

# **KNOWLEDGE SHARING IN SMALL AND MEDIUM SCALE ENTERPRISES IN BENIN CITY, EDO STATE**

*John Omogeafe, Ohiorenoya, PhD*  
*Joseph Avunun, Obadan, MBA, MSc*  
Benson Idahosa University, Nigeria

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## **Abstract**

The paper compared knowledge sharing in two companies in the hospitality business. Three aspects of knowledge sharing; knowledge internalization, knowledge sharing method, and barriers to knowledge sharing were examined. Two firms were compared and contrasted on the basis of these four aspects of knowledge sharing. The paper adopted stratified sampling technique and divided employees into top management, middle management, supervisory management and others. Questionnaires were used, supplemented by personal observation. A sample of 67 employees was used for the study. The method of analysis was descriptive statistics using mean as the basis for our findings. Findings were: differences and similarities existed between the two companies with respect to knowledge internalization, preferred method of knowledge sharing, knowledge infrastructure and barriers to knowledge sharing. The paper recommended discovery and innovation as a panacea for removing barriers to knowledge sharing and paying attention to employing more educated and experienced people to improve knowledge sharing.

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**Keywords:** Knowledge sharing, knowledge internalization, knowledge sharing methods and knowledge barriers

## **1.0 Introduction**

Knowledge is a valuable intangible asset for creating and sustaining competitive advantages (*Miller and Shamsie, 1996*). Knowledge sharing is capturing, organizing, reusing and transferring experience-based knowledge that reside within the organization and making that knowledge available to others in the business (*Ngah and Jusoff, 2009*). Knowledge must be shared in order to improve learning and performance in organizations. Knowledge sharing activities are generally supported by knowledge management

systems. Technology, organizational culture, trust, and incentives are some of the factors that affect the sharing of knowledge in organizations (*Cabrera and Cabrera, 2002*). Knowledge sharing is a crucial process of knowledge management because some employees tend to resist sharing their knowledge with the rest of the organization (*Ciborra, and Patriota, 1998; Bock and Kim, 2002*)).

*In Nigeria, the need to grow SMEs is being emphasized because SMEs are seen as employment generators and the backbone of industrial development. However, SMEs have different structures and they develop different pattern of behaviour in adapting to the environment and they are different in scope and importance (Ngah, 2009). Therefore knowledge sharing behaviour may vary from one firm to another and from one industry to another. This paper reviewed the literature on knowledge sharing among SMEs and examined the knowledge sharing activities in two SMEs in Benin City, Nigeria*

The four factors that can affect knowledge sharing in Small and Medium Scale Enterprises (SMEs) is knowledge internalization which consists of knowledge ownership, knowledge commitment and knowledge satisfaction. Knowledge ownership is the notion that knowledge is property and ownership is very important (Dalkir, 2005), knowledge commitment is the notion that top management should support knowledge sharing while knowledge satisfaction is the notion that owners of knowledge should receive satisfaction from sharing knowledge. These three variables are among the characteristics of knowledge sharing. The paper investigated: the extent of knowledge internalization; available knowledge sharing facilities; knowledge sharing methods and knowledge sharing barriers in SMEs in Benin City, Nigeria.

This study is divided into the five sections. Section 1 is the introduction, Section 2 is the review of extant literature on knowledge sharing, and Section 3 describes research method while in section 4 results of the study are presented. Section 5 is discussion of results and recommendation.

## **2.0 Knowledge Sharing**

Boisot (1998) defines knowledge assets as the stock of knowledge from which services are expected to flow for a period of time that may be hard to speculate and are relatively permanent. Tangible assets tend to depreciate in value when used but knowledge asset grows when used and depreciates when not used (Svelby, 2001). This means knowledge will keep appreciating when a person shares that knowledge she has. When she transfers it she does not lose it (Syed-Ikhsan and Rowland, 2004). Therefore firms having quality and abundance of knowledge assets could reap

increasing returns from creating additional unit of knowledge (Arthur, 1996) and could gain sustainable competitive advantages (Zolingen et al, 2001). Uhlaner, Meijaard and Folkeringa (2007) argue that formal techniques are not sufficient to transfer tacit knowledge because basic knowledge is often quickly shared in SMEs.

Knowledge sharing is the means by which an organization gains access to its own or other organizations knowledge (Cummings, 2003). The relationship between the source and the recipient, the form and location of the knowledge, the recipient's learning predisposition, the source's sharing capability, and the broader environment are five primary contexts that can affect knowledge sharing implementation (Cummings, 2003).

Even though there are many efforts to encourage the sharing of knowledge, many employees may not welcome knowledge sharing because they may want to hoard knowledge in order to protect career opportunities, save time and may not have the resources needed to share knowledge and may want to avoid negative exposure. This is especially so when knowledge is tacit in nature. SMEs that are not sharing knowledge are not developing their knowledge assets and may find it hard to survive in competitive markets (Voss, Keizer and Halman, 1998). Knowledge assets of SMEs are not only tacit but also explicit knowledge.

## **2.1 Sharing Tacit Knowledge**

Nonaka and Takeuchi (1998) posit that tacit knowledge create competitive advantage for firms. The nature of knowledge in SMEs is that knowledge is almost all tacit. Tacit knowledge is personal, context- specific, hard to formalize and communicate" (Nonaka and Takeuchi, 1995). Tacit knowledge is what is embedded in the mind (Choi & Lee, 2003); it can be expressed through ability applications; is transferred in form of learning by doing and learning by watching. Following Polanyi (1966), all knowledge has tacit dimensions. It can be completely tacit, semiconscious or unconscious knowledge held in people's heads and bodies (Leonard and Sensiper 1998). It is divided into cognitive knowledge and technical knowledge. Cognitive knowledge is schemata, paradigms, viewpoints, perspectives and beliefs which help individuals to perceive and define the world around them. Technical knowledge is concrete know- how, crafts and skills- primarily bodily skills. According to Nonaka and Takeuchi (2003) the most important type of knowledge is tacit knowledge. Tacit knowledge is where attention should be focused. "Competitive advantage through knowledge management is realized through identifying the valuable tacit knowledge possessed by organizational members and making that knowledge explicit" (Balthazard and Cooke, 2004:2).

Balthazard and Cooke (2004) believe that once tacit knowledge is made explicit, knowledge can be mined, organized, stored, and perhaps shared throughout the organization to spur innovation. New knowledge is created when tacit knowledge is converted into explicit, codified knowledge. The knowledge that is most important may just be that tacit knowledge that resides in the heads of knowledge workers which is not shared. The major challenge which managers may face is how to figure out and how to recognize, generate, share and manage tacit knowledge. As Servin and De Brun (2005) have rightly observed “knowledge resides in people’s heads and managing it is not really possible or desirable”. She advised that the only option managers have is to create, learn, share, and use knowledge together for the benefit of the organization, its people, and customers. Heeswijk (2004) suggests that tacit knowledge can be better used and made accessible by making knowledge management (KM) a strategic activity, improving on organizational culture and expanding knowledge sharing with stakeholders. Tacit knowledge can be very difficult to access as it is not often known to others. Most people may not even be aware of the knowledge in their heads or its values to others.

Tacit knowledge is said to be more valuable because it provides contexts for people, places, ideas and experiences and requires extensive personal contact and trust to share effectively and is derived from learning and communication (Lara,2008, Servin and De Brun,2005). Tacit knowledge can be a source of sustainable competitive advantage in organizations (Chen and Edgington,2005; Grant and Baden-Fuller, 1995; Jashapara, 2003; Lopez, 2005), especially in knowledge-based organizations such as software firms and universities (Bryant,2005). Complex, tacit knowledge is difficult to express and is often context specific, which provides the source of potential sustainability. The neglect of the tacit knowledge based on people and ideas has undoubtedly reduced the corporate market place’s capability for true innovation and sustainable competitiveness (Gamble& Blackwell, 2001). People may not share tacit knowledge because of the belief that knowledge is power, knowledge is not invented here, not realizing the importance of knowledge to others, lack of trust, and time as well as experience. However sharing tacit knowledge is important because the only sustainable competitive advantage is continuous innovation; when an employee leaves he walks out of the door with it; we do not know what we know and knowledge could easily become obsolete due to accelerating changes in technology, business and social environments (Gurteen, 1999). In order to effectively share knowledge we must make effort to convince, coerce, direct people within organization to share their information (Gupta et al, 2000)

## **2.2 Sharing Explicit Knowledge**

Explicit knowledge is codified knowledge which is transmittable in formal, systematic language. Explicit knowledge may be databases, and reports. Explicit knowledge is knowledge that can be captured and written down in documents or databases. Levinson (2007) sees explicit knowledge as anything that can be documented, archived and codified. Examples of explicit knowledge include instruction manuals, written procedures, documented best practices, lessons learned and research findings. Others are patents, trademarks, business plans, marketing research reports and customer lists. Explicit knowledge can be categorized as either structured or unstructured. Documents, databases, and spreadsheets are examples of structured knowledge because the data or information in them is organized in a particular way for future retrieval. In contrast, e-mails, images, training courses, and audio selections are examples of unstructured knowledge because the information they contain is not referenced for retrieval.

Explicit knowledge can be shared by: making reading materials available to employees through subscription to journals and library; providing facilities to search for and access relevant knowledge; encouraging staff to publish or present project reports at meetings or seminars; supporting staff to belong to professional bodies and participate in conferences; supporting continuing education and rewarding staff for seeking and using new externally developed knowledge sources (Inegbenebor, 2004).

## **3. Methodology**

We followed the case study approach as was done by Leidner, Alavi and Kayworth (2006) and Staplehurst (2010). We examined two SMEs and evaluated their similarities and differences. These two SMEs were used because of the fact that we had reliable contact persons who helped to facilitate questionnaire retrieval. Questionnaires were supplemented with personal observation. Personal observation was done to build familiarity with the two SMEs and build trusting relationship with the respondents. We selected two companies- one small and the other medium scale company in the hospitality business. Company A was a small scale company while company B was a medium scale company located in Benin City. The two companies are private limited companies. Company A had staff strength of 60 and company B staff strength of 100.

We administered 100 questionnaires out of which 67 were completed and returned. The number of questionnaires distributed in company A was 40 while in company B the number was 60. Of the 67 questionnaires completed and returned, 26 were in Company A and 41 in company B. Stratified random sampling was used to select respondents. The companies were divided into different strata-top management, middle management,

supervisory management and others. Questionnaires were administered to respondents across each stratum based on the proportion sampled. The questionnaires were based on knowledge internalization, knowledge sharing methods, availability of knowledge sharing facilities and knowledge sharing barriers.

Of the 67 employees that took part in filling the questionnaires 26 employees participated in company A and 41 employees in company B.

Table1: Distribution of Respondents among Positions

Levels	Company A	Company B
Top Management	2	3
Middle Management	4	6
Supervisory Management	8	7
Others	12	25
Total	26	41

Source: Author's Fieldwork

Method of analysis was descriptive statistics –mean, Standard deviation, skewness and kurtosis.

#### 4. Results

The findings from data collection are now presented in terms of four perspectives under investigation- knowledge internalization, method of sharing knowledge, knowledge sharing facilities and barriers to knowledge sharing.

##### 4.1: Knowledge Internalization

Knowledge internalization was more effective in company A than company B and in fact more effective in knowledge ownership, knowledge commitment and knowledge satisfaction. In the individual companies, knowledge commitment was much better followed by knowledge satisfaction and knowledge ownership. In other words employees do not have control over the knowledge they share but are committed to knowledge sharing and also satisfied with knowledge being shared in the companies.

Table 2: Knowledge Internalization in Company A

Company A	Mean	S.D	Skewness
Knowledge Ownership	9.6250	.79312	-1.681
Knowledge Commitment	18.00	0.87988	0.000
Knowledge Satisfaction	12.6562	.90195	-1.609
Knowledge Internalization	40.2812	1.76406	-1.022

Source: Author's Fieldwork

Table3: Knowledge Internalization in Company B

Company B	Mean	S.D	Skewness
Knowledge Ownership	9.0952	.77697	-.169
Knowledge Commitment	17.0635	1.09062	-.823
Knowledge Satisfaction	9.2381	.79746	-0.460
Knowledge Internalization	35.3968	1.19865	0.571

Source: Author's Fieldwork

#### 4.2: Method of Knowledge Sharing

The most preferred method of knowledge sharing in company A is verbal communication, that is, face-face interaction. The second most preferred method is emails. This means that company A provided internet facilities for the employees' use. The third most preferred method is reports while phone was least preferred. No evidence to indicate that text messages and memo were used in company A. In company B the most preferred method for sharing was emails, followed by verbal face-to-face, reports and phone.

Table 4: Preferred method for sharing knowledge in company A

Company A	Emails	Reports	Text messages	Memo	Verbal Face-to-face	Verbal(phone_
Top Management	1				1	
Middle Management	1	1			2	
Supervisory Management	1	2			4	1
Other	6				6	
Total	9	3			13	1

Source: Author's Fieldwork

Table 5: Preferred method for sharing knowledge in company B

Company B	Emails	Reports	Text messages	Memo	Verbal Face-to-face	Verbal(phone_
Top Management	1				2	
Middle Management	2	1			2	1
Supervisory	6	1				

Management						
Others	9	2	1		9	4
Total	18	4	1		13	5

Source: Author's Fieldwork

#### 4.3: Barriers to Knowledge Sharing

In company A all barriers except Competitiveness were rated as barriers by majority of employees. However, Education was rated as the greatest barrier in both companies. Competitiveness was not a major barrier as it was not rated by majority employees as barrier in company A. similarly education was rated was a major barrier in company B by a majority of employees.. The reason for similar rating may be because SMEs prefer to use employees who are not educated as they cannot pay the wage bill which employment of educated and qualified employees would necessitate.

#### 4.4. Summary of Results

Some similarities and differences have been revealed between the two companies in the way they share their knowledge internally. They both had similar rating of knowledge internalization. In terms of method of knowledge sharing email and face-to- face communication were rated as preferred methods. Education was similarly ranked by majority of employees as barriers and competitiveness was not seen as a barrier by majority of employees.

Aside from education and competitiveness where similar ranking was observed, differences existed between two companies with respect to other barriers.

Table 6: Ranking of knowledge sharing barriers for company A

Company A	Mean	S.D	Skewness
Education	4.8750	.33601	-2.381
Only Top-down Communication	4.8750	.33601	-2.381
Gender	4.7500	.43994	-1.212
Cultural constraints	4.7500	.43994	-1.212
Interpersonal Skills	4.7188	.45680	-1.022
Age	4.6250	.49187	-.542
Job Security	4.6250	.49187	-.542
Lack of Time	4.5625	.56440	-.834
Trust	4.1875	.96512	-1.319
Low Awareness of Value	4.0000	.50800	.000
Experience	3.9375	.71561	.092
Lack of just recognition	3.5937	1.01153	-.671

Transparent rewards	3.4687	1.58591	-.690
Physical Layout	2.8125	.89578	-.756
Initiatives	2.6562	1.18074	-.274
Competitiveness	1.8125	.78030	.784

Source: Author's Fieldwork

Table 7: Ranking of knowledge sharing barriers for company B

Company B	Mean	S.D	Skewness
Education	4.4762	2.24224	.617
Lack of time	3.9683	1.33160	-1.295
Age	3.6825	1.25500	-1.188
Transparent rewards	3.6349	1.22213	-.789
Job Security	3.4762	1.30578	-.642
Only Top Down Communication	3.4286	1.07335	-1.102
Low awareness of value	3.3968	1.54021	-.648
Cultural constraints	3.3492	1.22024	-1.425
Experience	3.2381	1.26637	-.565
Gender	2.9048	1.41095	-.289
Lack of just recognition	2.7778	1.23712	-.511
Trust	2.7143	1.36108	.184
Initiatives	2.7143	1.45279	.031
Interpersonal skills	2.6032	1.22527	-.165
Physical Layout	2.5556	1.24146	-.131
Competitiveness	1.3175	.46923	.804

Source: Author's Fieldwork

## 5. Conclusion

To promote knowledge sharing and remove knowledge sharing obstacles, the organizational culture should encourage discovery and innovation. This will result in the creation of organizational culture trust. The two companies should direct attention at employing educated and qualified professionals to improve knowledge sharing.

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