Rush

Journal: International journal of knowledge culture and change management.
Citations: vol4():1795-1801 2005
Author: Sharkie, Robert edward
Title: Perceptions as trust as a determinant of the level of knowledge sharing
ISSN: 

This work was copied under licence from the Copyright Agency Limited (CAL). A licence is required from CAL for the making of further copies by any means.
Perceptions of Trust as a Determinant of the Level of Knowledge Sharing

Rob Sharkie, Lecturer in Human Resource Development, School of Commerce, Charles Sturt University, Wagga Wagga, Australia
Editors
Mary Kalantzis, Innovation Professor, RMIT University, Melbourne, Australia.
Bill Cope, Common Ground and Visiting Fellow, Globalism Institute, RMIT University, Australia.

Editorial Advisory Board
Chryssi Vitsilakis-Soroniatis, University of the Aegean, Rhodes, Greece.
Eleni Karantzola, University of the Aegean, Rhodes, Greece.
Gerasimos Kouzelis, University of Athens, Greece.
Leslie Johnson, University of Greenwich, UK.
Bruce Cronin, University of Greenwich, UK.
Martyn Laycock, University of Greenwich and managing transitions.net, UK.
Dave Snowden, Cynefin Centre for Organisational Complexity, UK.
David Lyon, Queens University, Ontario, Canada.
Krishan Kumar, University of Virginia, USA.
Claudia Schmitz, Cenandu Learning Agency, Germany.
Bill Martin, RMIT University, Melbourne, Australia.
Paul James, RMIT University, Melbourne, Australia.
Rob Brooks, RMIT University, Melbourne, Australia.
Margaret Jackson, RMIT University, Melbourne, Australia.
David Hakken, University of Indiana, Bloomington, Indiana, USA.
Zainal Ariffin, Universiti Sains Malaysia, Penang, Malaysia.
David Gurteen, Gurteen Knowledge, UK.
Verna Allee, Verna Allee Associates, California, USA.
Rod Dillnutt, William Bethway and Associates, Melbourne, Australia.
Judith Ellis, Enterprise Knowledge, Melbourne, Australia.
Kirpal Singh, Singapore Management University, Singapore.
Perceptions of Trust as a Determinant of the Level of Knowledge Sharing

Rob Sharkie, Lecturer in Human Resource Development, School of Commerce, Charles Sturt University, Wagga Wagga, Australia

Abstract

In a hypercompetitive environment, organisations need to access, develop and then incorporate the tacit knowledge of their employees into their products and services to help them develop sustainable competitive advantage.

This paper develops a model which links the new psychological contract with perceptions that the individual has of the organisation and the effect that these perceptions have on the formation of trust in the organisation.

It is argued in this paper that the level of trust is the moderator of the degree to which an individual will be prepared to share their tacit knowledge with others for the benefit of the organisation. Where trust in the organisation is high, an individual will be predisposed to share their knowledge whereas if trust is low, individuals will be predisposed to retain their tacit knowledge.

Keywords: Knowledge management, trust, human resource management, knowledge creation, competitive advantage.

Introduction

In an age of increasing global competition and the growing need to concentrate on the development of sustainable competitive advantage, management has the responsibility to maximise the value of its assets both physical and intellectual.

It is argued in this paper that it is the intangible intellectual assets of the employees that hold the key to the success of the organisation in being able to use and exploit the physical resources, systems and processes to develop a sustainable form of competitive advantage. The organisation’s success will depend on the speed at which it can create, capture, disseminate and apply knowledge and then continually learn from this new knowledge so that they can proactively handle change and develop capabilities which cannot easily be copied by rivals.

While Burton-Jones (1999) argue that it is the specialised and tacit knowledge of individuals that needs to be tapped in this process, this paper argues that the level of trust that an individual has in the organisation will help to determine whether they are predisposed to share this tacit knowledge with others for use by the organisation or whether the individual will choose to retain this knowledge. Failure to access this tacit knowledge will place an organisation at a distinct competitive disadvantage to its rivals.

This paper argues that an employee will view the organisation through their perception of the psychological contract and will determine their trust based on their perception of:

1. The HR policies and practices
2. The organisational culture
3. The social networks and communication in the organisation and as a result of this trust determination will decide if they will share or retain their tacit knowledge.

Sustainable Competitive Advantage, Knowledge Creation and Trust

Many writers have highlighted the importance of concentrating on the development of valuable and unique capabilities, rather than exclusively concentrating attention on the production of goods and services (Zack 1999, Long and Vickers-Koch 1995, Thompson and Strickland 2003). It is argued in this paper that concentration on goods and services can only provide a short term advantage at best and that it is vital to develop underlying skills and know-how and channel these into process improvement because it will be difficult to copy competencies based on knowledge, skills and attitudes and built into processes over time into working combinations in a particular organisational context. The embedded nature of these capabilities will provide an element of sustainability because of the difficulty in understanding the nature of the capabilities and hence the difficulty in successfully benchmarking them.

Organisations which aim for sustainable competitive advantage must learn how to access the knowledge of their employees. Skapinker (2002) argues that employees have huge amounts of accumulated knowledge about customer needs and wants, about the products and services and their associated production processes and also have experiences which inform them about why particular actions that the organisation took in the past were successful or failed. Accessing and then applying this tacit knowledge can provide enormous advantages over those organisations who never
discover what their people know, with Starkey (1996, p7) suggesting that the future belongs to those organisations who can ‘...create new forms of knowledge and can translate this knowledge into action via new technological knowledge embodied in products and processes’. Nonaka (1996) also supports the importance of consistently creating new knowledge, sharing it widely through the organisation and then quickly incorporating this new knowledge into new technologies and products.

It is argued that tacit knowledge, which is represented by experiences, ideas and abilities, can be held by an individual or by members of a team and is very important for knowledge creation and for the development of sustainable competitive advantage. Explicit knowledge on the other hand, although it is an important aid to increase efficiency within an organisation, it is typically of low value in obtaining sustainable competitive advantage because the more commonly available it is the greater the access to it by competitors and hence the lower the strategic value of this knowledge.

This paper argues that trust is the moderator of the degree to which an individual will be prepared to share their tacit knowledge with others and that without trust, tacit knowledge will be retained. Weick (2001) argues that this development of trust and its consequences for knowledge creation is an essential strategic element to enable an organisation to handle the unexpected and difficult problems that can occur in a hypercompetitive environment. This is supported by Stempka (1999) who argues that a high level of trust is needed to deal, in a strategic sense, with an uncertain and uncontrollable future.

The Psychological Contract

It is possible to view the relationship between an individual and the organisation through the explicit employment contract but there is also an implicit arrangement which influences the relationship. The psychological contract is an implicit agreement which incorporates the expectations that each party has of the relationship (Bowen, Gilliland and Folger 1999) with individuals viewing the psychological contract to see if it creates feelings of trust in the organisation and hence predispose them to share their knowledge with others (Sharkie 2004).

Figure 1

Trust as the determinant of knowledge sharing

Brown and Woodland (1999) also argue that individuals view the psychological contract and form a perception about the benefits and costs of the sharing of their knowledge with others. If this perception is favourable then they are likely to be predisposed towards the sharing of their tacit knowledge. Coyle-Shapiro (2002) describe this positive predisposition as organisational citizenship behaviour which is discretionary and not explicitly required and is behaviour that has the effect of benefiting the organisation. It covers such things as the sharing of constructive ideas, cooperation and the giving of loyalty.

Favourable perceptions of the psychological contract which may lead to the sharing of knowledge is, according to Bommer, Miles and Grover (2003), a practical demonstration of trust and commitment to the organisations because the knowledge given up may potentially adversely affect the individual through a loss of recognition, rewards and potentially their employment security while at the same time giving a benefit to the organisation.
Perceptions of Supportive HR Policies and Practices

One of the effects of hypercompetition has been to encourage a decline in the traditional employment relationship with its implicit conditions of reciprocity, life-long employment and a reduction in the security offered by the organisation to employees. This paper argues that a decline in employment security has important ramifications for the contribution that the individual is likely to make to the organisation. It argues that potential sharers of knowledge form a perception of the organisation, as viewed through the psychological contract, and base this perception on how they see the HR policies and practices of the organisation which express the values and beliefs espoused by top management affecting them. If this perception is positive they will be predisposed to develop trust in the organisation which in turn is likely to affect their predisposition to share their tacit knowledge.

Attempts by management to control or manipulate the level of trust in order to influence knowledge sharing are not always positively received. Sitken and Roth (1993) argue that attempts by management centred round establishing formal structures and procedures with the aim of fostering knowledge creation may in fact act to reduce levels of trust. They argue that the structures and procedures introduced may not cover all of the multifaceted constructs covering relationships and thus adversely affect the formation of close interpersonal relationships which form the basis for trust. Kaser and Miles (2002) also support the argument that management actions may impede the development of trust rather than promote it and argue that the policies and procedures established may in fact serve to limit flexibility and entrepreneurship which are critical in successful knowledge creation initiatives.

Proposition 1

Perceptions that HR policies and practices are supportive of an individual will be positively correlated with trust and knowledge sharing.

Perceptions of a Supportive Organisational Culture

Organisations have been subjected to a number of environmental changes that have had the effect of increasing the need to develop a culture which is supportive of employees and which in turn may increase the employees’ trust in the organisation. Tyler (2003) argues that the old command and control management style is no longer able to ensure the maintenance of a cooperative workforce. Downsizing and the flattening of organisational structures, the growth of teams with shared responsibility, the geographical dispersal of employees and their flexible working hours and conditions have all operated to highlight the inadequacies of the command and control systems of management to monitor and motivate. These changes have on the other hand emphasised the importance of seeking the willing engagement of employees.

Starkey (1996, p9) argues that the difficulty in obtaining willing cooperation suggests that management will need to adopt a new management paradigm that recognises the importance and value of people with an emphasis on the following: ‘...quality/value/services; faith/creativity; experimentation/fluidity; communication/formality; value/culture and adaptation/change. With this new emphasis, managers will need to focus their attention on the importance of the new intellectual labour in the creation and diffusion of new knowledge and ‘...nurture those ideas that hold the greatest capacity for organisational renewal’ (Starkey 1996 p12). This is supported by Kanter’s (1996) argument that the new management approach focused on the individual and trust, promises more satisfaction and rewards for individuals but makes these benefits contingent upon what the individual contributes rather than on what policies and procedures the organisation may implement.

Edmondson (1999) argued that it was important to create a perception that the culture of the organisation was supportive for there to be a reasonable expectation of growth of creativity and innovation. This supportiveness was considered to be critical for knowledge sharing to prosper because individuals were unlikely to share their knowledge where there was a perception that the knowledge might prove inadequate to achieve positive results or where there might be some damage to ‘self image’ from the way that the knowledge is used by others. Pfeffer and Sutton (2001 p261) have further argued that it is important for organisational success to help create, through their management practices, an environment and culture that ‘...values the building and transfer of knowledge’.

Proposition 2

Perceptions that the organisational culture is supportive of the value of the individual and of their ideas will be positively correlated with trust and knowledge sharing.

Perceptions of Opportunities to Interact in a Social Network

Goh (2002) and Davenport and Prusak (2000) both argue that the relationship between individuals has an important influence on the level of knowledge sharing and claim that the knowledge exchange process relies on personal acquaintance, reputation and expectations of reciprocity. Perceptions by individuals of the opportunities to interact with
others will therefore be an essential ingredient for the development of sufficiently high levels of trust to provide a relationship that will allow cooperation and knowledge sharing to prosper.

In an environment where there are impediments to the sharing of knowledge, it is argued that high levels of personal interaction are a prerequisite for trust to develop. Kaser and Miles (2002) argued that management must foster opportunities for workers to interact with others in spite of the competitive pressures favouring the pursuit of efficiency which in turn may reduce the time and opportunities for communication. Davenport and Prusak (2000) also argued that the requirement to foster opportunities for workers to interact was important for the sharing of knowledge and that the fostering of this opportunity was critical because knowledge is not evenly spread amongst all workers in the organisation and in addition the whereabouts of critical knowledge and who possesses it is not always known by the management team. Goh (2002) also supports the importance that should be placed on individual relationships and argued that little trust was likely to develop in circumstances where the relationship was distant or communications were difficult.

On the positive side Chami and Fullenkamp (2002) argued that where an organisation encourages and cultivates the development of trust, productivity is likely to increase as a result of increased levels of cooperation and sharing of knowledge. Newell, Robertson, Scarbrough and Swan (2002) also argue that trust is a prerequisite to establishing open communication for new ideas and new ways of doing things and that it can lead to high levels of cooperation amongst groups and individuals.

Infrastructure, technology and rhetoric on their own cannot be relied on to create the environment necessary to encourage communication flow and the sharing of tacit knowledge according to Davenport and Prusak (2000). It is social networks that are important in knowledge sharing according to Stamper and Masterson (2002) with Gardener (2003) arguing that perceptions of belonging to a social network should have a positive effect on the favourable predisposition to share knowledge. It is argued that collaboration is likely to be higher in closely knit teams where there is likely also to be a high level of mutually developed trust, but trusting relationships also develop at a personal level according to Kaser and Miles (2002) and through the sharing of interests, experiences and shared values.

It is argued that in low trust environments communications suffer and cooperation and knowledge sharing will be adversely affected. Garvey and Williamson (2002) argue that communication will be encouraged where there is openness, respect for people and trust. Using a similar approach VonKrogh, Ichazo and Nonaka (2000) argue that trust is the real basis for the effective communication of ideas and hence is a prerequisite for the development of a network of communication and hence the effective sharing of knowledge.

Newell, Robertson, Scarbrough and Swan (2002) argue that trust is the most important factor in getting effective teamwork but developing trust will be difficult because the individual team members are likely to have very varied backgrounds and expectations. These conflicting expectations may create conflict which could be good for idea stimulation and knowledge creation on the one hand, but are likely on the other to increase tensions and reduce the level of trust (Leonard-Barton 1995).

This paper argues that an employee will also determine their trust level depending on their perception of the knowledge sharing context and how they view the social networks and the level of communication in the organisation. This is in addition to their perceptions of the HR policies and practices and their perceptions of the culture of the organisation.

**Proposition 3**

Perceptions about favourable opportunities to interact in a social network will be positively correlated with trust and knowledge sharing.

**Trust in a Knowledge Sharing Context**

Trust is an important element in the decision of an individual to participate in the knowledge exchange process but trust can of course take different forms. Goodwill trust can be developed via a perception that the other party will behave in a mutually satisfying way and that they will be open and honest, rather than acting in a way which potentially may adversely affect their interests (Newell and Swan 1999, Sako 1992). Trust can also be viewed as commitment trust as under a contractual agreement and here the trust will be based on the expectation that the other party will fulfil its commitments under the agreement. The final form of trust is based on a perception that the other party possesses a high enough level of expertise or skill to be able to understand and appreciate the intrinsic value of your ideas or work and then be competent enough to be able to implement your ideas in another context.

The development of trust between individuals is a process that takes place over time and the resulting level of trust will depend on the impediments to its development. Lewicki and Bunker (1996) have argued for a three tiered development. Their first stage, called calculus-based trust, is based on small levels of knowledge of the other party and as yet undeveloped expectations of the trust that might be offered by the other party. The second phase is characterised by clearer expectations of a more reliable association with another party which is less likely to be upset by smaller impediments to the
relationship. The final stage is where the two parties fully identify with each other and by mutual consent are able to share their knowledge. Jones and George (1998) also support the notion of a staged development of trust with conditional trust initially developing and each party extending their knowledge of the other. Trust will grow provided there are no severe impediments to the relationship such as significantly different values and beliefs and may move into an unconditional trusting relationship involving an increase in cooperation, the frequency of the display of similar behaviours and increases in knowledge sharing.

Noe, Colquitt, Limmering and Alvarez (2003) argue that trust can be best understood in terms of placing oneself in a position of vulnerability to another person and that the sharing of knowledge will depend on the willingness of an individual to trust and place themselves in a position where they are vulnerable to the actions of the other party. This is supported by Mayer, Davis and Schoorman (1995) who also argue that an individual’s perception that the other party will respond in an equitable manner will be the basis of trust because this shows their willingness to be vulnerable to the actions of the other party.

In a similar way Newell, Robertson, Scarbrough and Swan (2002) present trust as the psychological mechanism by which an individual will perceive the level of risk and uncertainty in making themselves vulnerable to another party, in such areas as self efficacy, reputation and financial position, by entering into a sharing relationship with others. By trusting they are acknowledging an acceptable level of risk of hurt to themselves. O’Malley and Tynan (1997) also argue that trust is related to the perception or belief that the motives and intentions of the other party are honourable and that they can be expected to behave with integrity while Gambetta (1988) argues that trust means that there is an implicit belief that the other part will behave in a manner which is beneficial and that the likelihood of detrimental effects will not be so great as to stop cooperation.

The notion that trust is moderated by perceptions about the risks and dangers in sharing knowledge leads Edmondson (1999) to argue that the perception of a psychologically safe environment is a prerequisite to cooperation and the sharing of ideas. In a similar way Creed and Miles (1996) argue that trust is about expectations of beneficial effects which are strong enough to allow an individual to feel safe and unthreatened about cooperating and sharing knowledge with another. Bijlsma and Koopman (2003) further argue that trust is really a reaction to the perception of the quality of the relationship between two parties with DeLong and Fahey (2000) supporting this notion arguing that willingness to share knowledge will be moderated by the perceptions of the degree of teamwork evident in the organisation.

The development of trust and the sharing of tacit knowledge are essentially intrinsically motivated activities and hence management initiatives to encourage these activities may be counterproductive as trust and knowledge sharing become part of the job expectation. Kaser and Miles (2002) argue that this makes individuals subject to extrinsic motivation and this will mean that they lack the encouragement that can come from the intrinsic motivation flowing from something that is seen as being of value to the individual. Miles, Snow and Miles (2002) similarly argue that the imposition of traditional reward structures by the organisation to encourage trust and knowledge sharing removes some of the intrinsic rewards that can come from knowledge sharing. They also argue that at an organisational level, management initiatives to capture and use the knowledge of the employees and incorporate this into the organisation’s services or products may suggest a priority on the use of existing knowledge at the expense of encouraging knowledge creation and the innovation that can flow from new knowledge.

**Conclusion**

This paper has argued that individuals form perceptions about an organisation by viewing the organisation through the implicit psychological contract and as a result decide if they trust the organisation. They form: (i) perceptions about the HR policies and practices which they see as reflecting the values and beliefs of top management; (ii) perceptions about the supportiveness of the culture of the organisation; and (iii) perceptions about the opportunities to interact in social networks.

In this paper it is argued that trust is an important factor in the knowledge exchange process because, without trust, individuals will not be prepared to give up their knowledge for use by others. On the other hand in a high trust environment individuals are likely to be predisposed to act cooperatively and share their knowledge (Gardener 2003). Fiol (2003 p84) argues that trust is having confidence in the integrity, character and ability of another person and that without trust in a social relationship knowledge will be withheld and protected rather than being shared and that when the level of trust is low ‘...people are gripped with worry and fear and use their energies to protect themselves and limit personal involvement’. Despite this, Fiol (2003) argues that trusting relationships cannot be directly managed because these trusting relationships come from the informal social interactions in organisations but that management must encourage the development of a culture where openness, trusting and sharing are valued ideals.
Individuals make decisions about trust based on their perceptions about the HR policies and practices, culture and social networks by considering:

1. how they have been treated by the organisation, management and other employees;
2. whether they perceive that these parties have been fair, kept their promises and met their obligations; and
3. whether the parties can be trusted to fulfil their promises and obligations in the future.

If their perceptions of trust are positive then they will be predisposed to share their knowledge with others whereas if the perception of trust is negative then they will retain their tacit knowledge.

Three propositions have been developed in this paper about perceptions that individuals have of the organisation which influence their decisions about developing trust and in turn their decision to share or retain knowledge. These propositions now need to be empirically tested.

Bibliography

Kanter, R. (1952) Tension between corporate flexibility and security, Unions push for security: Knowledge can’t get higher wages.
Perceptions of Trust as a Determinant of the Level of Knowledge Sharing


About the Author
Rob is a full time lecturer in the School of Management at Charles Sturt University Wagga Wagga and has a strong background in management, having worked in senior executive positions in large public companies and then opening and developing his own very successful chain of retail electrical appliance outlets. His research interests are in the management of knowledge and the facilitating of knowledge creation and in particular the contribution that knowledge can make to the development of sustainable competitive advantage.