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LEADERSHIP ANTECEDENTS OF INFORMAL KNOWLEDGE ACQUISITION AND DISSEMINATION

Siu Loon Hoe and Steven L. McShane

INTRODUCTION

Knowledge management is emerging as one of the leading influences on an organisation's survival and competitive advantage (Blumentritt & Johnston 1999). Knowledge management is concerned with the effective acquisition, sharing, storage and utilisation of knowledge (Huber 1991; Saffady 1998). Corporate leaders are increasingly aware of the notion that an organisation's long-term survival depends on its ability to generate new knowledge and continuously learn from the environment. The importance of a superior organisational learning capability as a source of competitive advantage is a common refrain among both managers and scholars (e.g. Kohli & Jaworski 1990; Nonaka 1991; Quinn 1992; Slater & Narver 1995; Stata 1989; Stewart 1997).

Organisational behaviour scholars have written extensively about knowledge management processes (Crossan et al. 1999; Huber 1991; Miller 1996), and some have presented case studies describing these processes in organisational settings (e.g., Hellstrom 2000). However, few organisational behaviour scholars have attempted to conduct quantitative research that would more systematically identify the conditions supporting or interfering with effective knowledge management. Marketing researchers have developed a strong foundation of quantitative research on knowledge management (Baker & Sinkula 1999; Farrell 2000; Hurley & Hult 1998; Li & Calantone 1998). However, they have focused almost exclusively on structural knowledge acquisition and dissemination, that is, formalised processes of organisational information gathering from the external environment (e.g., market surveys) and sharing throughout the organisation (Day 1994; Kohli & Jaworski 1990).

Marketing researchers have almost completely ignored informal knowledge acquisition and dissemination practices, which are more pervasive, encompassing, and arguably more important. Informal knowledge acquisition includes trial-and-error experiences with past decisions directed toward customers, casual feedback from seller contacts with individual customers, and personal observations of customers. Informal knowledge dissemination occurs through casual conversations. For example, knowledge is informally acquired and disseminated when employees very casually find out from the customers their product preferences over a chance meeting at the lobby and share this knowledge with another colleague along the office hallway.

The purpose of this study is to examine the effect of leadership on informal knowledge management acquisition and dissemination. Building on preliminary empirical research by marketing scholars, this study intends to identify the extent that three leadership concepts —

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shared vision, interpersonal trust, and perceived importance to management of market knowledge — is associated with informal knowledge management activities of subordinates.

CONCEPTUAL BACKGROUND AND HYPOTHESES

Shared Vision

Organizations need a framework around which everything else is constructed. The framework of an organization is its purpose, shared vision and the core values by which people interact (Senge 1990). Within the learning organization, consistency in purpose and attainment of goals can be enhanced through shared vision (Barker & Camarata 1998). A shared vision is a clear, common, specific picture of a truly desired future state. It helps to create a supportive environment and helps to inspire employees with compelling, consistent, clear pictures of what they want. Successful organizations must have a shared vision that touches the employees' hearts and enables them to achieve the organizations' goals.

The concept of shared vision is an important foundation for proactive learning because it provides direction and a focus for learning that fosters energy, commitment, and purpose among organisational members (Day 1994). Without a shared vision, individuals are less likely to know what the organisational expectations are, what outcomes to measure, or what theories in use are in operation.

With the commitment to and agreement with the direction the organisation is taking, more motivation to learn is likely (McKee 1992; Senge 1990). If employees have a shared vision, then the informal knowledge acquisition and dissemination can tolerate a lot of inefficiency. Every action may not be exactly on target, but all actions will be pointed in the right direction. In an ambiguous environment, even if one is motivated to learn, it is difficult to know what to learn. A shared vision sets the broad outlines for strategy development and leaves the specific details to emerge later. This broad direction is essential as it provides a general guide to members of an organisation on what informal knowledge to acquire and disseminate. Thus, we hypothesise that:

H1: Shared vision is positively associated with informal knowledge acquisition.

H2: Shared vision is positively associated with informal knowledge dissemination.

Interpersonal Trust

Trust is a complex construct that has gained substantial attention in recent years (Plank, Reid & Pullins 1999). In this study, trust refers to the employee's positive expectations about the supervisor's intentions and actions toward him or her in risky situations (Lewicki & Bunker 1996). For trust to exist, supervisors and employees must be confident that the other is competent and will act in a fair and ethical manner. It assumes that supervisors will support legitimate actions of employees and not take advantage of employees by withholding information or manipulating their actions to accomplish organisational objectives (Nyhan 2000).

Interpersonal trust is an expectation that alleviates the fear that another partner will act opportunistically (Bradach & Eccles 1989) and that tasks will be reliably accomplished (Sitkin & Roth 1993). It is also the extent to which an employee has confidence in the supervisor's reliability and integrity (Rich 1997).

Interpersonal trust is an essential condition of a functioning organisation because it creates the necessary commitment and confidence in the acquisition and dissemination of knowledge (Davenport & Prusak 1998). Knowledge usually brings about change. Thus, an employee will be more willing to acquire market knowledge if there is a belief that the acquired informal knowledge will not bring about change that may bring harm to him/her. Similarly, an employee will only share this knowledge with his/her supervisor or another co-worker if the employee knows that the change will also not bring about any harm to him/her. Thus, we hypothesise that:

H3: Interpersonal trust is positively associated with informal knowledge acquisition.

H4: Interpersonal trust is positively associated with informal knowledge dissemination.

Perceived Importance to Management of Market Knowledge

Top management plays a key role in shaping an organisation's behavioural activities (Deshpande, Farley & Webster 1993; Kohli & Jaworski 1990) and providing an environment that is either conducive or inhibitory to behavioural processes of market knowledge acquisition. Unless top management understands and appreciates the value of market knowledge, the organisation is unlikely to pursue vigorously those activities that acquire and disseminate market knowledge. Thus, we hypothesise that:

H5: The perceived importance to management of market knowledge is positively associated with informal knowledge acquisition.

H6: The perceived importance to management of market knowledge is positively associated with informal knowledge dissemination.

METHODS

Population and Sample

Data were collected through confidential surveys completed by 219 sales, customer service, and technical consulting employees in 11 business units (or subsidiaries) of a listed, Singapore-based information and communications technology (ICT) company. This company is the ICT business arm of a multinational conglomerate whose core businesses are engineering, technology, infrastructure and logistics, property and financial services. The company is one of the largest, one-stop ICT services providers within the Asia Pacific region with key competencies in information technology (IT), business consulting, systems integration, outsourcing, networking, e-commerce services and product development. The company has more than 2,000 staff in Singapore and other subsidiaries, joint ventures and representative offices in the region.

The 11 business units sampled were the customer service centre, the business strategy consultancy, the system software unit, the special technologies unit, the electronic-commerce services unit, the system integration unit, the enterprise systems unit, the enterprise applications unit, the multimedia unit, the electronic solutions licensing unit and the networks unit. These units were selected because they employed the most number of boundary spanners — that is, sales, customer service, and technical consulting employees who interact

with both external customers and competitors. Boundary spanners are generally in a better position than employees in other job groups to acquire and disseminate market knowledge. The 11 business units employ a total of 630 people, of whom 300 fit the description of boundary spanners. Thus, the final set of 219 completed questionnaires represents a very respectable 73 percent response rate.

Measures

All data were collected through a questionnaire completed confidentially and voluntarily by respondents. Most measures in this study were derived from previous research on market orientation and organisational learning (Baker & Sinkula 1999, Jaworski & Kohli 1993; Kohli et al. 1993; Narver & Slater 1990; Sinkula et al. 1997). However, based on a two-phase pretesting, some items were rewritten to improve readability and understanding by respondents. All attitude-based measures used a 5-point Likert-type scale: “1 = strongly disagree”; “2 = moderately disagree”; “3 = neither agree or disagree”; “4 = moderately agree”; and “5 = strongly agree”.

Informal knowledge acquisition (alpha=.77). This variable is measured using a new 5-item measure based on key informal intelligence collection methods identified by Schwebach (1998). Respondents were asked, “To what extent do you agree or disagree with the following statements on how market knowledge can be informally collected”. The items included were: I will informally ‘pick the brains’ of the competitors at trade shows to better understand the market; I will informally analyze customers’ and competitors’ recruitment ads and public solicitations for bids to determine their strategy and type of projects they are contemplating; I will voluntarily obtain market knowledge through publicly available sources (e.g., Internet and trade magazines); I will voluntarily meet with regular customers to talk about the market and our products without the instructions of management; I will call a friend who is working with the customer in order to find out more about their company should the need arise. The Cronbach’s alpha for this new measure is 0.77.

Informal knowledge dissemination (alpha=.65). This variable is measured using a new 3-item measure based on knowledge sharing behaviours identified from a conceptual literature on ‘strategic communities’ by Storck and Hill (2000). Respondents were asked, “To what extent do you agree or disagree with the following statements on how market knowledge is informally disseminated in the business unit”. The items included: we share a lot of knowledge across the various departments; the way we work here is more of a joint effort than one-to-one discussions; sometimes I inform colleagues of plans and issues through hallway conversations.

Interpersonal trust (alpha=.92). This variable indicates the employee’s level of trust with his or supervisors and is measured using the 4-item scale from the Organisational Trust Inventory of Nyhan and Marlowe (1997). Example: “My supervisor will back me up in a difficult situation.”

Shared vision (alpha=.91). This variable is measured using a 4-item scale developed by Sinkula, Baker and Noordewier (1997). Example: “There is commonality of purpose in my business unit.”

Perceived importance to management of market knowledge (alpha=.94). This variable represents the employee’s perception that leaders in the business unit place a high emphasis on acquiring knowledge about customers, competitors, and other market trends. It is measured

using the 5-item scale from Li and Calantone (1998). Example: “The management in my business unit places high emphasis on: Knowledge of competitors’ products.”

Other variables. Data were also collected on three covariates: the respondent’s gender, level of education (primary, secondary, junior college, university, postgraduate), and percentage of time interacting with external customers on an average day.

RESULTS

The means, standard deviations, zero-order correlations coefficient alpha reliabilities for all variables are presented in Table 1. Nearly 70 percent of respondents have a university education, over 44 percent of the respondents are female, and the average respondent spends nearly half (49.4%) of his or her time interacting with clients.

Table 1
Means, Standard Deviations, and Zero-Order Correlations

| | Mean | SD | Gender | Education | Customer Contact | Shared Vision | Interpersonal Trust | Market Knowledge Importance | Informal Knowledge Acquisition | Informal Knowledge Dissemination |
|--------------------------------|------|------|--------|-----------|------------------|---------------|---------------------|-----------------------------|--------------------------------|----------------------------------|
| Gender (M=1, F=2) | 1.4 | 0.5 | -- | | | | | | | |
| Education | 3.8 | 0.8 | -.22 | -- | | | | | | |
| Customer Contact (% of time) | 49.4 | 26.3 | -.01 | .06 | -- | | | | | |
| Shared Vision | 14.2 | 3.4 | -.03 | .08 | .05 | (.91) | | | | |
| Interpersonal Trust | 15.4 | 3.6 | -.08 | .06 | .01 | .70 | (.92) | | | |
| Market Knowledge Importance | 20.2 | 4.1 | .09 | .10 | .08 | .59 | .49 | (.94) | | |
| Informal Knowledge Acquisition | 19.5 | 3.2 | -.22 | .13 | .14 | .24 | .27 | .33 | (.77) | |
| Informal Market Dissemination | 10.0 | 2.1 | .09 | .07 | .12 | .44 | .34 | .36 | .18 | (.65) |

Note: Alpha reliability coefficients are in brackets.

To test the hypotheses, we performed two separate ordinary least squares (OLS) regression analyses. We entered the six measures as independent variables in one equation with informal knowledge acquisition as the dependent variable, and entered the same predictors in a second equation with informal knowledge dissemination as the dependent variable. As indicated in Table 2, both equations were overall statistically significant.

Table 2
Multiple Regression Results

| Predictor Variable | Informal Knowledge Acquisition (N=219) | Informal Knowledge Dissemination (N=219) |
|------------------------------|--|--|
| Female | -.17** | .13* |
| Education | .06 | .05 |
| Customer Contact (% of time) | .11 | .08 |
| Shared Vision | -.01 | .31*** |
| Interpersonal Trust | .14 | .05 |
| Market Knowledge Importance | .23** | .16* |
| R | .42 | .49 |
| R ² adj. | .15 | .22 |
| F-value | 7.47*** | 11.05*** |

*p<.05; **p<.01; ***p<.001

Only one of the three hypotheses relating to informal knowledge acquisition is supported, according to the results shown in the first equation. Specifically, informal knowledge acquisition is higher among respondents who believe that market knowledge is important to management. The coefficient for interpersonal trust is in the predicted direction, but not comfortably close enough to a level of statistical significance ($p=.11$). Shared vision is unrelated to informal knowledge acquisition. The first equation also reveals that male respondents have significantly higher informal knowledge acquisition scores.

The second equation lends support to two of the three hypotheses regarding informal knowledge dissemination. Respondents with a stronger sense of shared vision in their work unit tend to score higher on informal knowledge dissemination. Knowledge sharing is also significantly higher among female employees as well as those who believe that market knowledge is important to management.

DISCUSSION AND CONCLUSIONS

The results of this research lend support to the idea that employees are more likely to engage in knowledge management activities when they believe that these activities are important to organisational or departmental leaders. Previous marketing studies found that the perceived importance to management of market knowledge was associated with structural knowledge acquisition (Deshpande, Farley & Webster 1993; Kohli & Jaworski 1990). This study reveals that market knowledge importance also relates to informal knowledge acquisition as well as informal knowledge dissemination.

One explanation is that the leader's reward, punishment, or referent power influences employee behaviour, including the collection and sharing of market knowledge. A second

explanation is that leaders who value the informal knowledge acquisition and dissemination of market knowledge are more likely to provide resources that support these informal activities. For example, it is possible that leaders who believe market knowledge is important give employees more time to mingle with customers or explore other sources of knowledge. They might also provide more opportunities for employees to gather informally to share knowledge.

Shared vision was the strongest predictor of informal knowledge dissemination, but was not at all associated with informal knowledge acquisition. The reasons for these results are unclear. Perhaps informal knowledge acquisition is a more passive or natural activity whereas informal knowledge dissemination requires more active motivation guided by shared vision. Perhaps the measure of shared vision implies a stronger team cohesiveness which generates more active communication among employees. These and other possible explanations require further study.

Interpersonal trust was unrelated to either informal knowledge acquisition or dissemination. The main explanation for this may be the high zero-order correlations of this variable with shared vision ($r = .70$) and perceived market knowledge importance ($r = .49$). These intercorrelations are not so strong as to suggest the measures represent the same construct, but they may indicate a more complex association among these variables. For example, interpersonal trust might be an indirect predictor of these informal knowledge management practices through these other variables. Structural equation modelling is required to properly test this alternative view. At this stage, we can only say that interpersonal trust does not predict informal knowledge management activities when shared vision and perceived market knowledge importance are considered.

One of the more surprising observations in this study is the significant association between gender and informal knowledge management activities. Gender differences in occupational roles might explain why men have higher informal knowledge acquisition scores. Male respondents tend to hold technical positions that require more face-to-face and on-site interaction with clients, whereas female staff tend to hold customer service positions that have more remote interaction with customers. Occupational differences in gender might also explain the opposite relationship between gender and informal knowledge dissemination. Specifically, since women (in customer service roles) spend more time in the office, they have more informal opportunities to share their knowledge with co-workers. Male technical staff, on the other hand, work a large portion of their time at the customer's site, so have less chance to share their knowledge with colleagues.

Overall, this study lends support to the idea that leaders make a difference in the informal knowledge management process. Knowledge management leaders give market knowledge a high priority and ensure that employees have a shared vision of the business unit's goals. Although interpersonal trust was not a significant predictor of informal knowledge management practices, we need to conduct more sophisticated structural equation modelling before determining that this variable is unimportant.

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