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Managers versus co-workers as referents: Comparing social influence effects on within- and outside-subsidiary knowledge sharing

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ABSTRACT

This study uses a social influence lens to examine how key social referents influence individuals' knowledge sharing behaviors within and outside their subsidiaries. Using a multiple-survey research design, our empirical study shows that unit managers and co-workers act as key social referents. Their knowledge sharing behaviors have significant influence over individual knowledge sharing within the subsidiary. However, we found that in the higher-risk scenario associated with outside-subsidiary knowledge sharing, individuals model their unit managers' knowledge sharing behaviors only when they perceive the organization to be high in willingness to take risk. Finally, our study shows that unit co-workers are such an important social referent that, despite the higher levels of uncertainty and risk in outside-subsidiary knowledge sharing, individuals look to their unit co-workers for cues on desired knowledge sharing behaviors. This study extends previous research by investigating fundamental theoretical underpinnings of prior research that examine social influence on knowledge sharing.

Introduction

Prior research has shown that organizations that can effectively facilitate knowledge-sharing and utilization perform better and are more innovative than those that do not (Tsai, 2001). As noted by Quigley, Tesluk, Locke, and Bartol (2007, p. 71), "growing evidence suggests that organizations are more productive when they are able to successfully create the conditions in which knowledge is shared by potential providers and then actively put to use by the recipients of new knowledge". As a result, many researchers are examining how organizations can facilitate knowledge sharing among their employees (see Foss, Husted, & Michailova, 2010; Van Wijk, Jansen, & Lyles, 2008).

Prior work has enhanced our understanding of the role that the social environment plays in influencing individual knowledge sharing behavior. Alavi, Kayworth, and Leidner (2005, p. 193) notes that knowledge management is "not an objective, discrete and independent phenomenon occurring within organizations", but rather, depends heavily on social settings. Some researchers have examined how relationships and social networks have an effect on knowledge sharing (Borgatti & Cross, 2003; Hansen, 2002), highlighting how relationships between people influence trust (e.g., Borgatti & Cross, 2003), how social network structures influence information access and flow (e.g., Tsai, 2001), and how social exchanges between people influence the expected reciprocity and obligations people feel towards one another (Burgess, 2005; Chiu, Hsu, & Wang, 2006) – all of which are expected to influence knowledge sharing.

Another stream of work focuses on how perceptions of social influence affect an individual's likelihood to engage in knowledge sharing, taking the perspective that the behaviors of others help to create workplace norms and perceptions of acceptable behavior (Kankanhalli, Tan, & Wei, 2005; Quigley et al., 2007). The perspective of this work stream is that individuals' behaviors are influenced by others' actions, because they want to conform to behaviors that are perceived as appropriate, based on the actions of others in their work environment.

We wish to supplement the second research stream. Studies in this stream of work tend to examine the effects of social influence on knowledge sharing by investigating the impact of individual perceptions on knowledge sharing, including perceptions of behavioral norms, culture, and individual attitudes. While the focus of these studies is on perceptual constructs, many of them build upon theories that emphasize how others' behaviors create norms and perceptions about appropriate behaviors. For example, prior research shows that people look to others for guidance on how to behave, especially in situations characterized by uncertainty

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(Festinger, 1954). Human behavior is often learned observationally through modeling others' behaviors (Bandura, 1986), which form the basis for normative influences (Bagozzi & Lee, 2002; Cialdini & Goldstein, 2004; Deutsch & Gerard, 1955). Based on this line of reasoning, researchers have examined how open and pro-sharing norms influence individuals' knowledge sharing (Bock, Kankanhalli, & Sharma, 2006; Kankanhalli et al., 2005).

The critical role of social influence on knowledge sharing is frequently cited, but these studies have focused on perceptual constructs such as norms and culture rather than the fundamental underpinnings of the theories associated with social influence, i.e., the idea that the knowledge sharing behaviors of key social referents have a significant influence on other individuals' knowledge sharing. Our study builds on and expands earlier work by empirically investigating actual knowledge sharing behaviors of managers and coworkers and examining the influence of those behaviors on individuals' knowledge sharing behavior. In so doing, we hope to assess the fundamental underpinnings of the theories that researchers frequently use to explain the effect of social influence on knowledge sharing. At the same time, by focusing on how others' behaviors are associated with a focal individual's behavior, we are also investigating the extent to which others' behaviors are a key mechanism by which knowledge sharing spreads.

While the knowledge sharing behaviors of managers and coworkers are likely to provide important social cues about appropriate behaviors, prior research has also noted that there may be important distinctions between knowledge sharing *within* versus *outside* of a subsidiary. Knowledge transfer outside of one's subsidiary involves greater uncertainties and risks, because it is more challenging to share knowledge with individuals with whom you have fewer opportunities to interact and who may have differing perspectives and skills (Bechky, 2003). Consequently, there may be greater uncertainties and risks involving how the receiving party interprets or uses the knowledge received (Becerra, Lunnan, & Huemer, 2008). This leads to an important unanswered question about whether individuals, under such conditions of high risk and uncertainty, would still perceive others' knowledge sharing behaviors as appropriate behaviors to emulate.

Most studies about inter-subsidiary knowledge transfer treat the subsidiary as the focal actor engaged in the knowledge transfer process. For example, prior research has examined the originating subsidiary's motivation to share knowledge (Gupta & Govindarajan, 1984) and the autonomy of the subsidiary (Ranft & Lord, 2002), or the receiving subsidiary's absorptive capacity and motivation to acquire knowledge (Gupta & Govindarajan, 1984). This research generally focuses on the subsidiary as the unit of analysis. Knowledge sharing, however, takes place largely via interactions between individuals, as "insight and innovative ideas occur to individuals-not organizations" (Crossan, Lane, & White, 1999, p. 524). Knowledge that is generated at the individual level later becomes institutionalized at the organizational level only after the ideas are shared among individuals (Crossan et al., 1999). Inter-subsidiary knowledge sharing takes place via day-to-day interactions of individuals cooperating and collaborating on tasks, or via interactions initiated by individuals to obtain or receive knowledge from other individuals in other subsidiaries. Hence, it is critical to examine the factors that influence knowledge sharing by *individuals*, rather than focusing on the firm as focal actor, because individuals make the decisions relating to knowledge sharing. In particular, focusing on the individual as the unit of analysis allows us to compare whether individuals engaging in knowledge sharing outside their subsidiaries are just as susceptible to social influence processes as inside their subsidiary. Such insights will provide guidance to researchers about the extent to which the same factors and considerations apply when individuals consider engaging in sharing knowledge within and outside their subsidiary.

In summary, we build upon and contribute to research on the social influence perspective of knowledge sharing in two ways. First, we extend this theoretical perspective by examining how the knowledge sharing behaviors of social referents such as managers and coworkers influence individual knowledge sharing behavior. This enables us to investigate fundamental theoretical underpinnings of prior research that has stressed the importance of social influence on knowledge sharing in organizations. Second, our study provides insights into how social influence plays out differently in influencing individuals' decisions to engage in knowledge sharing *within* their subsidiary versus *outside* of the subsidiary. While prior research examining within-firm knowledge sharing has established that social influence plays a significant role in influencing individual knowledge sharing behavior, it is unclear whether the social environment will play an equally decisive role when individuals decide whether to engage in knowledge sharing outside of their subsidiary.[2]

Theory and hypotheses

In this section, we present the theoretical arguments supporting our hypotheses. First, we discuss social influence and examine how it predicts individuals' within-subsidiary KS behavior. We then present the first set of hypotheses about how referents' behaviors are expected to influence within-subsidiary KS. Next, we discuss the key differences between knowledge sharing within and outside one's subsidiary. Based on this distinction, we highlight how social influence is expected to differ in its influence on outside-subsidiary KS compared with within-subsidiary KS. We then present the second set of hypotheses about how referents' behaviors are expected to influence outside-subsidiary KS.

Modeling of manager and co-workers

The fundamental premise of the social influence perspective is that individuals adapt their attitudes and behaviors to their social context and situations (Salancik & Pfeffer, 1978). When individuals experience uncertainty about how to react in a certain situation, they will engage in social comparisons with referents to gain more reliable information on which to base their decisions or to conform to the expectations of others whom they care about (Bamberger & Biron, 2007; Deutsch & Gerard, 1955). The behaviors of referent others influence the behavior of the focal individual in two ways. First, individuals obtain social cues about others' norms and expectations, to which they strive to conform, in order to gain social approval and avoid rejection (Turner, 1991). Individuals strive for behavioral uniformity because of an underlying desire to please others whom they perceive to be important. Hence, individuals become vigilant about others' expectations of appropriate behavior and are motivated to avoid behaviors that may be deemed to be normatively inconsistent (Bamberger & Biron, 2007; Hackman, 1983). Second, behaviors of referent others provide information about the social reality and shape a target's judgment about the appropriate behavior to adopt in an uncertain situation (Hackman, 1983). For example, social

[2] For firms to effectively leverage knowledge distributed among employees for competitive advantage, individuals must be willing to contribute and share their knowledge with their colleagues and help them effectively apply and use that knowledge in a different set of problems. While the knowledge seeker is typically driven to knowledge seeking when she encounters a problem, the behavior of the knowledge provider is discretionary. We thus focus on the perspective of the knowledge provider. In the organization we examine, there are no explicit rewards at the unit or individual level for knowledge sharing. Instead, the organization actively tries to promote knowledge sharing, both within and across subsidiaries through persuasion and the creation of awareness. Hence, knowledge providers have significant discretion in determining whether they are willing to share knowledge with others.