitation of knowledge sharing, is the diversity of employees. The employees in AAA Investment Company have different nationalities and cultures which prevents them from knowing each other well, apart from the fact that the employee's turnover is very high which reduces the time to spend amongst each other. However, most of them signified that there were activities like team building, Ramadan Iftars, farewell and birthday gatherings, and Gala dinners which allow the employees to interact with one another, but at the end, knowledge is shared only when it is asked. The relationship of the employees is vertically structured and not cross-functional, which means the employees have better relationship with their section, superiors and subordinates and less relationship with employees in other units/sections/departments.

As a consequence, 'functional silos' have developed in AAA Investment Company. One concrete example is mentioned by one real estate investment officer, 'it is like some walls are in between the departments where everyone is inside a boundary'. The different

cultural views were reflected in the way the work is being executed as well as in the way the employees deal with one another as highlighted by the same real estate investment officer who had previously work with one of the sections in Investment Department:

‘If you do the work independently without the help of your colleagues, some employees will react as if you’re showing off. If you ask them for some questions related to work, they will try to help you in a limited effort and you will hear some feedback from other colleagues that ‘that employee is not qualified for the job’.

(Real Estate Investment Officer – Investment)

The sub-cultural blockades between functional section have resulted to a more formal interactions, typically through conducting meetings, between the Consumer, Financial Services, Industrial, and Real Estate employees than was apparent within the Real Estate or Consumer sections. The interactions and meetings had become very formal between the sections under the Investment department because most of the employees ‘do not want to share their knowledge because of “job security” reasons as well as lack of trust in one another’ (Senior Assistant Manager – Financial Services).

Employees who have successfully delivered and completed a project only share their knowledge if they had been asked to do so. Apart from this, another reason is that there is no official or formal way or system of sharing their knowledge, experiences, and success secrets.

Most of the responses from the people interviewed signified that the organization hold regular meetings for employees for the purpose of information exchange and not knowledge sharing and exchange.

No formal or official meetings are held for the purpose of sharing the knowledge gained from a successful or unsuccessful deal. Should there be a meeting held for this purpose, it is only organized exclusively for the team members who worked on the project which means knowledge is only shared within the same group. Most of the employees opted to keep with themselves their knowledge as they want to keep their “power” in the company and this is because of the downsizing that is happening in the company.

Further, not only trust was lacking but also the respect amongst the Investment sections:

‘Why should I inform the other employees from the other sections, they should go in the battle field for them to know the difficulties in closing deals and transactions. They should not depend on us as we are working very hard to close deals without any benefit from sharing our experiences and approach to them.’

(Financial Services Investment Officer – Investment)

As with regard to the rewards and incentives system, most of the responses signified that there is no rewarding system for employees

who shared their knowledge, expertise, ideas, and experiences. 'Knowledge sharing is not recognized as part of the existing rewards and incentives systems' (Assistant Manager – Human Resource), as all employees receive the same bonus/benefit at the end of the year based on the performance of the organization as a whole and not on individual performance even though these employees have passed or shared their knowledge to others.

'Why take time to share my knowledge, skills, abilities, and techniques to others if I would not be recognized for it? The same benefits are applied to everyone so why should I bother?'

(Senior Accounts Officer – Finance)

The level of expertise of the employees in AAA Investment Company is also very high. The employees are very competent and experienced when it comes to closing the deals. Due to time constraints in closing-out the existing deals and lack of initiatives from the employees, knowledge is only shared when it is being asked. There is no effort in the part of the employees in sharing their knowledge and not even an instruction from the management to facilitate the knowledge exchange and sharing.

The Legal Department has been very effective in carrying out their part in the deals closed by the Investment Officers. As the Senior Legal Manager has been with the company for so long, he had learned a lot from his experiences and gained a lot of knowledge from

the issues and problems he was able to resolve with regard to the legalities of investment deals as well as joint venture transactions.

Most of the employees who have been with the company for so long have felt that they had 'paid their dues' (Senior Legal Manager – Legal Department). They are in unison with the comments of most of their colleagues who have joined the company recently that 'they could do their job even while sleeping' (Senior Executive – Human Resources). They have become experts in their field. They were not ready for a change with regard to the way they execute their work, or even to try or develop new approaches or innovations. Moreover, they were not prepared to share their 'expertise with any newbies coming' (Assistant Manager – Joint Venture Section).

Due to the huge reduction of the number of employees as a result of the economic crisis 5 years back, it heightened the feeling of the employees about 'job insecurity' and increased their reluctance to share their knowledge with other employees:

'I have given sweat and blood for this company and I have built a legacy over the years for my quality of work. I have given a lot of work efforts to the company and have earned valuable experiences and knowledge which the company requires. They have to take care of me and keep me if they want to maximize my potentials and benefit from my solid years of experience. I can't be replaced by small-time newbies and I am definitely not going to help

them by sharing and transferring my knowledge to them. My value in this company is incomparable with new, inexperienced, and boasting employees.'

(Senior Legal Manager – Legal Department)

4.3 Effects of Knowledge Sharing on Organizational Performance

4.3.1 Employee Competencies

The majority of the responses with regard to the effects or implications if knowledge sharing practices is facilitated in AAA Investment Company denoted that it will definitely improve the competencies of the human capital. The ideas, techniques, mistakes, and knowledge gained from other employees for a particular task/activity/project will definitely help other employees in executing the same task/activity/project using the right process, right approach, and right skills which will lead to an improvement in the organizational performance. Knowledge sharing will definitely improve the competencies of the employees such as the knowledge, skills, and abilities which will help them do their work in an efficient and effective way.

Employee competencies refer to the knowledge, skills, and abilities that an employee possesses. One good example which will show the effects or implications of knowledge sharing practices in the context of real estate development business is the calculation of real estate investment cost.

AAA Investment Company had incepted real estate investment deal in 2007. AAA Real Estate Development had to invest on 8 buildings that will serve as an accommodation facility for BBB Hotel staff. The construction of the buildings was going very slow and AAA had realized that they have to 'hold the project until the economy recovered and progresses' (Senior Assistant Manager – Real Estate Investment Section). In 2008, the global economic crisis hardly hit Dubai and AAA Investment Company down-sized to cope up with the crisis, which includes the Real Estate Investment Officer who handled originally the investment project.

A new employee came in 2009 and continued the project that was put on-hold, which already resumed when he came. Finally, in late 2009 the buildings were completed. The new employee, Junior Real Estate Investment Officer, handled this project alone and did not consult with other senior real estate investment officers regarding the new 'carry cost' of the project.

The employees were very busy with their own investment deals and 'did not bother sharing their experiences and knowledge regarding re-calculation of carry cost of investment' (Senior Assistant Manager – Real Estate Investment Section). It was found out lately that this investment deal was totally a loss for the AAA Investment Company because until this time, they have not recovered their investment cost, or they have not realized their ROI or return of investment.

The old employees in the investment department have these feelings of 'losing their power' if they share their knowledge and experiences on a critical matter with respect to the investment deal. The new Junior Real Estate Investment Officer did not approach the senior employees to 'show off'. If the knowledge is shared with regard to the correct re-calculation of the carry cost or carry of the investment cost due to unforeseeable events, the competency of the employee will improve particularly the knowledge required to carry out the work efficiently and effectively.

'Real estate is a form of an asset which has a limited liquidity in relation to other investments. It is capital intensive as well as it is highly dependent on cash flow. If these factors were not considered and understood by the real estate investment officer, real estate thus becomes a high risk investment. In order to be successful, real estate investment officer should be very well-versed regarding the 'carry cost' or carry of the investment and should be able to manage the cash flows to generate sufficient positive income or earnings from the property to at least compensate the carry costs.'

(Senior Real Estate Investment Officer – Real Estate Investment Section)

4.3.2 Productivity and Efficiency

The more knowledge being shared to other employees, the more ideas, expertise, and experiences these employees will receive which will assist them in making the right decisions as and when required. Most of the responses from the employees interviewed indicated that sharing the knowledge will definitely help the

employees in handling deals and transactions as their bank of knowledge and information will increase. The effect of knowledge sharing will improve the productivity, increase the efficiency, and better decision making especially after the post deals experiences are shared.

The wide experience from different deals and activities, either bad or good experiences, will absolutely help the employees to avoid the mistakes done by their colleagues which will make the decision making easier, quicker, and much better. Increase in the productivity due to better decision making will lead to the improvement of the performance of the whole organization.

Late last year, AAA had a financial services deal and had been handled by the Senior Financial Services Officer. That time, the Senior Financial Services Officer was trying to source out for banks to refinance the loan facility of a 3-star hotel property on his asset portfolio as the existing lenders have declined to refinance the loan because of the ongoing global financial crisis.

In view that the hotel has declined in value, CCC Bank Dubai who offered the most competitive terms will only finance the full outstanding loan at a higher interest rate. They will consider maintaining the same interest margin if the loan quantum is reduced. The hotel business is affected by the crisis and outlook is uncertain, hence they decided to keep sufficient cash as

working capital instead of reducing the loan. Accordingly the full outstanding loan was refinanced at a significantly higher interest margin.

Concurrently, unknown to the Senior Financial Services Officer, his colleague Associate Real Estate Investment Officer from the commercial real estate team was negotiating with a separate team in CCC Bank Abu Dhabi to finance a Joint Venture acquisition of a high-profile office building. CCC Bank is desperate to secure the deal as it will uplift the bank's profile and open doors to future business with the Associate Real Estate Investment Officer's ultra-high net worth Joint Venture partner. Despite CCC Bank providing very competitive financing terms compared to DDD Bank, the Associate Real Estate Investment Officer decided to go with the latter bank, much to the disappointment of CCC Bank.

During a regular workshop organized by the AAA Investment Company in Dubai where the Senior Financial Services Officer and Associate Real Estate Investment Officer met and found out that they were both dealing with CCC Bank, they agreed that the Associate Real Estate Investment Officer could have leveraged on his deal by awarding his financing to the CCC Bank on the condition that they reduce the Senior Financial Services Officer's hotel interest margin which would result in a few million dollars

saving.

As shown in the organization chart of AAA Investment Company, Financial Services and Real Estate Sections are under one roof, which is the Investment Department. If there was a continuous trustworthy discussion meetings or a knowledge sharing workshops amongst the sections under the AAA Investment Company, every employee will get to share their current projects and share their lessons learnt in different market knowledge that can help to cross fertilize different ideas within the group or department to enhance overall group result.

4.3.3 Quality of Work and Performance

With regard to the improvement of the employee's work quality if the knowledge is being shared, most of the responses from the employees interviewed signified that it will certainly improve the work quality of the employees and enhance their work performance.

Once the work is efficiently done, the work quality of the employees will be enhanced. The understanding of doing the work and handling different issues collected from the knowledge shared will improve the quality of work and their performance that would reflect on the over-all performance of the company. The use of new systems will be much easier and the time and effort will be reduced as the knowledge

required will be shared amongst all employees. If best practices are shared through knowledge sharing, the employees will become more expert in their field of work which will help the organization achieve its objectives and move forward.

New ideas and lessons learnt from the past projects will help the employees carry out the task and activities with more quality like a six sigma environment. Improved quality of work and enhanced employee's work performance will position the organization in a more competitive advantage against its competitors.

Risks of not sharing knowledge as well as basic information are highlighted through the acquisition and divestment of Y Company. When the initial acquisition was made 5 years back, the existing team of AAA Investment Company no doubt went through the details of the loan documents required for the acquisition. However, the logic of why the loan was structured in this specific way was not documented in detail by the internal team and although legal documents did reflect the loan structure accurately, the logic and also the link to tax implications was not made. This was not anticipated because at the time 5 years ago, no one in their wildest dreams could have predicted the global recession or its long-term impact.

However, 5 years later, no one from the original team of Real Estate Section remained in the fund. And neither the detailed information nor

the logic and thesis of the specific loan structuring were shared before key investment officers had departed. Therefore, it was only by chance that a few months before the anniversary of the 5th year of the loan, did the extent of the impact become understood. And while the overall outcome of the divestment of Y Company was most likely not affected, if more formal knowledge sharing had existed then at least the issue could have been anticipated earlier.

While this loan structuring is rare, the fund should institute a more formal way to learn from such issues. The global financial crisis was not anticipated hence 'there should be no one to be blamed' (The Senior Assistant Manager – Real Estate Investment Section).

The downsizing of AAA Investment Company was also not expected by most of the employees. The problem is no employees cared for what will happen in future, like the recent global financial crisis. Everyone was focusing on closing their deals as all employees would want the management to notice their efforts, to the point that the proper hand-over of projects was not done on a formal and official manner. However, this problem could have been resolved if knowledge is shared which will improve the quality of work and performance of employees from the experiences and expertise shared by other employees.

For example, in other professions such as medicine, doctors hold routine, confidential meetings (called “Deaths and Complications” or “D & C” meetings) where identity of patients is completely disguised to maintain confidentiality but their cases and complications are shared with the whole team. That allows other doctors to learn from past issues and experiences of their colleagues without risk of revealing the patient’s or doctor’s name.

4.3.4 Organization’s Effectiveness and Business Process

Most of the responses from the interview have shown that knowledge sharing will undeniably improve the business processes in an organization as there will be a standard and systematic way of executing the job activities and tasks.

The right data collected from the knowledge shared will be used properly and correctly for future transactions and deals and will eventually improve the business processes. If business processes are improved and streamlined, job activities will be much better and faster to be handled and response time or waiting time will be improved or reduced which will reflect the increase of organization’s efficiency.

Maximizing the utilization of the employees due to improved business process will free-up some employees and can be used for other activities, tasks, or projects. Knowledge sharing will definitely provide accurate data with respect to the input and output of business

processes, hence proper allocation of job can be distributed to all employees. Business processes will have standard way of doing it which will reduce time and effort exerted by the employees in carrying out the works.

The conflicts happening between the sections in the Investment Department were due to the different objectives set out for employees in the performance agreement they have signed. One concrete example is that objectives set out for real estate investment employees were volume focused and the objectives set out for financial services were focused on the profitability.

The effect of this was that the real estate investment employees become mainly concerned on closing as much investment deals as they can without thinking of its profitability. On the other hand, the financial services employees were mainly concerned on closing deals with a higher profitability. They do not care if they close few deals as long as it is highly profitable. Real estate investment employees would 'brag that they closed so many deals this year' (Senior Real Estate Investment Officer) while the financial services employees would 'boast that they have been the most profitable section in their department this year' (Senior Financial Services Officer).

Both of the objectives of each section were official. The conflicts between the two sections could have been eliminated if the process of performance management being used by the Human Resources Department is correct and accurate with respect to the real estate business. Organizational knowledge sharing practices would enhance

business process through benchmarking with other prestigious companies so that business process could be streamlined and improved which will make execution of job activities efficiently and effectively.

4.3.5 Customer Satisfaction

With respect to the improvement of customer satisfaction if knowledge is being shared in an organization, all of the people interviewed responded that knowledge sharing if practiced will absolutely improve customer satisfaction. The expertise required to satisfy the customers can be shared from one experienced employee to another and this will help and achieve to satisfy the customers all the time. The requirements, needs, wants, and expectations of the customers should be the main goal of the organization. This can be achieved by having all the frontline staff or employees to have the same level of experience, knowledge, expertise so that the customers will be satisfied regardless of whom they are dealing with in the frontline service area. Having the same level of knowledge will be achieved through knowledge sharing practices that makes all the staff on the same level that can help the customers. If customers are satisfied, the organization's credibility and reputation will be increased which will make the existing customers loyal and that would encourage and attract more customers to come in, hence organizational performance is totally improved.

The process of real estate investment is a turn-key process from property acquisition, property financing and closing, property

rehabilitation, and property management. Most of the time, the process of completing one complete real estate investment deal takes time, around 4-6 weeks. At times, it takes less than that. Two years back, AAA Investment Company's overall satisfaction slipped to 767 on a 1,000-point scale, down from 801 in 2007.

'Although real estate buyers and sellers are fully aware of the continuous challenges in the real estate market, the vital reason why customer satisfaction is down is because customer expectations are not being met, either with respect to the terms of the sellers having to change their listing price, or for buyers who are sacrificing the property's condition and size' (Senior Real Estate Investment Officer). 'This is explicably frustrating all around' (Senior Assistant Manager – Financial Services).

For AAA Investment Company , they should 'set the objectives of working closely with our customers and not only meeting their needs but managing their expectations and exceeding their requirements' (Senior Financial Services Officer). To meet and exceed the customer's requirements and expectations means to know them thoroughly through the sharing of information, knowledge, and experiences of the employees in dealing with them.

As to the effects of knowledge sharing in general on the performance of an organization, almost everyone interviewed agreed that knowledge sharing will definitely improve the general performance of the organization. However, the factors influencing the facilitation of knowledge sharing practices should be carefully considered and

applied. Once knowledge sharing is already being practiced in an organization, then it will have a positive impact on the organization performance as the organization will have a competitive advantage and a very good reputation through the employees who have gained new knowledge, ideas, and expertise from the shared knowledge.

The necessary knowledge the employees require will come from the shared knowledge and will help them to perform more effectively and more efficiently which will give better results in terms of productivity and work quality, hence organizational performance will be increased.

Through knowledge sharing, employee development will be increased by acquiring a broader understanding and knowledge which will make them experts and specialists in the organization that will build a greater competitive advantage and much better market position.

Chapter 5: Conclusion and Recommendation

The findings offered in this research provided valuable information on the level of knowledge sharing in AAA Investment Company, the factors influencing the facilitation of knowledge sharing in an organization, and the effects or impact of knowledge sharing on the organizational performance. The research found that the level of knowledge sharing in AAA Investment Company is on a fair level, which is almost near to poor level.

The research presented the finding on the factors that influence the knowledge sharing practices in an organization, which can be from the organization and from the individuals. Organization factors can be the values, culture, and environment which can help facilitate the knowledge sharing practices amongst the employees.

Rewards and incentives systems as well as support of the top management can help facilitate the knowledge sharing practices in an organization. Employee factors like diversity of employees influences the facilitation of knowledge sharing practices in such a way that different nationalities of employees does not encourage the sharing of the knowledge amongst them.

The factor which has the most effect on the facilitation of knowledge sharing practices is the individual characteristics. Employees in AAA Investment Company do not have the initiative to share their knowledge with other employees because of the fear that they will lose their power and will affect their job security. However, they have the free-will to share their knowledge with others but most of the time,

they share their knowledge if and only if they are asked and in reality they don't share all they know.

It was also presented in this research that once knowledge sharing is being practiced, it will definitely improve different areas in an organization such as improvement in the employee's competencies like knowledge, skills and abilities, improvement in the employee's work quality and work performance, improvement on the business processes, improvement on the customers satisfaction, and improvement on the organization performance in general.

Upon achievement of these aspects, it will absolutely have a positive impact on the organizational performance in such ways as it will have a greater competitive advantage, a very good reputation, a better market position, and increased in revenue due to increase in efficiency of its employees in carrying out their respective tasks, activities, and projects. Employee development will be enhanced and tremendous growth of experts and specialist will start due to sharing of the knowledge amongst the employees.

However, this research suggested the following points to better improve the knowledge sharing practices in AAA Investment Company:

- Upon completing each deal, the project owner should make a presentation with other employees to share the knowledge, difficulties, new ideas, and problems obtained and encountered from receiving the deal till closing the deal.
- Provide a database or repository to store the knowledge so everyone can access them anytime and keep updating the knowledge as some of the data can be obsolete after certain time.

- Disseminate the knowledge online through intranet so that everyone can access it and learn from it.
- Develop a process to identify and categorize the knowledge and information and officially share them to others who mostly require them.
- Top management intervention and support to strictly impose the knowledge sharing practices amongst the employees.
- Improve the internal communication by providing frequent team-building programs and employee gatherings and get-together.
- Rotate the employees in different sections in the organization to allow the employees to know each other more and interact amongst themselves. This will help them learn new experiences and specializations.
- Regular meetings between the individuals working on projects. During these meetings everyone will become aware of the key activities each team member is working on and will be able to share with them some of their own knowledge or experiences that may assist in resolving issues.

Future Research

As this research study has its scope and limitations, I proposed to have a future research on the structure of the knowledge within the system of AAA Investment Company. More so, due the mix of identification of knowledge versus information, a proper form of identification needs to be found and how to capture the right

reusable knowledge, and by capturing knowledge itself and not information. During the gathering of knowledge, it should also be clear that the knowledge capture will add value to the organization especially in handling operational risk as well as risk rating.

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