Knowledge Sharing: Organizational Culture And Transformational Leadership

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ABSTRACT:

In existing study, relationship among organizational culture, transformational leadership and outcome such as knowledge sharing has been identified. Theoretical framework was proposed to explain the impact of both organizational culture and transformational leadership on knowledge sharing. Data collected from banking sector in Pakistan with a sample size of 116 responses from independent measures. In order to test the theoretical model, multiple linear regression analysis was used leading to hypotheses to be tested. The findings depict that organizational culture and transformational leadership have a positive influence on knowledge sharing in organizations in the banking sector of Pakistan. Organizational culture and leadership style both play a vital role in promoting knowledge sharing activity among the employees.

Keywords: *Organizational culture, Transformational leadership, Knowledge management, Knowledge sharing*

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1.   Introduction

Knowledge management is not a plain system but includes knowledge generation, storage, representation, and also sharing. Usually cultural factors influence upon the features and functions of knowledge management (KM) (Branch, 1997). Current research on organizational learning and knowledge creation signifies that knowledge sharing is profoundly influenced by cultural values of organizational employees (Hutchings and Michailova, 2004; Hofstede, 2001). Without sharing knowledge, all the specialized resources and capabilities of business network members are useless. Thus, knowledge sharing is a critical for relative competitiveness of any organization (Hakansson, 1993). However, Culture is a very complex phenomenon (Swidler, 1986). There are various cultural layers in which national culture, organizational or business culture and professional culture are more prominent. All cultures have profound affect on an individual's behavior in a specific context (Kale, 1996).

The circulation of knowledge creates a knowledge flow that, through various processes of transformation creates new knowledge that, when applied creates essential competitive advantage for the organization (Nonaka and Takeuchi, 1995). For that purpose, the presence of good leadership is also required to enable the organization to integrate, share and use this knowledge innovatively. Leadership style has been highlighted as a strategic factor influencing innovation and knowledge sharing (Nonaka and Takeuchi, 1995). Transformational leadership, unlike transactional leadership, stimulates innovation and knowledge sharing among the employees of their organizations (Howell and Avolio, 1993). Transformational leaders encompass charisma, inspiration, intellectual stimulation and individualized consideration for their employees (Bass and Avolio, 2000). Such type of leaders encourages explicit communication networks and a spirit of trust, enabling transmission and sharing of knowledge (Slater and Naver, 1995). Leadership is often expected to play a major role in knowledge-intensive organizations. While it has become a commonplace to claim that leadership is more important in knowledge creation, sharing, and exploitation than management, the nature of this claim is seldom analyzed in the context of management of research organizations.

Thus, in this research it is tried to identify the cumulative impact of cultural factors as well as transformational leadership style on the knowledge sharing in the organization. In this study Pakistani organizational culture is focused and specifically sample from banking sector is taken for study this relationship.

There are two research questions that are endeavored to explore, which are:

1. Does organizational culture influence knowledge sharing?

2. Does transformational leadership promote knowledge sharing activity?

2.   Literature Review

2.1.   Organization Culture And Knowledge Sharing

Sharing of knowledge requires active interaction among individuals (Wenger et al., 2002). Knowledge sharing thus refers to sharing not only codified information, but also beliefs, images, experiences and contextualized practices that are personalized information (Ambrosini and Bowman 2001). Through this sharing among the organizational members mutual understanding can be developed (Nonaka and Takeutschi, 1995). Cultural factors influence to the communication and success potential of an organization (Brouthers et al., 1995). As different cultural layers exist in which national culture, the organizational and the professional culture are included. The focus of this study is toward organizational culture. Culture focuses on the important understandings of shared norms, values, attitudes and beliefs among the employees. Culture interacts with knowledge sharing in different ways. It identifies what is the worth of knowledge which is exchanged among the employees. It defines the relationship between employee knowledge and organizational knowledge how much they are dependent on each other (Karlsen and Gottschalk, 2004). Wulff and Ginman (2004) argued that the organizations that encourage knowledge-sharing work environment then the employees of those organizations have a propensity to share ideas and insights because they believe that knowledge sharing as a natural part of their job function, rather than they are being forced to share ideas and knowledge. Organizations that desire to improve their knowledge sharing efforts should endeavor to strengthen an environment for employees where they can share ideas and knowledge (Janz and Prasarnphanich, 2003).   There are different organizational cultural factors that differ across organizations and they impact knowledge sharing (Bures, 2003). More prominent factors which identified are trust, collaboration, empowerment, politics, power and autonomy. The organizations ability to cultivate and reinforce them will positively force employees to share with others (Delong and Fahey, 2000). Nonaka and Takeutschi (1995) believed that an autonomous individual endeavors for personal development thus increasing the probability of personal growth, knowledge creation and knowledge sharing.

A framework for the implementation of a knowledge management system is consist of three layers in which one are enablers (as the topmost layer), levers (as the middle layer), and foundations (as the bottom layer).The focus of this paper is top layer which is consist of enablers. At the top layer of the framework are the enablers. In the first layer organization's structure, culture, leadership and environment are included that encourage knowledge development and sharing. Without these enablers knowledge sharing will not be promoted in the organization (Uriarte, 2008).

Culture is essential component of any organization because it can significantly influence the attitudes and behaviors of employees. As a result, culture directly affects the knowledge sharing process in organizations (House et al. 2002).

On the basis of above arguments following hypothesis is generated:

> *Hypothesis1: Organizational culture of an organization is positively related with knowledge sharing.*

2.2.   Transformational Leadership And Knowledge Sharing

There are various approaches that can be very useful to motivate people and implementing the plans of an organization. In these numerous approaches one prominent approach is effective leadership. Leadership is often projected to play a major role in knowledge creation, sharing, and exploitation than only management in organization. Leadership is the processes of creating opportunities for an organization.

There are different approaches of leadership including transactional and transformational. Transactional leadership uses the approach of economic exchange and they are not concerned with individual consideration. In contrast, transformational leaders are seen as effective in four important respects: charisma, inspiration, intellectual stimulation, and individualized consideration (Bryman, 1992). Bass (1985) gave the transformational leadership theory and elaborated those four factors that are characteristics

of transformational leadership, which are following: in *idealized influence* employees or followers have blind trust on their leaders; *Inspirational motivation* leaders motivate to employees to do the best job; *intellectual stimulation* leaders support the employees to think in new dimension and take part in organizational decision making; *individualized consideration* leaders treat all the individuals or employees on equity basis.

Transformational leaders have ability to expressively involve their employees in different matters of organization (Humphrey, 2002). Understanding of task importance motivates people to do better work. As Knowledge sharing is the process of transferring information among employees of an organization and developing the capability of its employees for better performing their jobs. In knowledge sharing process, people are the main entity. Knowledge retains in the mind of individuals. Knowledge sharing starts at the individual level, and expands to the group level and then at organizational level. Such a process facilitates the exchange of working experiences, technical know-how between and among individuals. As effectiveness of knowledge sharing is dependent on many factors, among them leadership style is the most important (Xiong and Deng, 2008). Leaders are the persons who established a culture that respects knowledge, reinforces its sharing, retains its people, and builds loyalty for the organization (Bollinger and Smith, 2001).

Leaders are not ultimate source of knowledge they are persons who encourage knowledge sharing. They have ability to facilitate the environment for value-creating knowledge for the potential organizational uses. Now the issue is what kind of leadership behavior would be appropriate for knowledge intensive organizations (Bukowitz and Williams, 1999). Politis (2001) has identified that transformational style is positively correlated with knowledge sharing of employees. Transformational leaders facilitate the search for new opportunities, establishment of a common vision, and guidance of their employees. For searching new opportunities employees' responsibilities will be increased and their knowledge sharing passion automatically boost up (Bass, 1999). The good leader can understand how much the organization's members have significant intellectual capacity and tacit knowledge, which can be used during work. Transformational leaders guide others' to make effective intellectual decisions based on their knowledge (Senge et al., 1994; Nonaka and Takeuchi, 1995).

A framework for the implementation of a knowledge management system is consisted of three layers as it is mentioned above. In this top layer leaders are at the top layer who have crucial role in knowledge sharing. Thus, transformational leaders have main role in knowledge sharing. It can be hypothesized:

Hypothesis 2: Transformational leaders positively influence to knowledge sharing.

On the basis of above literature we developed a model which is shown below in Figure 1.
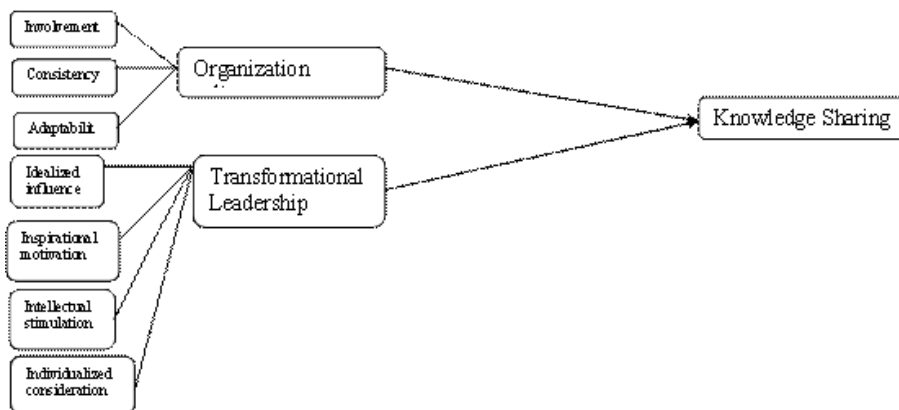
Figure 1: Proposed Model

3. Method

3.1. Data Collection And Sample

The data collection was done through onsite administration of a survey to employees who were working in various banks. Random sampling technique was used for data collection. Employees were sent covering letters in which it was mentioned the purpose and scope of the study and it was assured that their responses would be retained completely confidential. Total 200 questionnaires were distributed. Out of 200, only 116 usable responses were received. Thus, total response rate was 58%. Respondents' minimum age was 22 years, and maximum age was 54 years. 18% were female and 82% were male. All three levels of management were included in the respondents. The tenure of employees was ranged from one year to 30 years.

3.2. Measures

English is the official language for correspondence in all offices of Pakistan. For that reason, in the questionnaires all the questions were written in English language (Raja and Johns, 2010).Self-report questionnaires were used for all the measures. All variables were rated on 5 point likert scale. Responses were ranged from 1 which depicted "strongly disagree", 5 "strongly agree". All the items in questioners were averaged to form overall scales.

3.3. Independent Variables

Organization Culture Survey items were based on three cultural traits. There are four cultural traits out of which three cultural traits have been selected in which involvement, adoptability, consistency and mission are included. The items of culture traits are drawn from the Denison Organizational Culture Survey by making some amendments according to the culture of Pakistani organizations (Denison and Mishra 1995, Denison et al. 2002). Organizational culture was calculated through averaging the responses to the three traits (involvement, adoptability and consistency). The reliability of this scale was .82.

Transformational leadership Bass and Avolio (1996) Multifactor Leadership Questionnaire was used to examine transformational leadership construct. Total 12 items were included for checking this leadership style. To reduce the biasness of results many modification were done in questionnaire and employees reported about the traits of their boss as well as questionnaire was also filled by higher authorities also. Thus, the response was attained from all level of organization. The reliability of this scale was .71.

3.4. Dependent Variable

Knowledge sharing Four items scale of Bock and Kim (2002) was used for measuring knowledge sharing. It is widely used measure. The reliability of this scale was .78.

Control variables one-way analyses of variance revealed significant differences in mean values of dependent variables across income level ($F = 6.41$, $p < .01$). Four dummy variables were created to control for effects of income level. Similarly, differences existed across education levels ($F = 2.71$, $p < .01$). Therefore, an effect of education levels was also controlled by creating four dummy variables. There were no differences in responses across other variables such as gender and age.

3.5. Results

Table 1 shows the descriptive statistics and correlation among the variables. Following observed correlations did not depict any unexpected association. As expected, organizational culture and transformational leadership are positively related with knowledge sharing.

Table 1: Mean, Standard Deviation, And Correlations

	Mean	S.D	1	2	3	4	5	6	7	8	9	10	11
1.Age	32	4.0											
2.Gender	1.6	.45	.2***										
3.Occupation	4.9	.20	.24**	.15***									
4.Income level	3.0	4.4	.41***	.25*	.22**								
5.Education	3.2	.81	.38*	.28**	.27***	.31***							
6.Designation	2.2	.41	.17**	.38***	.29*	.11**	.45**						
7.Tenure in current organization	6.5	2.0	.35**	.14*	.15***	.32***	.34*	.11***					
8.Total Experience	8.0	4.8	.23***	.25**	.30***	.37*	.51**	.34***	.41*				
9.Organization culture	5.0	.70	.45**	.45*	.45***	.21**	.36*	.41***	.33**	.31***	(.82)		
10.Transformational leadership	4.8	.63	.22*	.26***	.25*	.56*	.11***	.34*	.54**	.30**	.41**	(.71)	
11.Knowledge sharing	4.2	.40	.45***	.38***	.20*	.17*	.32**	.31*	.44**	.41*	.52***	.14***	(.78)

N=116; alpha reliabilities are shown in parenthesis. ***p<.001, **p<.01,*p<.05

For testing of hypotheses multiple linear regression applied. Control variables entered in the first step followed by the organizational culture and transformational leadership in the next step. Results of the regression analyses presented in Table 2 show that organization culture and transformation leadership was significantly related with knowledge sharing respectively (β =. 40, p <. 05), (β = .54, p < .001).

Organizational culture explained 16% variance in knowledge sharing (ΔR^2=. 16, p < .05), 11% changed incurred in knowledge sharing due to transformational leaders (ΔR^2=. 11, p < .05). These results provide good support to hypotheses 1, 2.

Results of regression analyses for the main effects have shown in Table 2.

Table 2. Result Of Regression Analysis For The Main Effects Of Organizational Culture And Transformational Leadership On Knowledge Sharing.

	Knowledge Sharing	
Predictor	**β**	**ΔR^2**
Step 1		
Controls		.5***
Step 2		
Organization culture	.40*	.16*
Transformational leadership	.54***	.11*

N=116; Control variables are income level of employees and educational level.***p<.001,

**p<.01, *p<.05.

4.   Discussion And Conclusion

Organizational culture, transformational leadership and knowledge sharing are important variables in Knowledge Management research but their relationship is not checked in this way. Culture is considered as important variable in knowledge management research but specifically organization culture have never get due attention. As well at broader level leadership style is considered important construct for knowledge sharing but specifically transformational leadership is not highlighted in proper way. In this study, impact of independent constructs organizational culture and transformational leadership is checked on knowledge sharing. A theoretical background is developed and on the basis of that background these relationship is checked in a new cultural setting using a sample from different organizations but from same sector to find out that hypotheses is supported or not. Both of the hypotheses were supported very well. According to literature support both constructs are positively related with knowledge sharing of employees in organization. Due to organizational culture factors knowledge sharing will be boosted up.16% variance is shown in the knowledge sharing due to organizational culture. As well as transformational leadership role in knowledge sharing is also not ignore able, ΔR^2 is .11, which shows strong positive variance in knowledge sharing. Both of the questions are answered very well, which are asked in start.

These results depicted that organization culture and leadership style plays pivotal role in knowledge sharing activity of an organization. That knowledge can be considered important source to get competitive advantage in any organization. These elements should be kept in mind by the organizations. This is the best way to flourish for them.

5.   Limitation Of The Study

Due to time limitations, response rate is low. If response rate was higher then better results could be derived. Secondly, data was collected from only one sector, which was banking sector of Pakistan this limited sample result cannot be generalized in every sector. Thus, for enhancing scope of the study more sectors should be the part of study.

6.   References

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