A Survey on the Relationship between Knowledge Sharing and Organizational Performance (Case Study: Bandarabas Municipality)

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ABSTRACT

Effective sharing of knowledge between members of an organization results in improvement of service presentation to customers, faster development of new products, reduced delay in delivery of goods to customers and finally reduced costs of access to worthwhile types of knowledge within the organization. The main purpose of this study is to investigate the relationship between knowledge sharing and organizational performance. The research method is descriptive and correlational. The population include all staff employees of Bandarabas Municipality, who are over 500 people. The sample size was estimated by help of Morgan Table to be 217 people. The data were collected by use of two standard questionnaires (knowledge sharing questionnaire and performance questionnaire), and Chronbacg’s alpha coefficients which were used to determine reliability of the questionnaires were 84% and 81 % for knowledge sharing questionnaire and performance questionnaire respectively, which shows high validity of the measuring instruments. The validity of the questionnaires was confirmed by experts and faculty adviser and assistant professors. As the research hypotheses were confirmed, the results show that there exists a positive and significant relationship between knowledge sharing components and organizational performance, and some suggestions were made concerning this association.

KEYWORDS: knowledge sharing, cooperation, trust, individual skill, technologic capability, performance

Introduction

Knowledge sharing is one of the most interesting and challenging subjects of management science in the new millennium. The scope, application and use of this subject has become so widespread that it has become an interdisciplinary field in management texts. Knowledge management is a new and valuable strategy alongside other commercial and competitive strategies. Therefore, organizations have thought of implementing knowledge management programs in order to enjoy its potential benefits.

Knowledge management is the process of creating, sharing and applying knowledge, which improves organizational performance (Kakabadse et al., 2003:78). According to some researchers, gaining competitive advantage depends on not only the companies' ability to identify and acquire knowledge, but also on their ability to share and make use of the knowledge (Rege,
2007:48). Nowadays, knowledge sharing activity is discussed more than other activities in knowledge management process. The role of knowledge sharing is so important in knowledge management that some authors assert that knowledge management is necessary for supplying knowledge sharing (Davenport et al., 1998; Hisman & Davit, 2000). Knowledge is abundant in organizations, but its abundance is no guarantee for its use (Bratianu et al., 2010:107). Knowledge sharing is essentially a social interaction process for knowledge exchange (Gupta et al., 2000). Knowledge sharing refers to activities related to transmission or distribution of knowledge from one individual or organization to another individual or organization (Lee, 2001). Knowledge sharing is voluntary dissemination of acquired skills and experiences to other people (Law and Ngai, 2008). In other words, it is defined as a process whereby individuals communicate relevant information to others (Bartle and Serayo Stawa, 2002). Studies reveal that this process is not an easy task, and there are many barriers facing it in organizations (Riege, 2007:48).

Knowledge sharing, as a complex but value-creating activity, is the basis of many knowledge management strategies of organizations (Riege, 2005). Any organization which supports information sharing and knowledge creation among its members will be more capable of defining effective processes and efficiency and improving its organizational performance (Levine, 2001, quoted by Palaneisami, 2008). Individuals share their ideas and thoughts with others in an organization which enjoys a culture of knowledge sharing, because they consider it a natural process, rather than something obligatory. Therefore, members of an organization should be motivated to share their knowledge in the organization without having fear of losing their positions (Danaeifard et al., 2011:66). Effective sharing of knowledge between members of an organization results in improvement of service presentation to customers, faster development of new products, reduced delay in delivery of goods to customers and finally reduced costs of access to worthwhile types of knowledge within the organization.

Knowledge Management and its Importance

Today, organizations have found that it is important to "know what they know". However, they should be able to make maximum use of their knowledge. This knowledge lies at all levels of organization and in different sources such as databases, knowledge bases, as well as in the minds of individuals. Most often, a unit of an organization repeats what another unit of that organization has already done, because they do not have access to, and cannot apply, the knowledge and information existing in the organization. Therefore, organizations need to know:
- What their knowledge assets are.
- How to manage and apply these assets so that they can get maximum benefit to the organization.

In traditional organizations, attentions and controls are mostly directed to tangible assets such as liquidity, buildings, and machines and so on, and they leave the most important and valuable assets of their (knowledge assets) unnoticed and unmanaged. Success of organizations in today's markets in which competitions are severe and serious, depends heavily on quality of the knowledge which they use in their key business processes. For instance, the process of goods and services supply requires knowledge concerning different factors such as raw materials, design, construction and distribution. Moreover, any development in relation to goods and services involves having knowledge about customers'
needs, new sciences, new technologies, and the market and so on. Extension and
development of an organization's knowledge assets in such a way that it can create
competitive advantage for the organization is always along with the following challenges:
- The market is increasingly becoming competitive, and innovations are increasing, so
knowledge development should occur at a higher speed.
- Organizations should organize their businesses in such a way that the businesses
concentrate on the customers' favorite values. Staff operations as well as management
structures should be minimized, and the staff non-official knowledge management should
be replaced by official models business processes which are in proportion with
customers' favorite values.
- Competitive pressure are decreasing the working forces that are at service of the
organization's knowledge.
- Experiencing and producing knowledge is time-consuming, while employees are usually
short of time.
- Employees like to get retired or leave the organization sooner due to different reasons,
and this leads to knowledge loss.
Any changes in the strategy of an organization may result in knowledge loss in a particular
arena, and the next return in the organization's policy may require revival and return of the
very lost knowledge, but it is too late, and those employees who had those experiences and
knowledge are no longer present in the organization. Organizations usually face problems in
managing their knowledge assets as well as in managing for optimal and profitable use of
them. Therefore, managers should:
- Have wide dominance over the organization to ensure that the organizational knowledge
has been accurately understood.
- Be able to identify and express their knowledge.
- Share and apply their knowledge in between different operations of the organization and
for different types of users. For this purpose, they should share both present and future
knowledge sources.
- Should base a culture in the organization which encourages and promotes knowledge
sharing.
From the strategic perspective, an organization should analyze and plan its business within
the framework of the knowledge that it possesses at present and that which it needs for its
future business process. From the tactical perspective, it should recognize and process the
organization's existing knowledge and attract and store the new knowledge in organizational
memories and create systems which make effective and helpful application of knowledge
possible in the organization. From the practical point of view, knowledge should be applied
by professional employees during daily work- employees who always need their real, timely
and to-the-point knowledge (Tabarsa et al., 2008:65).

Knowledge Sharing

Institutions should understand the necessity of creating the knowledge sharing culture
among the employees by means of a process called "knowledge management
institutionalization" in order to make proper use of knowledge management. The importance
of knowledge management institutionalization in an organization lies in the fact that first, it
corrects the employees' misconceptions from knowledge management, and second, it helps them understand the benefits of knowledge sharing in the organization. Studies reveal that the greatest barrier to effective execution of knowledge management in an organization is lack of knowledge sharing culture, which is in turn due to poor communication among the employees. Knowledge sharing culture in an organization relies on the attitude of those who have created that culture. If employees are not willing to share knowledge with other members of the organization, it will be difficult to disseminate the knowledge sharing culture among them through reward system or requirements of the law (Tabarsa et al., 2008: 52).

Creating a knowledge sharing culture among in an organization requires not only training of the managers and the employees, but also the process of change management. Leaders play an important part in changing the employees' attitudes and successfully creating knowledge sharing culture and thus institutionalizing knowledge management in the organization (Becarra, 2000: 108).

**Strategic Knowledge Management**

Karl Kalseth (1999) introduced the concept of Strategic Knowledge Management. Knowledge management strategy is affected by factors like organizational culture, information systems, information infrastructures and information technology. Knowledge strategy not only provides the opportunity of creation of organizational knowledge, but it also helps the management achieve the organizational goals.

**Performance Management**

Performance management is a strategic and integrated process which leads to sustainable success of organizations by improving the performance of those working in the organization and by developing individual and collective capabilities. As performance management is related to broader issues of business and its general orientation to achieve long-term goals, it is considered a strategic phenomenon if the organization wants to act effectively in its environment. Performance management creates integration in two directions: first, vertical integration which means aligning and coordinating the individual, collective and organizational goals with the basic qualifications, and second, horizontal integration which means relating different features of human resource management, particularly organizational development, human resource development and reward, in order to achieve a coherent approach in management and in order for employees to develop more. According to Chris Bones, performance management actions are formed by taking into account the strategic requirements and business insight.

**The Meaning of Performance**

It is obvious that performance management refers to performance, but what exactly does it mean? The concept of this expression is important in that it can be assessed or managed by definition of performance. Holton and Bates have pointed out that performance is a multidimensional construct whose evaluation is different depending on various factors. They
also mention the important point that the goal of result evaluation is performance or behavior.

There are different attitudes as to what performance is. It can be regarded as the antecedents of the results obtained. From individual point of view, it refers to an individual's achievements. Kane believes that performance is what remains from an individual and it differs from goal. Bernadin et al. believe that performance should be defined as the results of work, since results have the strongest relationship with the strategic goals of the organization, customer satisfaction and economic roles (Armstrong, 2006:3).

The Goal of Performance Management

Performance management is a tool used to help achieve better results for the whole organization or groups or individuals within it through understanding and managing performance within an agreed framework of planned goals, standards and requirements of qualification (Armstrong, 1999:53). Performance managing is a process for common understanding of the goal and an approach for management and development of individuals in such a way that it increases the likelihood of success in short term or long term. Performance management belongs to the queue management and is executed by it. As Sheppard and Philpott have expressed, the basic goal of performance management is creating a culture on the basis of which individuals and teams take over the responsibility of continuous improvement of their business processes, participation and skills.

Research Hypotheses

The Main Hypothesis:
- There exists a relationship between organizational knowledge sharing and organizational performance.

Sub-hypotheses:
- There exists a relationship between employees' cooperation and organizational performance.
- There exists a relationship between employees' trust within the organization and organizational performance.
- There exists a relationship between employees' technical skills in knowledge distribution and organizational performance.
- There exists a relationship between the organization's technological capability and organizational performance.

Research Method

The present study is an applied research by purpose. Such studies are usually done to satisfy the needs (Hafeznia, 2001:67). The goal of such studies is solving the executive problems and issues. Their results should be applicable. Moreover, this is a descriptive research in nature and methodology. In such studies, the researcher describes the nature of the research problem. The researcher's goal in conducting a descriptive research is objective and real description of the features of a subject or phenomenon.
The Population and Sample Size

The population include all staff employees of Bandarabas Municipality, who are over 500 people. The sample size was estimated by help of Morgan Table to be 217 people.

Research Findings

The following statistical tests were used to investigate the relation of knowledge sharing and its components with organizational performance. The results of Pearson’s Correlation Test and Kendall show that the variable of knowledge sharing and its components are positively and significantly related to organizational performance in the significance level of 95%. It can be claimed that organizational performance will increase as knowledge sharing improves among the employees.

Table 1. Results of Test of Correlation between Knowledge Sharing and Organizational Performance

<table>
<thead>
<tr>
<th>Type Of Test</th>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Level Of Significance</th>
<th>Coefficient Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>Knowledge sharing</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.689</td>
</tr>
<tr>
<td>Tab Kendall</td>
<td>Knowledge sharing</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.518</td>
</tr>
</tbody>
</table>

Table 2. Results of Test of Correlation between cooperation and Organizational Performance

<table>
<thead>
<tr>
<th>Type Of Test</th>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Level Of Significance</th>
<th>Coefficient Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>cooperation</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.664</td>
</tr>
<tr>
<td>Tab Kendall</td>
<td>cooperation</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.524</td>
</tr>
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</table>
### Table 3. Results of Test of Correlation between employees' trust and Organizational Performance

<table>
<thead>
<tr>
<th>Type Of Test</th>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Level Of Significance</th>
<th>Coefficient Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>Employees' trust</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.639</td>
</tr>
<tr>
<td>Tab Kendall</td>
<td>Employees' trust</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.438</td>
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</tbody>
</table>

### Table 4. Results of Test of Correlation between employees' individual skills and Organizational Performance

<table>
<thead>
<tr>
<th>Type of test</th>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>Level of significance</th>
<th>Coefficient correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>Employees' individual skills</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.660</td>
</tr>
<tr>
<td>Tab Kendall</td>
<td>Employees' individual skills</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.513</td>
</tr>
</tbody>
</table>

### Table 5. Results of Test of Correlation between technological capability of the organization and Organizational Performance

<table>
<thead>
<tr>
<th>Type Of Test</th>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Level Of Significance</th>
<th>Coefficient Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>Organization's technological capability</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.622</td>
</tr>
<tr>
<td>Tab Kendall</td>
<td>Organization's technological capability</td>
<td>Organizational performance</td>
<td>0.000</td>
<td>0.460</td>
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</tbody>
</table>
Regression Test: Simultaneous Effect of Knowledge Sharing Dimensions on Organizational Performance

Table 6. Summary of results of Regression Test of Simultaneous Effect of Knowledge Sharing Dimensions on Organizational Performance

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Statistical Index</th>
<th>Correlation Coefficient</th>
<th>Coefficient Of Determination</th>
<th>F Statistics</th>
<th>Level Of Significance</th>
<th>B</th>
<th>Beta</th>
<th>T Statistics</th>
<th>Level Of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employees' cooperation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.344</td>
<td>.348</td>
<td>2.661</td>
<td>.008</td>
</tr>
<tr>
<td></td>
<td>Employees' trust within the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.192</td>
<td>.257</td>
<td>2.427</td>
<td>.016</td>
</tr>
<tr>
<td></td>
<td>Individual skills in knowledge distribution</td>
<td>.701</td>
<td>.491</td>
<td>49.56</td>
<td>.000</td>
<td>.027</td>
<td>.032</td>
<td>.211</td>
<td>.833</td>
</tr>
<tr>
<td></td>
<td>Organization's technological capability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.120</td>
<td>.121</td>
<td>1.295</td>
<td>.197</td>
</tr>
</tbody>
</table>

As it is shown in this table, knowledge sharing dimensions have a linear relation with organizational performance in significance level of 95%, and knowledge sharing dimensions account for 49 percent of the changes in organizational performance, after which employees' cooperation is a more proper predictor for organizational performance.

Conclusion

The research results reveal that all the hypotheses of the research have been confirmed. Therefore, it can be concluded that there exists a relation between dimensions of knowledge sharing and organizational performance, i.e. as the status of knowledge sharing improves in the organization, organizational performance will also improve. Therefore, the following suggestions are made.

The Research Suggestions

- Teamwork should be emphasized in the organization and forming teams should be supported, because it is in teams and groups that cooperation, empathy, counseling and responsibility are focused on, and these conditions can lead to emergence of these principles in the whole organization, which causes performance indicators to improve and the knowledge sharing systems to continue with more success.
- Considering the results of analysis of the hypotheses, it is recommended that knowledge sharing issue be followed more seriously both by the employees and by the managers in the organization, and that the required infrastructures for perfect application of knowledge management be provided, so that it can affect organizational performance considerably, because at present, an important part of an organization's assets is
intangible assets, and successful execution of knowledge management can lead to maintaining, organizing and increasing the intellectual capital.

- Making use of job circulation, teamwork, holding working getting-togethers and holding suggestion committees in order to make use of individuals' experiences are among the most important activities concerning individuals' knowledge sharing.
- Designing a knowledge map from physical sources such as written documents, files and software resources such as databases and individuals with experience and expertise create awareness of the tangible and intangible assets, which helps the decision-making process.
- Establishing a relationship with a counseling service and research centers and receiving research services about business topics enable managers to benefit from experts' information in different aspects of the organization. Counseling and research companies can present managers with their own successful experiences from other organizations.
- Formation of multidisciplinary teams for projects. Forming these teams provides an opportunity for individuals with different specialization and expertise to get together, as a result of which new ideas emerge in the organization.

- Free use of virtual discussion rooms in national organizations
- Creating an atmosphere of trust among employees for the sake of knowledge sharing.
- Establishing an appropriate reward system for transferring experiences among individuals and encouraging teamwork in the organization.
- Motivating, encouraging and stimulating individuals in the organization so that they purposefully try to acquire, distribute, transfer and apply the existing useful knowledge and the new knowledge, especially the implicit one.
- Creating an open and flat organizational structure which facilitates the knowledge circulation.
- Creating processes and resources which give rise to an organizational culture of continuous learning.
- Transparent announcement of the goals and strategies of the organization regarding the knowledge sharing activities and their uses.
- Making use of leaders who direct the employees by creating directive processes and give right feedbacks.

To sum it up, knowledge sharing has no value for individuals and the organization, unless those who need useful knowledge receive, admit and apply it. Due to lack of a single strategy of knowledge management which acts properly for all organizations, any organization needs to design its own strategies to ensure that proper knowledge has been given to appropriate individuals in due time. Creation of an effective environment of knowledge sharing does not necessarily mean financial investment. This is because networks of formal and informal knowledge sharing already exists in most organizations and organizations should base this environment on the existing networks. The first step to do this is identifying the barriers to knowledge sharing and the distance between the status quo and the favorable status of the knowledge sharing activities; and proper actions to remove the barriers and move towards the status quo.
Reference


