Chapter 6
Knowledge Sharing among Employees in the Manufacturing SMEs

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ABSTRACT

Large companies dominate in knowledge sharing initiatives; however, evidence suggests that more small and medium sized enterprises (SMEs) are deploying knowledge strategies to attempt to leapfrog the competition. However, studies on SMEs and knowledge sharing in Malaysia remain scanty. This paper, therefore, examines six factors that could influence SMEs' employees' attitude towards knowledge sharing. The six independent variables are: trust among employees, formalization, knowledge technology, motivation, reward system, and empowering leadership. The dependent variable is attitude towards knowledge sharing, while the outcome variable is intention to share knowledge. The authors developed the research framework based on relevant literature and models. The analysis was based on 250 valid responses. The seven arguments emerged significant. Based on the findings, SMEs could benefit from identifying critical factors to address knowledge sharing among employees. The findings will also be useful as a frame of reference for future studies on SMEs and knowledge sharing. Finally, this paper concludes with a discussion on the implications of the study, and provides recommendations for enhancing knowledge sharing activities in SMEs.

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INTRODUCTION

As more firms seek to gain competitive advantage by maximizing their knowledge assets, there has been a growing trend among companies implementing knowledge management (KM) strategies. Although literature indicates that large companies dominate in KM implementation and initiatives (Fathi, Eze & Goh, 2011; Quaddaus & Xu, 2008), evidence suggest that more small and medium sized enterprises (SMEs) are deploying KM strategies to attempt to leapfrog the competition and get ahead of rivals. However, it is recognized that the specific features of SMEs would suggest that they engage in KM initiatives differently from large companies (McAdam & Reid, 2001, Desouza & Awazu, 2001; Basly, 2007; Supyuenyong, Islam & Kulkarni, 2009).

Knowledge Sharing refers to a process where team members share task relevant ideas, information, and suggestions with one another. Knowledge, whose validity has been recognized through testing, has emerged as a strategically significant resource of the firm (Liebowitz, 1999). Therefore, knowledge management has become a key factor to gain and sustain competitive advantage. Knowledge management is the process of capturing, sharing, storing, and using knowledge. As such, a major management issue is the method of converting individual knowledge into organizational knowledge, since organizational knowledge is essentially created and inherent in individuals. Besides that, the other issue is regarding the combination and control of organizational knowledge resulting in successful performance.

Knowledge sharing is normally supported by knowledge exchange through information technology (Hsiu, 2007). The ability of information technology to enhance knowledge access to employees and enable employees to work together would help SMEs to increase employee productivity, and compatibility with organizational policies in promoting knowledge sharing. Besides that, the existence of knowledge sharing activities in SMEs requires dissemination of employees' work-related experiences and collaboration between individuals and between subsystems of the firm. In addition, collaboration with other SMEs and stakeholders would be invaluable to improving knowledge sharing capabilities (Dyer 1997; Inkpen & Beamish, 1997) in SMEs. Several researchers (Davenport & Kalhr, 1998; Grant, 19966) suggested that integrating knowledge in different parts of the firm reduces redundancy, enhances consistent representation, and improves efficiency by eliminating excess volume.

This paper, therefore, examines the factors that influence knowledge sharing activities among SMEs in Malaysia. Most studies on knowledge sharing in Malaysia focused more on public sectors and large private companies whereas there is little information about knowledge management development among SMEs in Malaysia. The dynamics in terms of organizational culture, structure and technology of SMEs and other firms and public agencies are slightly different, which makes it imperative to understand the circumstance in SMEs. For instance; Low and Hakim (2003) focuses on knowledge sharing in construction firms. In addition, this paper focuses on knowledge sharing behaviour among employees of SMEs in the manufacturing sector. The findings from this study would benefit SMEs in identifying the key factors that affect knowledge sharing, which could be used by the SMEs to encourage and motivate their employees to share ideas and build an effective knowledge sharing culture in the firms. There would also be some indirect policy implications with respect to government agency's role in creating a viable environment for SMEs to engage in effective knowledge sharing activities. This paper would also contribute to the developing pool of literature on KM and SMEs through the findings of knowledge sharing activities in SMEs in the manufacturing sector in Malaysia. While generalization would be limited to SMEs involved in manufacturing activities in Malaysia, it is likely that some of the findings and recommendations are pertinent to related firms.