

The Role of Tacit Knowledge Sharing in National Sales Companies

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1.0 Background

This research was conducted in a global automotive company that coordinated its sales and marketing information from the USA. Having been in existence since the late 1930's the manufacturer has a well-established network of national sales companies that are responsible for the distribution of the vehicles via a franchised dealership network in their respective countries. The national sales companies are either owned by the manufacturer or in some instances are controlled by an appointed importer.

A 'Global Knowledge Centre' existed to facilitate Knowledge Sharing (KS) of sales and marketing information across its national markets. This was done through global and regional conferences bringing delegates together to share what was perceived to be best practice. The centre also published best practice bulletins and guide books which formalised learning and then distributed it or made it available via the internet. The company had also set up a global blog on which people could pose questions to the rest of the organisation with the aim that others may have experienced a similar situation and could therefore provide appropriate advice or even a potential solution to the problem.

2.0 Literature

2.1 Explicit and Tacit Knowledge

For organisations to adapt their marketing strategies to the environment it is argued that knowledge should be disseminated throughout the organisation (Kolhi and Jaworski 1990). Some knowledge (i.e. explicit knowledge) can be codified and disseminated electronically. Within the company in question this activity was being undertaken through Best Practice Bulletins and other media, this was well developed and had been operating for over ten years. (Speier & Venkatesh 2002). However other forms of knowledge (i.e. tacit knowledge) because it cannot be written down, can only be transferred via participants who understand the complexities and dynamics of the information being provided. This form of knowledge would be commonly found in more informal interpersonal exchanges at international marketing and sales conferences. While Arneet and Wittman (2013) have identified tacit knowledge sharing between sales people as a significant factor in improving marketing success Inkpen and Dinur (1998) have pointed out that this is often undertaken on a quid pro quo basis. Kale, Singh and Perlmutter (2000) argue that it is critical to understand how tacit knowledge is exchanged within an organisation and this formed the major focus of this research.

2.2 Homophily

Makela et al (2007) and Makela et (2012) have suggested that interpersonal similarity or 'homophily' in the form of nationality, language and organisational function are positive indicators for tacit KS to take place within an organisation. They argue that the interpersonal similarity can influence KS in such a way that similar people are more likely to share than those who are dissimilar. Social scientists have frequently documented similarity as a powerful predictor of interpersonal connection (McPherson et al 2001) both within organisations (Kleinbaum et al 2013) and outside (Moody 2001). By its very nature tacit knowledge is exchanged in more informal and less well measurable situations. Explicit knowledge exchange would usually lead to a trail of exchanges or downloads that could be measured and provide some indication of the level of KS taking place.

The purpose of the research was to understand how and between whom tacit knowledge was being shared between the national sales companies and to identify how this process could be enhanced for the benefit of the organisations involved.

3.0 Research Methodology

A qualitative approach was chosen as there was not a common language or set of concepts that could be tested and quantified and due to this it was felt necessary to seek clarification of both understanding and meaning in the responses. The aim was to gain an in depth understanding of the respondents' opinion of KS and its importance. Addressing three research questions:

- What is the relationship between informal (tacit) and formal (explicit) knowledge sharing between national sales companies?
- Between whom was tacit KS taking place?
- To what extent did the concept of 'homophily' impact on this KS activity?

Semi-structured interviews were conducted by Skype/Telephone with senior managers in a range of national markets with the content being recorded and then transcribed.

The markets examined were selected using a variational and relational sampling approach (Strauss and Corbin 1998) to ensure that there was a global representation and a clear mix of large, medium and small markets.

The markets selected were Algeria, Canada, Columbia, Costa Rica, Italy, New Zealand, Dubai, Kuwait, South Korea, Netherlands, Chile, Belgium, USA, Turkey, Saudi Arabia and Russia.

The semi structured questionnaire can be found in Appendix 1.

The wide range of markets covered meant that the respondents although working for the same organisation were at different stages of economic and technological development. The respondents were all senior employees of their respective sales company and although they had various roles they all had responsibility for engagement with the manufacturer's knowledge centre. They all had attended knowledge sharing events and were aware of networks in the company. The need to allow respondents to identify the context and market background was a key feature of the interviews. The questions were used as prompts to direct the interview as opposed to being a direct request for a response. As a result the responses produced a wide range of diverse perspectives on the topic. The analysis of the

data was undertaken using Grounded Theory Glaser and Strauss (1967). The justification for this approach was that there was a large amount of non- standard data generated and that ‘rather than forcing data within logico-deductively derived assumptions and categories the research was used to generate a grounded theory which ‘fits’ and ‘works’ because it was derived from the concepts and categories used by social actors themselves to interpret and organise their world. (Jones 1987:25)’

4.0 Findings

4.1 Knowledge Sharing- Tacit and Explicit

Almost all markets reported the importance of ‘informal’ networks as a starting point for knowledge sharing at the local, regional and national levels. The ‘Informal’ or tacit knowledge described by respondents had a number of characteristics:

- The ability to access individuals outside the formal hierarchy who either had relevant knowledge, or could facilitate introductions to those with the relevant knowledge
- The ability to discuss areas of knowledge to clarify context, culture, and other details that were not contained within the structure
- The ability to identify problems / issues that may not have been identified within the explicit knowledge sharing documentation.

This tacit knowledge sharing was made possible through the long-term nature of relationships between individuals. This finding supports the argument put forward by Argote and Ingram (2000), Fosse (2007) and Minbaeva et al (2009) that the informal interpersonal exchanges take place across boundaries and these become the essential micro foundation of unit level knowledge flows. Again this implies the role of social networks in how integration takes place within organisations (Cross and Parker 2004.) This finding supports the proposition that individual ‘homophily’ encourages tacit information sharing basically and that people are prepared to share with people like themselves.

An interesting observation from the research was the link between the explicit and tacit aspects of KS. The company offers forums for people across the organisation to meet and network. These formed the initial bases for many of the relationships.

The research indicated that whilst many formal KS activities lead to increased tacit KS, there was little or no reported flow of activity in the other direction. The implication of this is that there was no real feedback from the informal supplementary generation of knowledge into the more formal organisational structures. This has the potential to develop a two tier structure where there is an ‘official’ view but underlying this remains a potentially dangerous counter view that is communicated through the informal channels. (Fig.1)

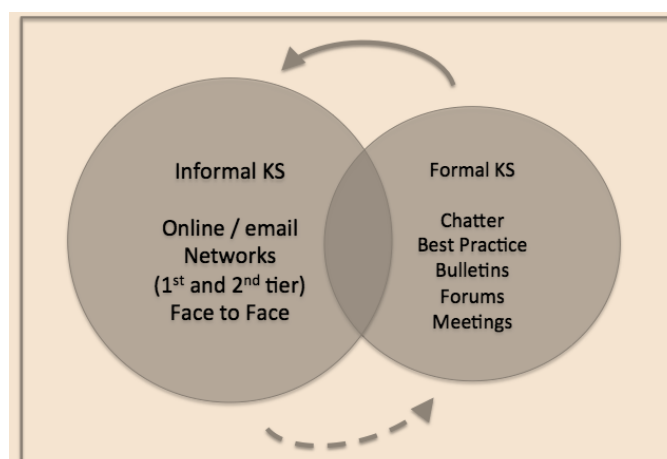


Fig.1

4.2 Relevance and Homophily

As previously stated social scientists have documented that similarity is a powerful predictor on interpersonal connection (McPherson et al 2001). This is described as homophily or love of the same. Wanberg et al(2014) identify that the two main drivers of homophily are firstly that individuals choose to connect with similar others and that secondly opportunities to connect with heterogeneous others are limited due to group organisation, organisational structures or physical location. In other words similarity breeds connection.

Most of the previous academic studies identified that homophily was based on interpersonal connections based on cultural and demographic similarities. The research undertaken for this project challenged this basic assumption. From the responses it became apparent that there was a further dimension that appeared to be more important than personal homophily and that was based on not only where the respondent came from but some very specific market characteristics.

One of the major issues identified by nearly all respondents was the ability to find 'relevant' knowledge. The issue underlying this was the belief on the part of the respondents that it was not only the information that was important but also the source (market) from which it came. Depending on your own market determined what you thought was relevant. In exploring this three factors emerged that respondents measured themselves and information providers against. These were:

- Size of distribution network
- Maturity of Market
- Resources

The first factor that was described was that of network size; a distributor working with a small group perceived that they would have a very different context than one managing a distributor network of many thousands.

The second factor was the maturity of the market as seen by the recipient of any information. This point appeared to be more focused on the underlying skills and processes used across the entire market and not the development of the distributor. As an example the US market was seen as being 'light years ahead' of many other markets – both from their perspective and that of developing markets. This has a twofold impact. Firstly, other more developed markets found less 'relevance' in markets that were not as developed as their own, but secondly developing markets found little interest in using mature markets as either a benchmark to aspire to or even a source of valid information.

Resources were another factor identified as making tacit knowledge sharing relevant or not. Several smaller distributors reported being 'put off' knowledge that was developed within larger markets, as they did not think they would be able to implement these concepts. To achieve what a large developed market suggested would be seen to require more resources than they had available so any advice would not be creditable.

The table below highlights some examples the impact of the three factors have in distinguishing one market from another and in so doing identifies not only the type and form of knowledge but also from where it originates.

	Oceania (New Zealand)	Middle East (Kuwait)	North America (Canada)	Central America (Costa Rica)
Size	No	Yes	Yes	No
Resources	No	Yes	Yes	No
Maturity	Yes	No	Yes	No
	Interested in formalised information and tacit knowledge generated in Europe/US	Informal ideas generated within the region or Central America	Align with formal and informal research from US	Informal ideas from within the region

Using New Zealand as an example from Oceania this would be regarded as a long standing mature market. There would be an established dealer network but the market would be regarded as small by comparison to countries of similar size but with larger populations. Their preferred knowledge source would be formal and informal research conducted in Europe and the US both of which are mature markets but by comparison much larger in size.

Canada by comparison is a large market well- resourced and has been established from the start of the global corporation. As a neighbouring country the Canadian market looks for information from the US. New Zealand possibly due to its cultural and historical heritage looks to both Europe and the US.

Kuwait as an example of the Middle East is a relatively new market that has grown primarily on the back of oil development and is particularly well resourced. The orientation they take for KS is primarily in their own region and also in Central America where they believe there are similarities. The Kuwaiti sales organisation is not looking for formal research but more informal idea generation which they can assimilate appropriately for their own market and culture. However by comparison despite Kuwait’s interest in them, Costa Rica only regards information sources within its own region as being relevant and does not source information from the Middle East. As a developing market it too is looking more for ideas that can be tried as opposed to formal research.

These findings present an interesting embryonic challenge to the conventional view on KS theory. The idea that interpersonal similarity is the major driver for knowledge exchange is challenged in that this calls for a wider perspective to be included in any analysis.

The various sales organisations within the global car company will inevitably have some cultural similarities and linguistically all of their meetings are held in English. But it appears

a major factor is the status of the market from which they come and how that matches with the profile of potential knowledge sharing partners.

5.0 Conclusions

Throughout the research into KS in the academic literature there is a constant theme that the effective sharing of knowledge is facilitated by the fact that people share more readily with people like themselves. This was described as ‘homophily’ and was deemed to apply primarily to people with similar personal characteristics. The analysis of KS in a global automotive corporation identified that there was a broader dimension in the form of the market characteristics that were perceived to be similar between markets. The dimensions of size, the resource base and the maturity of the market was seen as the determining factor on whether knowledge would be sought or even accepted as credible even when received. As a result personal factors, geography, linguistics and culture were seen as less relevant than the market dimensions.

The implications for international sales and marketing organisations are important. Often businesses will organise forums based on regions or globally with the expectation that by mixing people informally in some way, tacit KS will take place. The research undertaken demonstrates that this simplistic approach does not maximise the opportunity for this to happen. To facilitate better information sharing it would be beneficial to facilitate interaction between organisations that have the similar market characteristics as identified in this study. It is not unusual for companies to organise regional conferences based on the assumption that geographical proximity is beneficial to KS. It can be argued that it is better to bring markets together based on the three criteria identified despite the fact that they make come from widespread geographical areas. At global conferences often presentations are made by large successful markets while the evidence from this study would suggest that only people from markets with similar characteristics will engage with what is being said.

The research proposes a new concept of ‘organisational homophily’ as an issue that needs to be addressed when organising international marketing events. For effective KS to take place having speakers from vastly differing market situations in the same room may be counter-productive. The study indicates that people will only interact effectively in this organisational context if the corresponding market structures are seen to be similar. These structures override geographic and cultural dimensions.

A weakness of this research was that it was only undertaken in one organisation but it highlights a potential key factor that has not been previously addressed and further research is required in both other companies but also other industries to identify whether this concept is more widely found.

Despite this caveat the project does identify why delegates from Kuwait may be more interested in what is being said by delegates from Costa Rica than by markets such as the USA and UK.

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Appendix 1

Outline Structure of Knowledge Sharing Interview Research

- If you identified a knowledge gap or within your organisation where would you go to for advice and help?
- Do you have a formal network of people that you seek information from? e.g. as part of the meeting structures within the company.
- Do you have an informal network of people in the company who you turn to for information?
- Have you contacted the GKC for information?
- Have you used the online Chatter platform?
- If so what were the most useful and least useful elements?
- It is widely recognised that knowledge sharing benefits the organisation. If you wanted to improve how knowledge was shared in the organisation what would you propose?
- If you have a problem which needs to be addressed would you prefer formalised researched solutions or more flexible ideas that are not fully developed?
- In ideal world, are you looking for breadth and/or depth of knowledge/materials from a central knowledge sharing resource?
- One way that information has been shared is by user generated content such as Wikipedia. Is this approach to Knowledge Sharing something that you feel would be useful if this was an approach set up by the GKC?
- Have you been approached to share information with people within the company but outside your organisation?
- If so in what form did this request come?
- How did you share the information?
- Are you happy to share your knowledge and best practise with others in the organisation?