



## Knowledge diffusion at business events: The mechanism

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### ABSTRACT

Business events are considered to be innovation spaces. From the perspective of temporary clusters, we view a business event as a system and take leading trade fairs (TFs) as examples to explain the mechanism of knowledge diffusion at business events. Results based on 95 semi-structured interviews show the following: ① the type of knowledge disseminated at TFs, where the temporary proximity of new products and professionals serves as a knowledge supplier, is termed “apparent tacitness”; ② TFs are “new-oriented” communities consisting of professionals in cognitive proximity—the precondition for efficiently absorbing knowledge; ③ knowledge is diffused in horizontal and vertical ways on the basis of intensive and diverse interactions among knowledge pools and knowledge objects. Based on key literature on knowledge management and clusters, this research enriches our current understanding of business events and underscores their irreplaceability and value in industry development.

### 1. Introduction

Events make people with similar interests or motives gather and interact for business, leisure, or other purposes (e.g. Nicholson and Pearce, 2001). Business events are highlighted by professionals from various industries because they compress an industry's entire world market into one place (Bathelt and Schuldt, 2008). Trade fairs (TFs), one type of business event, have received substantial attention. Although international TFs only last a few days, they are innovation spaces in which global industrial knowledge is spread; they can even become a central point of the world economy for a short period (Bathelt and Schuldt, 2010; Schuldt and Bathelt, 2011). However, some question why TFs attract massive attention and whether TFs and other business events are replaceable.

Ample evidence proves that business events are experiencing strong growth. Two alternative explanations for this growth are given in the academic research on TFs. Early research on selling activities at TFs claimed their superiority in terms of marketing, including the behavior of exhibitors and visitors (e.g. Gopalakrishna et al., 2010) and marketing success (e.g. Tanner, 2002). In recent years, higher value has been placed on TFs as innovative spaces where knowledge is diffused in highly efficient ways. Professional gatherings such as TFs serve as means for enterprises to acquire knowledge from distant markets (Maskell et al., 2004, 2006). They have profound influences on companies' future sales plans, strategic decisions, and invisible profits that are worth more attention (Bettis-Outland et al., 2010). They may even enhance the transfer of industrial knowledge to companies that do not

participate in them (Ramírez-Pasillas, 2010) and shape the evolution of markets (Rinallo and Golfetto, 2006). Some studies have proved the profound effects of knowledge diffusion at business events (e.g. Henn and Bathelt, 2015; Ling-Yee, 2007). Other studies have interpreted the ways that knowledge is diffused at business events and the characteristics of this knowledge diffusion (e.g. Bathelt and Schuldt, 2010; Schuldt and Bathelt, 2011). Luo and Zhong (2016) explored the network structure of knowledge diffusion at TFs, which proved to be coherent, uneven, and led by leading enterprises.

This research probes into the reasoning behind the TF network structure examined by Luo and Zhong (2016). We try to address two gaps in the current research. First, the concept of knowledge remains unclarified, and without clarification of the nature of knowledge, the value of business events may be underestimated and insufficiently analyzed. Second, the characteristics of TFs that enable knowledge to be diffused in effective and efficient ways in this specific context still require further investigation.

Regarding the first gap, the difference between knowledge and information needs to be addressed. Knowledge is the interpretation of information which is derived from a person's experiences or reflections (Polanyi, 1966) and enables a person or enterprise to complete tasks (Albino et al., 1999). Here, we define the nature of knowledge and its diffusion mechanism by grounding them in the solid foundation of the knowledge management literature. Concerning the second gap, TFs are considered as temporary clusters. Maskell et al. (2004) first proposed the concept of the temporary cluster to study the knowledge diffusion

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phenomenon at TFs. This concept has been widely adopted in studies of knowledge diffusion at TFs (e.g. [Schuldt and Bathelt, 2011](#); [Maskell et al., 2006](#)). Originating from economic geography, this perspective compares TFs that represent a huge agglomeration of professionals and factors within the same industry, which can be viewed as the compression of an industry's global (or regional) market into one place at one time. The horizontal and vertical exchange of knowledge based on an industry value chain is similar to that in permanent clusters but exists in temporary and high-strength forms ([Maskell et al., 2004](#)) which enable researchers to study not only a single individual's interaction behavior but also such behavior in the specific TF context (e.g. [Schuldt and Bathelt, 2011](#); [Maskell et al., 2006](#)).

Our investigation covered four leading technology-oriented vertical TFs in China to uncover the mechanism of knowledge diffusion at TFs. Recently, TFs in the Asia-Pacific region have enjoyed rapid growth, developing quickly from export-promoting platforms into knowledge-sharing spaces ([Bathelt and Zeng, 2015](#)). In this region, China has a well-developed TF industry that attracts much attention: 2590 TFs were held in 2016 ([China Council for the Promotion of International Trade, 2017](#)). Many cutting-edge TFs are held annually (or biennially) in cities with an outstanding industrial and economic base. Given the demand for industry development, these leading TFs serve as industrial innovation hubs nationwide and even worldwide.

In summary, this study takes TFs as examples to examine the mechanism of knowledge diffusion at business events from the perspective of temporary clusters. It explores (1) the mechanism's components and features and (2) how the components interact with each other in the intensive knowledge diffusion process at TFs. It provides further insight into the significance of business events. The study was conducted on the basis of the literature on knowledge, TFs, and clusters; its results complement prior and current research in these areas and will hopefully trigger academic discussion. By emphasizing this new knowledge diffusion space, this study provides managerial implications in relation to promoting intensive knowledge transfer on-site and improving brands in today's knowledge-based economy.

## 2. Literature review

### 2.1. Definition and typology of knowledge

Prior research has investigated the definition of knowledge. [Huber \(1991\)](#) defined knowledge as a set of interrelated information interpreted by a person or organization. [Thierauf \(1999\)](#) explained that knowledge is obtained from experts' actual experiences. [Albino et al. \(1999\)](#) pointed out that knowledge has three characteristics: the structural, the process and the functional characteristic. By summarizing the definitions of knowledge, this study's analysis is based on the understanding that knowledge is the interpretation of interrelated information that facilitates the decision-making process.

Knowledge is heterogeneous. [Cowan et al. \(2000\)](#) categorized knowledge into codified knowledge and tacit knowledge on the basis of whether it is recognizable or can be articulated. Tacit knowledge is hard to code and thus can always be diffused face-to-face among people who have a similar knowledge base (shared language, code, common sense, base, etc.) or an established relationship based on cooperation and informal communication ([Gertler, 2003](#)). [Cowan et al. \(2000\)](#) proposed the concepts of "pure tacitness" and "apparent tacitness". Apparent tacitness refers to knowledge spreading through codes shared by specific groups with a similar knowledge base rather than knowledge that is well known among the general public.

The nature and typology of knowledge allows us to gain further insight into the mechanism of knowledge diffusion at business events.

### 2.2. Research on knowledge diffusion in clusters

Current research developed from exploring the antecedents (the

reasons and factors) of knowledge diffusion in clusters to looking at its consequences (the structure and model) and effects.

The reason why industry clusters can promote knowledge diffusion has always been a key point in this research field. Early research supposed that geographical proximity is the only precondition for highly efficient and radial knowledge diffusion. Geographical proximity helps the diffusion of tacit knowledge ([Maskell et al., 2006](#); [Storper and Venables, 2004](#)) and minimizes the marginal costs of knowledge transfer ([Crevoisier, 2004](#)), creating an industrial atmosphere of knowledge ([Marshall, 1964](#)). However, [Giuliani and Bell \(2005\)](#) and [Boschma and Ter Wal \(2007\)](#) claimed that knowledge diffusion cannot be considered homogenous when it occurs in clusters. Cognitive proximity (e.g. knowledge base, shared language, and absorptive capacity of enterprises) among companies is the basis of knowledge diffusion ([Lane and Lubatkin, 1998](#); [Boschma and Ter Wal, 2007](#)) and affects companies' positions and roles (e.g. [Boschma and Lambooy, 2002](#)) in knowledge diffusion. Thus, our understanding of the stimulation of knowledge diffusion in clusters is becoming increasingly diverse and comprehensive.

The research on clusters includes a relatively deep study on two aspects of the system and mechanism of knowledge diffusion inside and outside clusters, namely cluster dimensions and localized capability ([Bathelt et al., 2004](#)). In clusters, knowledge can be diffused in two dimensions: the horizontal and the vertical. Thus, companies would benefit from co-location because they need to be well informed about competitors' products and their quality and cost to gain competitive advantages, lower production costs, and produce economies of scale ([Bathelt et al., 2004](#)). Regarding localized capability, [Bathelt et al. \(2004\)](#) suggested that geographical proximity creates local buzz, an information and communication social ecology generated by face-to-face communication among people and companies in the same place ([Bathelt and Schuldt, 2010](#)). Importantly, a local buzz occurs temporarily, nondirectionally, and spontaneously and allows technological information and knowledge to be spread widely ([Storper and Venables, 2004](#)). Thus, it has become an important mechanism in explaining internal knowledge diffusion within clusters.

In conclusion, the abundant research on knowledge diffusion in clusters provides a solid foundation for the explanation of knowledge diffusion in temporary clusters provided in this study through an in-depth comparison with knowledge diffusion in permanent clusters.

### 2.3. Research on knowledge diffusion at TFs

Recently, knowledge management at TFs has attracted increasing academic attention. Early research focused on acquiring industrial knowledge as a motivation to attend TFs (e.g. [Wu et al., 2008](#)) and a benefit gained from participating in TFs (e.g. [Bettis-Outland et al., 2010](#)). Several studies have highlighted knowledge diffusion at TFs both at regional (e.g. [Li, 2014](#)) and event level. Regarding the event level, studies have explored the interactions in knowledge diffusion in two ways.

First, some studies have examined vertical knowledge (or information) diffusion between suppliers and buyers. [Borghini et al., \(2006\)](#) proved that visitors engage in ongoing searches at TFs and built a conceptual model for information seeking based on ritualized behavior. [Ling-Yee \(2007\)](#) studied relationship learning between exhibitors and visitors and proposed that it proceeds through information sharing, consensus building, and memory formation. [Reychav \(2009\)](#) constructed a learning-spiral model to study TFs from the social exchange perspective. However, the above research focused only on vertical knowledge diffusion, failed to distinguish knowledge diffusion at TFs from ordinary commercial activities, and ignored the interaction of competitors and peers.

Second, some studies have focused on the interaction among multiple stakeholders. [Rosson and Seringhaus \(1995\)](#) considered a TF as a network of connected exchange relationships between companies.

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