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Savolainen, Taina

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Trust and knowledge sharing in service business management

Prof. Taina Savolainen 1
Business School, University of Eastern Finland, Joensuu, Finland
taina.savolainen@uef.fi

Abstract: This paper discusses trust and knowledge management in service business involving tourism organizations. The focus is on the managerial perspective of knowledge and trust. In management, interpersonal trust has become an important intangible resource for collaborative activity in intra-organizational work relationships. Trust plays an important role in knowledge sharing in organizations. Service business and tourism industry universally involves a relational aspect, people orientation, and sharing signifying interaction skills that are essential in building trust. Studies of sharing of knowledge, and especially tacit knowledge in the service and tourism business context are scarce so far. The digital era make major changes in knowledge processes by technology-mediated management altering the ways, frequency and time of interaction in workplaces. The paper discusses trust and knowledge sharing presenting an empirical case vignette of trust in tacit knowledge sharing. Trust belongs to intangibles, human intellectual capital forming a foundation for collaboration in organizations that facilitates knowledge management processes. In intra-organizational context, which is the focus of the paper, trust or lack of trust may drive or hinder sharing of knowledge between individuals and within groups. The paper aims to bring the view of trust and knowledge management (sharing) into discussion in the service management context. The case vignette illustrates real life management practices of knowledge sharing in the service company representing inter-personal level of trust and a group level activity. Management of knowledge sharing process and elements affecting sharing are described. Implications are made to knowledge management, trust, and sharing practices.

Keywords: inter-personal trust, group relationships, knowledge sharing, management, service organizations, tourism

1. Introduction

Management in organizations increasingly involves knowledge processes, as dependence on knowledge creation and sharing strengthens in the service economy. The paper deals with the role trust plays in knowledge management processes focusing on knowledge sharing. The aim of the paper is to add to discussion and research on how trust and sharing of knowledge are related in the services and tourism management context. Knowledge resources are largely intangible, human and intellectual (Dumay and Garanina 2013, Vasilache 2008). Managing intangibles in tourism and other service organizations signifies customer service knowledge and skills, e.g., employees with highly skilled in communication and sensitiveness to recognizing customer needs. In tourism business, significant benefits from knowledge sharing may be gained in certain businesses such as hotel chains, as they deliver consistent service to dispersed units around the world. The tourism and hospitality industry form a wide net of value chains challenging businesses to develop knowledge networks (Musulin et al 2011).

‘People orientation’ in tourism business organizations places focus in relationships, communication, but also fast changing technology. As to management and leadership skill development, Ladkin and Weber (2011) found the two key trends of continuous change and technology development that employees identified for leaders to be improved. Sharing knowledge in organizations commonly depends on management and culture that form practices for everyday knowledge management processes. Trust belongs to intangibles, facilitating resource in organizations (Ebert 2009, Lopez-Fresno et al 2018) that may drive or hinder sharing of knowledge at the interpersonal level, i.e., within and between individuals and groups. Trust forms a foundation for collaborative activity and needs interaction to build (Savolainen 2008, Vasilache 2008, Rousseau et al 1998). Trust becomes more and more important in digital and technology-interconnected knowledge economy where cultures of communication, and ways of sharing knowledge between individuals and groups undergo change. Service organizations become more and more engaged in complex, non-routine, and virtual knowledge processes and projects. In that context, management of knowledge sharing, in particular, requires trusting relationships for functioning, open interaction (Savolainen 2008, 2013).
While digitalization provides huge opportunities to serve and meet customer needs in tourism, e-leadership challenges leaders’ work and skills requirements (Savolainen 2014). New competences and skills are needed in e-world (Savolainen 2014). A challenge that strikes leaders most is building and sustaining trustful climate in technology-mediated management environment with decreasing f-to-f human interaction (Savolainen, 2018). Collaboration pays off, as Smirnova et al (2017) depict, varies according to its timing affecting the sustaining of trust. Frequency in communication, contacts, and sharing are the keys for maintaining trust. Pertaining to tourism business transformation, the sharing economy concept has emerged growing fast (Heo 2016). While sharing may be as old as time itself, the sharing economy have developed at the Internet age (Belk, 2014). User-generated service content (e.g., Facebook) enriches individuals’ experiences, and may increase ways of sharing (Heo 2016). This implies that both trust and sharing of information and knowledge play a more important role in managing collaborative knowledge processes in future.

In tourism sector developments, Kvistgaard and Hird (2017) highlight the interpersonal view of trust. Referring to interpersonal skills, for example, in destination development. As to needs for recognizing and implementing soft elements such as trust, in tourism policies, plans and strategies, Kvistgaard and Hird (2017) discuss about essential interpersonal skills in tourism development. The authors depict, using destination development as an example, that it is a complex activity based on interpersonal skills and psychology focusing on interpersonal understanding. While strategy processes might be general and linear, every place is different, and deep insight into the cultural and identity level is necessary and fruitful to the process. Essential skills in development processes relate to trust that takes time to develop and be utilized properly. When the tourism sector undergoes rapid change, new skills, technologies, organization forms, and customer demands need to be developed (Kvistgaard and Hird 2017).

2. Trust in service management

2.1 Concept of trust

In managing organizations, trust-based relations imply managers’ credibility, fairness and competence with good intentions and benevolence for accomplishing goals. Trust forms a foundation for collaboration and social order in businesses facilitating knowledge and information sharing. Trust generates social (cultural) capital, affecting organizational climate and fostering learning (Lewicki et al 2006).

Trust as social and culture-related phenomenon is conceptually complex, multi-disciplinary, -dimensional and multilevel (between individuals, groups, and organizations/institutions). In the knowledge era, trust belongs to important human asset and skill in workplaces (Lopez-Fresno et al 2018). A cross-disciplinary agreement prevails around ‘confident expectations and a willingness to be vulnerable’ (Rousseau et al 1998, among others) and risk taking as antecedent for trust formation (Mayer et al 1995). This paper adopts a relational view of trust composed of rational, cognitive and affective components.

Interpersonal trust develops within different kinds of relationships between people gradually over time through interactions (Mayer et al., 1995) and by communicating, sharing which occur today’s business and management more and more technology-mediated (Savolainen 2014). Pertaining the relational view on trust, it involves expectations on showing trustworthiness in relationships. Trust-based relationships involve the individual’s feeling of being competent, a feeling of safety and caring, a sense of autonomy and empowerment, consistency and fairness, and congruence in the values of an individual and the organization (Savolainen, 2009). For management, trust is everyday concern, i.e., how it is built and sustained, what are the antecedents and consequences of trust or distrust. Managing the building and sustaining of trust at the interpersonal level is largely about dealing with relationships (communication & interaction).

2.2 Knowledge management and trust in digital era

Knowledge has been defined as a flowing mixture of experience, values, contextual information and expert insight that provides a framework for evaluating and incorporating new experience and information (Davenport and Prusak 1998). Back of the decades, knowledge was seen to existing inside the organization, and not deliberately as a management issue. Currently, knowledge as a part of managerial work has been clearly acknowledged (Lyles and Easterby-Smith 2011, Vasilache 2008) Knowledge belongs to strategic level
management in organizational processes. Knowledge is utilized as a crucial resource for innovations and competitiveness raising enormous interest in both academia and business life during the past three decades or so (Nonaka & Takeuchi, 1995, Davenport & Prusak, 1998, among others). As to theory development, Nonaka and Takeuchi (1995) have developed the theory a step ahead by the two distinct types or nature of knowledge, tacit and explicit.

In the e-context, knowledge processes and their management undergo change and e-leaders encounter challenges in skills requirements. Technology-mediated interaction (TMI) speeds up the flow of information and while improving work performance it creates time-consuming issues for leaders. e.g., misinterpretations due to less communication and missing or lacking information (Savolainen, 2014).

In e-relationships, trust is created in a more intensive way and shorter time (Avolio and Kahai, 2003, Savolainen et al, 2018). Yet, TMI takes much leader's time. The organization's support to e-leaders is important even though the findings showed it was quite low or even lacking (Savolainen, 2014). Face-to-face meetings in employee side were highly expected as a fruitful and intensive way to interact, and build trust. TMI alone was not sufficient for followers. Managerial challenges appeared in mediating, receiving and dealing with emotions in the troublesome work situations. Moreover, getting overall picture of the subordinate's everyday life with its "joys and sorrows" was challenging due to fragmented interaction, which affected trust. Worth noticing is that employees expected f-to-f contacts, 'shared moments' (even a brief phone conversation worked) finding them highly necessary, meaningful, appreciable, for building and sustaining trust (Savolainen, 2014).

In the tourism sector, the intangible nature of the product highlights the quality and frequency of interaction between customers and employees in meeting their needs. Thus, knowledge management (KM) may intensify the influence of digitalization. Companies may gain real benefits from KM by encouraging knowledge sharing across the organization, which would improve the quality of output service (Musulin et al, 2011).

2.3 Trust in knowledge sharing

Defining the two types of knowledge, explicit and tacit, in their classic work, Nonaka and Takeuchi (1995) depict tacit knowledge consisting of intuition, feelings, perceptions and beliefs deeply embedded in the ways of thinking, talking, and working. It is complex to articulate and express, and hence challenging to elicit, convert, transfer and share between people. Due to its complex nature and challenges of conceptualization, tacit knowledge and its sharing has been more scarcely studied than explicit knowledge and its sharing (Musulin et al, 2011).

Trust is seen as antecedent of knowledge sharing. Giroux and Taylor (2002) present a reflective (constructivist), view of converting knowledge. They suggest that tacit knowledge is not converted to explicit but is a creative process of knowledge instead. Therefore, conversion of tacit to explicit knowledge reflects in fact the specific modes of tacit knowledge production that are characteristic of the culture/community (context). The authors identify this as dynamics of knowledge. In knowledge sharing, dynamics of managing knowledge may develop a creative way and key process where trust and trusting in interpersonal relationships support 'creative conversion'. Trust increases creativity and may become a critical facilitating resource in sharing of information and knowledge (Savolainen, 2009, Savolainen, et al, 2018). Respectively lack of trust and low sharing may work vice versa hindering knowledge sharing.

Culture has a recognized influence on diversifying multicultural business (Fulmer and Gelfand, 2012). In tourism business, TeYang (2007) presents findings of organizational culture study with the focus on collaboration and leadership roles in Taiwanese international tourist hotels. A strong, positive relationship between a collaborative culture and the effectiveness of knowledge sharing was found. Supporting leadership roles (facilitator, mentor and innovator) positively affected knowledge sharing, while monitoring role and knowledge sharing showed a negative relationship.

As trust is traditionally created in f-to-f interaction, technology-mediation changes the types and frequency of trust-building (Savolainen, 2014). Active interaction contributes to work climate, which is commonly manifested
in fruitful collaboration and performance. The group level study of the project (Koskinen et al 2003) suggests that face-to-face interaction of employees reinforce sharing. Moreover, language, mutual trust and physical proximity affect knowledge work in the project group context. For sharing tacit knowledge, people need good grounds, motives and managerial support. Leaders may act as role example by building trust, and sharing knowledge openly.

Trust in workplaces, and at group level is largely based on task roles (role-based trust). Sharing experiences and learning from prior projects increase opportunities to continuing sharing of tacit knowledge (Koskinen 2001). Intra-project culture supports informal interaction between group members and for reinforcing the common values. This strengthens tendency to share tacit knowledge (Koskinen 2001). Trustful working environments are mentally open, manifested, for example, in appreciation of one another’s expertise and work, and physical open spaces, such as open-office layouts.

Trust affects sharing of tacit knowledge in many ways in interpersonal relationships. High-level trust decreases conflicts between individuals and between group members, releases emotional energy and cognitive resources for performing core tasks more effectively. Members can trust in each other’s good intentions and motives without suspicions and time taking out-work transactions caused by confrontations. Trust may result in economic gains, as transaction costs decrease and conflicts be avoided or at least solved more constructively and effectively.

In tourism management, trust building and sustaining has two-fold impact on both internal and external relationships (employees and customers). The dynamics between internal and external signifies intra-organizational trust (employee) reflecting in inter-organizational trust (customer relationships). As an example, the study of managing customer focus and, more specifically, listening to customers (Savolainen 2010) reveals a need for sensitive mind-set from business managers to listen and understanding ‘customer mind’ and specific expectations on relationships. It is about dialogue and sharing when the genuine customer care may form a foundation for building trusting relationships. Currently, social media plays a more visible role in tourism business implying needs for strengthening trust among users (see e.g., Tussaydiah and Pesonen 2017 of Airbnb), which influences open knowledge sharing.

3. Empirical case vignette
3.1 Methodology and data
Case studies form an important method in organizational research, and vignettes represents certain aspects of real-world, resembling contexts encountered by the participants of empirical studies. Vignettes provide a valuable technique for exploring people’s perceptions and meanings about specific situations. The technique could be used in isolation or as part of a multi-method approach (Hughes and Huby 2004). Relationship between belief and action must be taken into account, which is well possible in qualitative data. In this paper, the case vignette (a short story) describes real life practices of the role trust plays in knowledge management, more specifically sharing knowledge in a service organization. The vignette is developed from the case study material from participants in the case study based on interview data of what knowledge management and trust. It is well related to the topic of the paper focusing on the managerial perspective of trust and knowledge management. The vignette adds to Musulin et al (2011) study of the importance of trust in knowledge sharing and eliciting in tourism business by providing insights into management of knowledge sharing at the group level in a service organization and revealing the elements affecting knowledge sharing. The interpersonal level view of trust illuminates workplace relationships between colleagues and in manager in the group.

The case data material is described in the form of vignette (Hughes and Huby 2004) developing the data and written material into a short story from the real life case (Savolainen, 2008, cont. 2009). The material contains thematic in-depth interviews with workers of a project group including a project manager, and written material from the company. All interviews were recorded and transcribed. The SME company operates in service business. Management and structure is organized by project groups working with projects of varying time frame. Qualitative methodology was chosen giving the abstract topic and gaining more understanding of the topic.
3.2 Sharing tacit knowledge - description

Knowledge management in the group is manifested in the level of interaction and as an ability to collaborate, manage entities, and knowledge resources and base, i.e., meeting the need for the type of knowledge that is needed. Tacit knowledge is manifested in sound practical capability and skills. Many methods were used in sharing tacit knowledge: interactive verbal advising, modelling, joint problem solving, guiding to learn, job enrichment, and newcomers’ initiation into the company which was important in trust building. Sharing of knowledge is a process starting from identifying key knowledge needed, the individuals in need, and choosing methods of sharing. Sharing knowledge occurs through face to face interactions within the group and leads to utilizing of knowledge.

Trust supports sharing of tacit knowledge manifested in the dynamics and functioning of relationships between group members. The group manager played an important role in managing group dynamics that affected functioning relationships between members. Communication skills and individual behaviour differences also affected the sharing process. All affecting issues influenced even other process issues such as a motive for sharing and storing of knowledge, as well as professional development. Moreover, abilities, skills and motives to collaborate had at least partly influence on daily working process, success of projects, and goal achievements. Individuals showed building and sustaining of trust in the group through their continuous behavioural choices such as keeping the ‘deals’ and promises communication skills training.

The group manager influenced on active sharing of tacit knowledge, which led to the success of the project evaluated as quality and work performance. Trust affected the motive and openness of sharing knowledge influencing the dynamics and functioning of group relationships. In conclusion, the sharing process reveals organization- and individual-related issues and factors in a combination (see Figure1 below).

4. Summary, conclusion and implications

This paper discusses knowledge processes, sharing, and trust from the service management perspective. The paper illustrates the role trust plays in tacit knowledge sharing in the service business context in the form of empirical case vignette. Trust in knowledge processes, specifically in knowledge sharing, represents a key driver in developing open atmosphere, free flow of ideas and sharing of knowledge. The paper highlights recognizing of intangibles (trust and knowledge) and their management as important in the knowledge processes of service business involving tourism organizations.

In summary, the empirical case vignette illustrates the managing and sharing of tacit knowledge. The group manager supported skills development and the knowledge process caring for interaction and communication between the group members. The manager sustained cooperation and synergy by mutually beneficial interaction and communication between individuals. Trust played an important role in the group members’ relationships influencing the motive, amount of and fluency of sharing tacit knowledge. Further, sharing increased openness having positive influence on trust and the dynamics of group relationships. They manifested in functioning inter-personal relationships within the group clearly depending on mutual trust, while also some lack of trust appeared between work fellows. Several individual-, organization- and management-related elements and factors were identified that influenced the process of sharing knowledge. The sharing process occurred by several methods in an interactive process between group members. Processual nature of sharing knowledge emerges, which is an interesting notion in the empirical sense. By concluding, the case vignette highlights functioning (trusting) group relationships and the management of group dynamics as the key drivers for open sharing. They also supported professional skills development of group members in the knowledge process.

Finally, digitalization remarkably transforms management of service and tourism organizations by decreasing f-to-f interaction. Trustful workplace climate has traditionally developed through facing interactive communication. Managing intangibles, trust and knowledge, more effectively implies the need for interpersonal communication and technical skills development in managerial leadership. In further research, qualitative empirical research on trust and knowledge management in tourism organizations would benefit from contextual studies to gain deeper understanding of trust and knowledge management in both traditional and new emerging businesses.
Figure 1: Trust and tacit knowledge sharing in the service organization: Key affecting elements at group level.

References


