

Examining the Relationship between Knowledge Sharing and Performance Rewards in the Hospitality Industry

Juan Liu
Food and Hospitality System
University of Missouri

and

Seonghee Cho
Food and Hospitality System
University of Missouri

ABSTRACT

The hospitality industry is known for having the highest employee turnover rate, which causes a loss in employee knowledge in the workplace. If employees would like to actively share their knowledge with their colleagues, especially with their new colleagues, cost of knowledge loss could be saved. Performance rewards form a competitive atmosphere which could impede knowledge sharing. This study aims to investigate which type of performance rewards, if any, has a positive influence or less negative impact on knowledge sharing. The result of this study will provide hospitality employers suggestions on choosing performance reward to balance motivating employees and enhancing knowledge sharing.

Keywords: *knowledge sharing, performance rewards, hospitality industry.*

INTRODUCTION

Knowledge sharing, the action in which employees organizationally diffuse relevant information, ideas, suggestions, and expertise to others (Bartol & Srivastava, 2002), has significant beneficial effects on organizational effectiveness (Yang, 2010). In terms of high costs and loss of sustained knowledge acquisition, caused by high labor turnover rates, knowledge sharing is especially critical for the hospitality industry (Yang & Wan, 2004).

Yang and Wan (2004) showed that people partially shared knowledge with others because they feared their colleagues would be promoted faster. It seems that people hoard their knowledge in fear that their performance rewards will be taken by others. This phenomenon suggests that although performance rewards are used to motivate employees to improve job performance (Cho, 2004), the existence of performance rewards in the workplace might form a competitive environment that could impede knowledge sharing. However, organizations cannot ignore the positive impacts of performance rewards on employee motivation. In order to balance motivating employees and encouraging knowledge sharing, it is important to find out which performance rewards could enhance knowledge sharing, or at least, have less negative impacts

on knowledge sharing. Therefore, in this study we aim to investigate which type of performance rewards, if any, has a positive influence or less negative impact on knowledge sharing.

LITERATURE REVIEW

Knowledge Sharing

Knowledge could be divided into explicit knowledge and tacit knowledge (Polanyi, 1958). Explicit knowledge can be articulated, codified, and stored in certain media (Nonaka, 1991), which has a more tangible format (Nickols, 2000). Tacit knowledge refers to all intellectual capital or physical capabilities and skills that an organization cannot fully articulate, represent, or codify (Hallin & Marnburg, 2008). Tacit knowledge is described as a critical asset for individual and organizational performance (Styhre, 2004). Unlike explicit knowledge, it is difficult to be stored and shared by organizations. Thus, this study focuses on tacit knowledge sharing among employees.

The term knowledge sharing refers to two concepts: individuals' attitudes toward knowledge sharing and the knowledge sharing climate of an organization. Although individuals' knowledge sharing attitudes were found to be correlated with knowledge sharing climates of organizations, it is the knowledge sharing climate that has a significant and direct association with organizational effectiveness (Yang, 2010). Therefore, this study focuses on the knowledge sharing climate.

In terms of the relationship between knowledge sharing and performance reward, no research can be found on this topic. This study addresses the gap in current research.

Performance Rewards

Performance rewards form a system that emphasizes how to increase employee performance through rewarding their good work (Cho, 2004). Performance rewards from employers could be categorized along two dimensions: there are team-based or individual-based rewards, and monetary or non-monetary rewards.

Team-based rewards and individual-based rewards

Team-based rewards provide all members of a team with the same reward based on the whole team's performance (Klein, 1993). Individual-based rewards provide each individual with a reward based on his or her own performance (Klein, 1993). One of the purposes of team-based rewards is to encourage cooperative behavior in the sense that individual team members strive for the best outcome of the whole team (Irlenbusch & Ruchala, 2008). Studies have indicated that a collaborative organizational climate will improve knowledge sharing, whereas a

competitive organizational climate will impede knowledge sharing (Cameron, 2002; Ruggles, 1998). Thus, two hypotheses are proposed.

Hypothesis 1a: Team-based rewards have a positive influence on knowledge sharing.

Hypothesis 1b: Individual-based rewards have a negative influence on knowledge sharing.

Monetary rewards and non-monetary rewards

The purpose of monetary rewards is to reward employees for their excellent job performance with financial means including cash bonuses, stock awards, etc. (Ballentine et al., 2010). The purpose of non-monetary rewards is to reward employees through opportunities such as promotion and training opportunities (Ballentine et al., 2010). Yang and Wan (2004)'s study showed that people hoard knowledge because they fear that their subordinates would be promoted faster, which is actually the fear of losing promotion opportunity (i.e. a non-monetary reward). However, hospitality employees with low wages might also care about monetary rewards, fearing that monetary rewards instead could be taken by their colleagues. Therefore, we propose the following hypotheses:

Hypothesis 2a: Non-monetary rewards have a negative influence on knowledge sharing.

Hypothesis 2b: Monetary rewards have a negative influence on knowledge sharing.

METHODOLOGY

Research Procedure

The study contains three steps. First is the instrument development. Some of the items in the survey were designed by the researchers; the validity of the questionnaire will be tested by an expert panel. Second, a pilot study will be conducted to test the reliability of the instrument. After revising the instrument, the third step will be to survey hotel employees in the Midwest of the United States.

Instrumentation

There will be three parts of the instrument. In the first part, 12 items adapted from Yang's (2007) study will be used to measure knowledge sharing. In the second part, 16 self-developed items with a five-point Likert scale will be used to measure types of performance rewards. The third part will ask some general questions of the respondents including gender, age, working length, and educational level.

Data analysis

Two multiple linear regression analyses will test the research hypotheses. In the first multiple linear regression, the dependent variable is knowledge sharing and independent variables are team-based performance rewards and individual-based performance rewards. In the second multiple linear regression, knowledge sharing is the dependent variable, and monetary rewards and non-monetary rewards are the independent variables.

IMPLICATIONS

The hospitality industry is known for having the highest employee turnover rate, which causes a loss in employee knowledge. If employees would like to actively share their knowledge with their colleagues, cost of knowledge loss could be saved. The result of this study will show which type of performance reward could be encouraging or have less negative impact on knowledge sharing, thereby provide hospitality employers suggestions on choosing performance reward to balance motivating employees and enhancing knowledge sharing.

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