

The Sharing of Tacit Knowledge within Glenrand MIB – A Case Study

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

November, 2006

Abstract

For a company operating in a knowledge industry, the management of tacit knowledge is a critical factor for sustainable success. The objectives of this research were to establish the level of management understanding of and focus on the sharing of tacit knowledge within one South African organisation in a knowledge industry, the extent to which tacit knowledge was being shared in the organisation, the levels of motivation to share that existed among the people at the organisation, and the impact of the internal structures within the organisation on the sharing of its tacit knowledge. The research involved a case study with Glenrand MIB Limited as the subject, using a triangulation method to reduce perceived researcher bias.

The research findings indicated an intuitive understanding of the importance of sharing the tacit knowledge held by the people within the organisation, but very little focus on making it happen effectively. Tacit knowledge was only being shared in pockets within the organisation, and this was largely attributable to a lack of internal structures aimed at fostering motivation to share, and fostering the sharing of tacit knowledge. The physical structure housing the organisation's head office was also found to act to inhibit the sharing of tacit knowledge within it.

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university.

Louis du Toit
November, 2006

Acknowledgements

Without the love and support of my wife, Claire, the road that has lead to this point would have been impossible to follow. My children, Daniel and Leigh have sacrificed many hours of Daddy time, for which I express my gratitude. To Peter Tobin, my supervisor, without your understanding and your insightful and energetic guidance, this research would have been fatally flawed from the start.



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CHAPTER 1: INTRODUCTION

1.1 Chapter introduction

As the title indicates, this research looks at an organisation operating in a knowledge industry in some detail. It aims to determine what the particular organisation is doing to share its tacit knowledge. This was done by means of a case study.

The chapters to follow set out the relevant literature on the topic, the research questions and the research methodology. The results of the research are then discussed in detail, finishing with a concluding chapter.

In this chapter there is an explanation of the background to, and importance of the research. The research problem and objectives are set out, before considering the scope of the research and the structure of this research report.

1.2 Background to the research

Knowledge management is a subject that has enjoyed much academic attention over the recent decades. It has developed a language of its own, and its importance has come to be clearly understood by business people in most industries. This is particularly so in businesses that operate in the knowledge sphere, or in knowledge industries.

According to Allee (1997), every business is a knowledge business and every worker is a knowledge worker. In the same article, Allee (1997) further asserts that the new knowledge equation is knowledge = power, so share it and it will multiply. This view can be offset by the more cynical view expressed by Haldin-Herrgard

(2000) who sets out that the power that an individual can gain by hoarding knowledge for individual use can lead to the organisation becoming a veritable battlefield for exploiting the knowledge of colleagues, while hoarding one's own knowledge. Both views have merit, and they give us a good picture of what can happen on the two extreme ends of the knowledge sharing spectrum. When one considers these perspectives, the question of whether to share or not to share becomes easy to answer from the organisation's perspective, but a more vexing one from the point of view of the individual.

Polanyi (1966) presented the idea of tacit knowledge by expressing that people know more than they can tell. If this is accepted as true, then a knowledge organisation must find ways to extract this tacit knowledge from its holders, with a view to spreading the knowledge throughout the organisation so that it may multiply. In support of this view, Sveiby (1999) asserts that in a knowledge organisation, knowledge flows are more important than financial flows.

Nonaka and Takeuchi (1995) take the efforts to define knowledge further by setting out that knowledge can be split into tacit and explicit knowledge. Explicit knowledge is easily replicable, especially in today's world of ever-improving information technology, and as such it cannot provide any meaningful, sustainable competitive advantage. The true source of differentiation, and accordingly, competitive advantage can be found in the tacit knowledge resident in the organisation.

Tacit knowledge sits within the individuals of the organisation, and consists of facts, judgements, working hypothesis, reasoning strategies and methodological

approaches, as well as associations and relationships (Allee, 1997). The problem with tacit knowledge is that it is well internalised and the holder is not always even aware of its existence. This makes it very difficult to access and articulate and means that it cannot easily be leveraged for general use and is lost to the organisation when the individual leaves.

In summary then, tacit knowledge is difficult to identify, even for the individual themselves, hard to express, and it is not always in the individual's own interest to share it. As a consequence, sharing tacit knowledge in any setting is not a simple matter, but organisations in a knowledge industry must busy themselves in find ways to make this happen.

1.3 Importance of the research

As South Africa moves inexorably away from a resource-based economy, towards a service-based economy, the development and retention of knowledge becomes ever more important. In addition, skills development and knowledge transfer are both very current business imperatives for any South African company. In the South African context where the urgent need to develop people is at least in part a legacy of the political choices of the past, a clear understanding of the factors that contribute towards effective sharing of tacit knowledge within organisations would be of great benefit.

Beyond the developmental needs of a large portion of the South African population, the need to fast track the effective sharing of knowledge is of even greater significance in a knowledge industry. If it is accepted that competitive advantage in a knowledge industry is found, not in explicit, but in tacit knowledge,

then sustainability of organisational competitive advantage depends on transferring that tacit knowledge to the organisation as a whole, or to individuals in the organisation.

This research seeks to ascertain how effectively a selected South African knowledge business is currently sharing tacit knowledge. This information, and the conclusions that can be drawn from it, will be useful for other South African knowledge-based businesses as they strive to retain precious knowledge within their organisations.

The selected organisation has operated successfully within the insurance industry in South Africa for decades. The insurance industry is based largely on relationships, knowledge and experience. For businesses in this industry the value lies almost entirely in their people. The researcher was employed in the industry at the time of this research and had first hand experience of this.

In this environment, the knowledge that sits within the senior practitioners needs to be shared with the rest of the organisation in order for it to become part of the organisation on a broader scale and on a more sustainable basis. Historically this issue has been dealt with either in a haphazard, unfocused manner, or not at all. This results in the loss of massive amounts of knowledge and inevitably in duplication of effort and consequent reduction in productivity. The overall expertise of the organisation also suffers.

As has now been established, the need for a means of ensuring effective knowledge flows, and of sharing tacit knowledge within the organisation is well understood. There are many differing schools of thought on the topic of knowledge

management. According to Haldin-Herrgard (2000), one can discern two of the schools as being on opposite sides of the spectrum when one considers the sharing of tacit knowledge. One view holds that knowledge must be made explicit for sharing and the other regards tacit knowledge as always being tacit.

This research offers a view of how effectively a specific organisation is sharing its tacit knowledge. What naturally comes out of the research is a view on whether their current techniques fall within the *tacit is always tacit* school, or the *tacit must be made explicit* school. Regardless of the results, the research crystallises the need for a knowledge organisation to focus on this area of their business, by showing how one organisation is currently going about it.

1.4 Research problem

An organisation's core competency is more than the explicit knowledge of know-what, it requires the more tacit know-how to put the know-what into practice (Brown and Duguid, 1998). The challenge of effectively sharing tacit knowledge, or Brown and Duguid's (1998) know-how, is significant and there are many views on the best way to achieve this.

As Sveiby (1999) sets out, managers no longer manage people or even knowledge, but the space in which knowledge is created. This space is both the intangible culture and the tangible environment, such as the office. In Sveiby's (1999) concept of the knowledge organisation, the culture should encourage sharing.

The question at hand is what businesses that operate in the knowledge industry are doing, if anything, to promote effective sharing of Brown and Duguid's (1998) concept of know-how. Taking the point further, are knowledge based businesses managing the knowledge space, as defined by Sveiby (1999), and if so, what is working and what is not working?

1.5 Research objectives

This research endeavoured to examine the selected organisation from a holistic perspective in order to:

- Establish how effectively the people within the organisation were sharing tacit knowledge throughout the organisation.
- Ascertain the level of understanding that senior management at the selected organisation enjoyed of tacit knowledge in general, and of the impact of the sharing, or conversely the failure to share, tacit knowledge within the organisation.
- Identify whether, and to what extent, senior management at the selected organisation were focused on the sharing of tacit knowledge.
- Ascertain whether the people at the selected organisation were motivated to share tacit knowledge.
- To observe whether the internal structures within the selected organisation encouraged the sharing of tacit knowledge.

Completion of these research objectives gave a holistic picture of the efforts by the selected organisation, which operated successfully in a knowledge industry, to

manage the tacit knowledge held by the people in their organisation. In other words, were they managing to share Brown and Duguid's (1998) concept of know-how? The investigation into the internal structures of the organisation helped to answer the question of whether Sveiby's (1999) knowledge space was being managed successfully, or at all.

1.6 Scope of the research

This research sought to lay the theoretical foundation for a clear understanding of tacit knowledge, its importance to an organisation operating in a knowledge industry and some of the factors that inhibit and encourage effective sharing of such knowledge.

The research then looked in detail at a selected organisation with a view to determining how effectively they were sharing tacit knowledge. This entailed a case study approach that utilised a triangulation method encompassing semi-structured interviews, observation of the organisation and the study of artefacts. This approach was designed to reduce the subjective bias that is prone to occurring in semi-structured interviews, as well as to counteract the limitations of adopting a case study method.

The selected organisation was a listed entity, active in a knowledge industry. This made it a valid subject for the type of in-depth focus that comes with a case study. In addition, the researcher was employed in the organisation at the time of the research, ensuring access to its highest echelons. The access extended from strategic management to operational management as well as those people involved in knowledge management within the organisation.

The foundation of understanding the concepts involved in tacit knowledge, and the in-depth look at a successful organisation within the knowledge industry, which was made possible by the access that the researcher enjoyed to the organisation, gave a rare picture of what was being done by a South African company operating in a knowledge industry with regard to the sharing of tacit knowledge.

1.7 Structure of the research report

Chapter Two consists of a literature review which seeks to establish the prevailing literature pertaining to tacit knowledge, and the sharing thereof. This leads to a careful consideration of the factors that motivate people to share tacit knowledge, and of the impact of an organisation's internal structures on the sharing of tacit knowledge.

Chapter Three clarifies the specific research questions arising from the literature review. The questions focus on some of the main drivers of effective sharing of tacit knowledge in an organisational context.

Chapter Four sets out the research methodology selected. It gives a detailed explanation of the research design and seeks to defend the choices made in this regard. It also sets out the research methodology limitations and explains the steps taken to mitigate these limitations where possible.

Chapter Five contains the results of the research conducted. These are set out in sections that clearly show the triangulation method employed and the results obtained from each part of that method.

Chapter Six takes the results of the research and applies the literature covered in the literature review as a basis for evaluating those results. The research endeavours to answer each of the research questions from Chapter Three with reference to the literature and the research.

Chapter Seven summarises the main findings of the research, outlines the implications, and examines whether the research questions have been answered or not. The chapter also makes recommendations to stakeholders in the selected organisation and suggests areas for further research.

1.8 Chapter conclusion

The importance of the research having been established, the relevance of understanding tacit knowledge and how it is handled and shared in an organisation seems clear. This is particularly so when an organisation is concerned with sustainability.

Section 1.6 sets out the scope of the research, in that one organisation will be looked at in detail. Before that can be done in any meaningful fashion, however, there needs to be an understanding of the concepts involved. In Chapter 2, the research sets out the literature relevant to the concepts under discussion. Among other concepts, it considers the nature of tacit knowledge and how it is shared.

CHAPTER 2: LITERATURE REVIEW

2.1 Chapter introduction

A thorough understanding of the concepts involved in this research is important if there is to be any value extracted from the exercise. In particular, the nature of tacit knowledge is central to the research. It is this nature that dictates how it is to be shared, and indeed whether it needs to be shared at all.

This chapter considers the concept of tacit knowledge in some detail. It then goes on to look closely at how tacit knowledge is shared. From this section it becomes clear that motivation is a key driver for the sharing of tacit knowledge, and the chapter accordingly focuses on the motivation factor, before setting out the literature's view on the impact of internal structures on the process of sharing. By the end of this chapter, a clear picture of the concepts under discussion in this research emerges.

2.2 Defining tacit knowledge

Perhaps because it can be a complex topic, knowledge has fascinated many academics over the years. There have been many, varied investigations into the nature of knowledge, and how to manage it in the context of business. Early in the process of examining knowledge and knowledge management, it became clear that there is a distinction between personalised knowledge and the knowledge that is in a more open domain.

Polanyi introduced the concept and he believed knowledge can be seen in a spectrum where at one extreme we find the completely tacit and unconscious

knowledge and at the other end the completely explicit, structured and coded knowledge (Polanyi, quoted in Leonard and Sensiper, 1998). Nonaka and Takeuchi (1995) picked up on this point by also distinguishing between the terms explicit and tacit knowledge.

Accepting that there is a distinction between these two forms of knowledge, one is then driven to ask where this tacit knowledge is found, and what is its exact nature? Nonaka and Takeuchi (1995) set out that tacit knowledge has both cognitive and technical elements and contains a personal quality that is rooted in action and involvement. Their point was picked up and expanded upon by Gore and Gore (1999) who state that the technical dimension encompasses information and expertise, while the cognitive dimension consists of mental models, beliefs and values.

Augier and Vendelo (1999) believe that tacit knowledge is typically embedded in, for example, routines and cultures. In working life, many epitomes of tacit knowledge are to be found such as intuition, rule of thumb, gut feeling and personal skills, which can be classified into technical and cognitive dimensions (Haldin-Herrgard, 2000).

An alternative view comes from Brown and Duguid (1998). They reveal a view of tacit knowledge as being specifically the know-how, as distinct from the more explicit know-what, or the more technical knowledge. Allee (2000) expands on the point and defines tacit knowledge as that which individuals bring with them to the workplace – all their experiences, education and know-how. Although this seems to support Brown and Duguid's (1998) view, the inclusion of education also

appears to include some elements of know-what in the definition of tacit knowledge.

It seems then that the key to understanding tacit knowledge lies in the distinction between the technical (know-what) and cognitive (know-how) dimensions. Tacit knowledge encompasses the more technical knowledge which the individual has learned either from mentorship, observation, or experience, as well as from formal, explicit sources. This explicit knowledge is then integrated into the body of knowledge already held by the individual, acting to expand that individual's level of tacit knowledge. It is then easy to see that the old saying that knowledge is power could easily be referring to the ever-growing body of tacit knowledge that the individual holds. This seems to be supported by Lawson and Lorenzi (1999) who set out the view that tacit knowledge separates the masters from the common while explicit knowledge is for everyone to find and use.

2.3 The sharing of tacit knowledge

Armed with an understanding of the nature of tacit knowledge, it is then important to explore and understand how such knowledge is best shared. In fact, Sveiby (2001) goes further and asks what the point is of having people with lots of knowledge, but who are unable to do anything with it? What is the point in filling computers with information if the value is in the people?

From an organisational perspective, without the sharing of tacit knowledge, it will remain forever in the possession of the individual and the value of such knowledge to the organisation is limited to the value it can extract from the individual's use of the knowledge. If we accept that knowledge is a human faculty then according to

Sveiby (2001) the purpose of knowledge management concerns how the organisation best can nurture, leverage and motivate people to improve and share their capacity to act.

Considering the sharing of tacit knowledge in detail, it becomes clear that there are many different views on the best means of effectively achieving this. As is shown below, two of the broad categories that these views fall into are firstly that tacit knowledge must be made explicit to be shared, and secondly that it need not be made explicit for effective sharing to take place. These two categories will be looked at in more detail below:

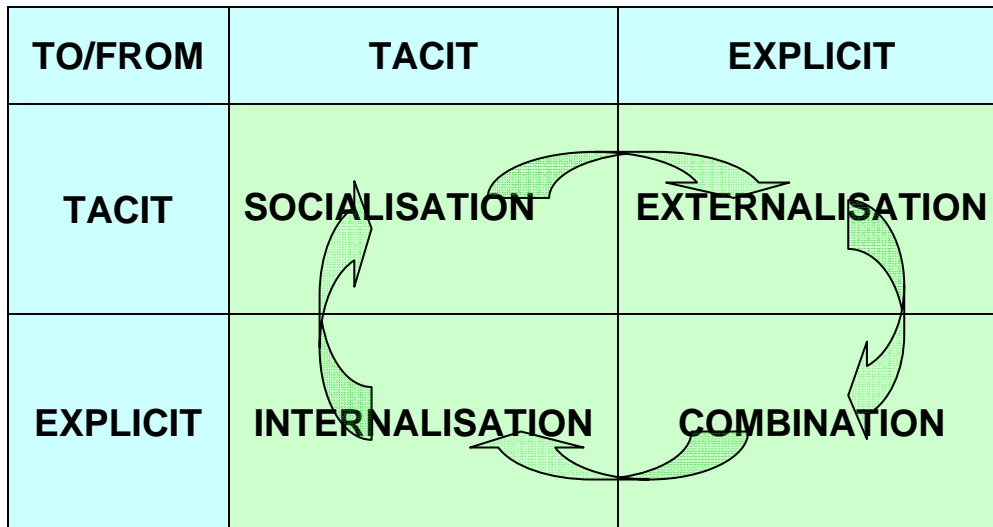
- *Tacit Knowledge must be made explicit to be shared*

Nonaka and Takeuchi (1995) set out that, unless knowledge is explicit, it cannot be easily leveraged. Their view is that experts should transfer their knowledge in documented form, specifically when experts and knowledge seekers are separated by time and location. Nonaka and Takeuchi fall within the school of thought that believes that tacit knowledge must be made explicit for sharing.

The Socialisation, Externalisation, Combination, Internalisation (SECI) model developed by Nonaka and Takeuchi (1995) is typical of this approach. The model, as shown in figure 1, asserts that the process includes four modes, socialisation, externalisation, combination, and internalisation in an ongoing circular movement. Socialisation includes the essential social interaction that is needed to learn new knowledge. Tacit knowledge is converted to tacit knowledge. For knowledge to be shared it first has to be made conscious and articulated; an externalisation must occur. This externalisation converts tacit knowledge to explicit knowledge.

Knowledge is then transferred from explicit to explicit during the combination phase. Internalisation then converts the explicit knowledge back to tacit knowledge (Nonaka and Takeuchi, 1995).

Figure 1: Nonaka and Takeuchi's SECI Model (Nonaka and Takeuchi 1995)



- *Tacit Knowledge need not be made explicit to be shared*

An alternative school of thought says that there is no need to express tacit knowledge explicitly. To make all knowledge explicit and eliminate the tacit personal elements in it could even be destructive to all knowledge (Polanyi, 1966). This school believes that tacit knowledge will always be tacit.

The difficulties encountered in sharing tacit knowledge can mainly be related to perception and language but also to time, value, and distance (Haldin-Herrgard, 2000).

Considering a few of these difficulties in more detail will assist in understanding their nature and helping to formulate a means of addressing these challenges:

- *Perception*

Perceptually the characteristic of unconsciousness entails a problem of people not being aware of the full range of their knowledge. Haldin-Herrgard (2000) says that just as we do not have to be conscious of our heart beating we do not exert ourselves in reflecting on our tacit knowledge.

- *Language*

Tacit knowledge is held in a non-verbal form. To articulate something that seems natural and obvious is hard for most people (Haldin-Herrgard, 2000).

- *Time*

In a fast-moving economy, a relevant difficulty for sharing tacit knowledge is time. The internalisation of this form of knowledge requires a long time both for individual and organisational forms of knowledge (Augier and Vendelo, 1999). More time pressure on employees therefore raises a risk that employees do not have sufficient time to attain tacitness in their knowledge.

- *Value*

In contrast to tangible goods, which tend to depreciate in value when they are used, knowledge grows when used and depreciates when not used. The intangible value in a value network grows each time a transfer takes place because knowledge does not physically leave the creator as a consequence of a transfer. The knowledge learnt from the holder of that knowledge adds to the receiver's knowledge, but it does not leave the holder. Thus, from an organisational

viewpoint the knowledge has multiplied. Knowledge shared is knowledge doubled (Sveiby, 2001).

The question then remains, how best should an organisation deal with the challenge of effectively sharing tacit knowledge? The concept of sharing tacit knowledge is complex and one clear solution is unlikely to emerge. Allee (2000) believes that building intellectual capital requires that knowledge is gained, stored, transferred and shared. She also opines that tacit knowledge is built and transferred through many types of interaction (Allee, 2000). This view advocating a broad, multi-faceted approach to sharing tacit knowledge seems pragmatic.

Overall, for the sharing of tacit knowledge, most sources recommend a mixture of techniques. According to Karhu (2002), mentoring is a powerful method to transfer expertise (expertise in this context is defined as a category of tacit knowledge, emphasising the uniqueness of a person's knowledge (Von Krogh *et al.*, 2000)), but it is suitable only when the expertise is not distributed to several individuals and locations, and especially when experts and knowledge seekers are separated by time. Observation and imitation also has limitations as this system cannot reach the internal models of an expert.

Metaphors and analogies (Nonaka and Takeuchi, 1995) and story telling are other methods to share tacit knowledge with large groups of people, but these methods are not suitable for transferring large amounts of knowledge (Karhu, 2002). Karhu (2002) emphasises interviews as a means to transfer tacit knowledge and opines that the organisation's culture is also seen as essential for the sharing of such knowledge.

In essence then, a holistic approach to the sharing of tacit knowledge, with an understanding of the limitations of each method, appears best. In this way, the particular circumstances surrounding language, time and distance will dictate the most effective means of sharing tacit knowledge in the organisation. For this to be effective, however, the management of the organisation must have a working understanding of the concept of tacit knowledge, and of the most effective means of sharing that knowledge in the particular circumstances.

2.4 Motivation to share tacit knowledge

Although Motivation is a significant topic in itself, it is important to understand some of the relevant theory relating to motivation in general if an understanding of motivation to share tacit knowledge is sought. With this in mind, the research offers below a brief look at some of the relevant theory relating to motivation in general, before going on to explore the theory base relating to the sharing of knowledge, and specifically tacit knowledge.

- Motivation

Ivancevich and Matteson (2002) present a view of motivation as being made up of at least 3 components; namely direction, intensity and persistence. Direction relates to what an individual chooses to do when presented with a number of possible alternatives. Intensity refers to the strength of the response once the choice has been made, while persistence refers to how long a person will continue to devote effort.

While Ivancevich and Matteson (2002) look at the make up of motivation, Vroom's Expectancy Theory of Motivation takes a more goal-oriented view of the topic. It holds that the tendency to act in a certain way depends on the strength of the expectation that the act will be followed by a given outcome, and on the degree to which the person desires that outcome (Swanepoel, Erasmus, Van Wyk and Schenk, 2003). The Expectancy Theory can be illustrated as follows:

Figure 2: Vroom's Expectancy Theory (Swanepoel *et al*, 2003)

Motivation Strength	=	Perceived value of the result of performed behaviour	X	Perceived probability that the result will materialise
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Vroom's view is interesting in that it builds on a more specific view held by Badaracco *et al.* (1989). They write that practitioners believe that people are motivated by self-interest and by a search for power and wealth. This is not contrary to the Expectancy Theory, but does isolate a specific result that is sought by the individual.

Senge (1990) expressed a contrarian view namely that, if people are only interested in themselves, then the organisation inevitably develops an atmosphere where the people are no longer interested in common organisational objectives. In Senge's opinion an alternative model could be one where people want to be part of activities which are greater and more significant than their personal and selfish goals. They want to contribute toward building something important and they value doing it with others.

In the context of an organisation, the main thrust in motivation then appears to require a matching of needs between the organisation and the individual. In this light, Swanepoel *et al* (2003) set out and illustrate Alderfer's Existence, Relatedness, Growth (ERG) Theory of Motivation. According to this theory, there are three core needs, namely existence, relatedness and growth. Existence needs relate to our basic material needs. Relatedness refers to our desire for interpersonal relationships and interaction. Growth needs relate to our inherent desire for personal development (Swanepoel, *et al* 2003). It would seem that it is the latter two groupings of needs that an organisation can leverage to encourage the sharing of tacit knowledge.

An overall picture of a motivated organisation is one where its people are motivated, not only to share knowledge, but to perform as required by the organisation. If such motivation is to be energised, sustained and directed, managers must know about needs, preferences, goals, and comparisons, and they must act on that knowledge, in other words the manager needs to be actively involved (Ivancevich and Matteson, 2002).

- *Motivation and tacit knowledge*

How then are these views of motivation related to the sharing of tacit knowledge? It is safe to assume that, without motivation to share, meaningful sharing is unlikely to happen. This makes motivation a key enabler for the sharing of tacit knowledge. As the topic of motivation is a broad one, rather than set out the views of various authors in chronological order, this section of the research builds a point by

incorporating the views of authors from varying periods. In this way, a clear picture of the relationship between tacit knowledge and motivation emerges.

Ekeh's Social Exchange Theory of Motivation suggests that members of an organisation engage in reasonably predictable give-and-take relationships (Ivancevich and Matteson, 2002). Accordingly, an organisation would need to create an environment where the holder of the knowledge feels they can gain by sharing the knowledge they hold with a colleague.

From an individual's point of view, knowledge shared may be an opportunity lost if the effect of sharing becomes lost career opportunities, extra work and no recognition. Knowledge shared can be competitiveness lost (Sveiby, 2001). This is particularly pertinent in the South African environment, where much of the knowledge is still held by the previously privileged white minority. Affirmative action in the form of employment equity makes it essential for an organisation to find ways to transfer that knowledge to the previously disadvantaged employees within its ranks. For the white male, this knowledge may be his only remaining competitive edge, and to motivate him to share that knowledge is potentially a very difficult task.

Sveiby (2001) goes on to say that a resource understood as a capacity-to-act cannot be discussed without reference to people and how it motivates individuals to share and create. In this light, he also expresses the view that managerial approaches aimed at managing environments are more appropriate than command-control of individual behaviours.

Looking at the circumstances in which a person may be motivated to share knowledge, Kollock (1999) suggests that there are four possible reasons for a person to behave in this way. They are:

- the expectation that one will subsequently receive useful help in return;
- the increasing of one's own reputation and status in the group through contributing;
- a sense of efficacy; and
- a feeling of belonging to the group.

Building on this fourth point, the more a person believes that information sharing is a social norm, that is, the usual, correct, and a socially expected behaviour, the more they will be willing to share (Kwok and Gao, 2004).

Beyond these factors, Koskinen (2003) looks closely at commitment and trust as components of motivational systems on the basis that they function as factors which affect willingness and openness of the people in the process of tacit knowledge sharing. According to him, researchers believe that genuine bonding and commitment derive from interesting content in the work and from the goals of the job being significant. This is an extension of the view expressed by Barkley *et al* (1994), namely that people need to be motivated by a higher order of needs, such as a sense of belonging, a feeling of accomplishment, improved self-esteem, and opportunities for personal growth.

This view is seemingly supported by Koskinen (2003) when he sets out that rewards and recognition are essential to an individual for the promotion of

commitment. Intrinsic rewards are often sufficient to start an implementation of a task. Once an individual is established, he or she covets higher-level intrinsic rewards (Koskinen, 2003). Koskinen (2003) goes on to say that the acquisition and sharing of tacit knowledge within an organisation is assisted by a person's strong commitment to the goals of the organisation. The result of this is that situational external factors, such as leadership style and organisation culture, are critically important to the successful utilisation of tacit knowledge in an organisation.

All of the views expressed by the numerous authors referred to in this section of the chapter can be incorporated in a holistic organisational strategy by focusing on managing the environment that people operate in. This relates to encouraging give and take relationships, fostering a sense of belonging, thereby encouraging commitment and trust, and extends to ensuring the system of rewards and recognition that operates within the organisation is geared up to recognise and reward those that actively share their knowledge. Understanding the drivers of motivation to share tacit knowledge, and managing the environment are the key ingredients.

2.5 The impact of internal structures within an organisation on the sharing of tacit knowledge

The question of whether people within an organisation will participate in the sharing of tacit knowledge depends on more than motivation alone. The opportunity to do so also needs to be there. These opportunities may arise intermittently without conscious effort on the part of the organisation, but it is logical that these

opportunities will not exist on an ongoing, consistent basis, without a particular focus on the part of the management of the organisation.

- *Trust*

Trust can trump the other factors that positively affect the efficiency of knowledge markets and without trust, knowledge initiatives will fail, even if the survival of the organisation depends on effective knowledge transfer (Davenport and Prusak, 1998). These strong words emphasise the importance of trust in the knowledge sharing equation.

Firms need to formulate strategy considering how to utilise the leverage and how to avoid the blockages that prevent sharing and creation of new knowledge. Sveiby (2001) states that the strategic questions are how an organisation can improve the transfer of competence between people within it, and how an organisation can improve the collaborative climate. He opines that the most important issues are probably concerning trust in the organisation. He asks how willing people are to share their ideas and what they know and answers by saying that these questions lead towards activities focused on trust building, enabling team activities, induction programs, job rotation, master/apprentice schemes, etc. (Sveiby, 2001). This view emphasises that the organisation needs to manage not only the physical environment, but rather the entire environment, including the relationships between the people in the organisation.

Davenport and Prusak (1998) take a more succinct view and set out that in order for the knowledge market to operate in an organisation, trust must be established in the following three ways:

- *Trust must be visible.* People must be seen to be receiving credit for knowledge sharing and there must be direct evidence of trust in the organisation.
- *Trust must be ubiquitous.* If part of the market is untrustworthy, the market becomes asymmetric and less efficient.
- *Trustworthiness must start at the top.* If top managers are trustworthy, trust will seep through and come to characterise the whole firm.

In this context, face-to-face interaction allows people within the organisation to get to know each other through building and maintenance of strong social networks that generate trust and commitment. Personal contact and trust are intimately related (Davenport and Prusak, 1998). Because people trust each other, they can depend on one another, regardless of the situation. This builds the organisation's social capital, which provides the foundation for sharing tacit knowledge (Koskinen, 2003). Based on this premise, organisations need to make every effort to increase the amount of face-to-face interaction between the experts within the organisation, and those that can learn from them. It indicates that the relationship of trust is key, and that without this element, successful sharing of tacit knowledge is unlikely.

- *How do we communicate?*

In order to benefit from tacit knowledge, one must be able to interpret, internalise, and understand different issues, circumstances and situations. As a result individuals communicate with each other by a number of different means (Koskinen, 2003). The richness of a communication medium can be analysed in

terms of two underlying dimensions: the variety of cues the medium can convey and the rapidity of feedback the medium can provide (Koskinen, 2003).

This is an extension of the views expressed by Daft *et al* (1984), who propose that communication media can be placed along a five-step continuum: (1) face-to-face; (2) telephone; (3) written personal; (4) written formal and (5) numeric formal. Koskinen (2003) concludes that subjective views and intuitions are mainly acquired and transformed into new tacit and organisational knowledge by informal face-to-face interaction.

In order to facilitate effective face-to-face interaction, organisations must pay attention to both the intangible culture and the tangible environment, such as the office (Sveiby, 1999). In an ideal environment, the intangible culture encourages knowledge sharing so people are recognised publicly and rewarded for sharing. And the open culture is further encouraged by the lay-out of the office.

- *Structures encouraging communication*

Peters (1990) asserts that individuals are most likely to interact with others when the physical characteristics of the building or settings encourage them to do so. Attention must accordingly be paid to the physical structure housing the organisation, as well as the office lay-out employed within the organisation.

Organisations can be described as physical structures, which have architectural design and physical placement of furnishing in a building that influence or regulate social interaction (Davis, cited by Koskinen, 2003).

Physical separation produces communication barriers between organisation members and co-operation becomes more difficult. Instead of engaging in direct communication, those who are separated must choose written communication channels and they will have few connections to the rest of the organisation (Koskinen, 2003). In the five-step communication continuum proposed by Daft *et al* (1984), written personal communication is seen as the third step, and would be unlikely to generate meaningful sharing of tacit knowledge.

The point then is that, from an internal structural design perspective, specific attention should be paid to removing barriers to communication. There is little argument against the assertion that the more people communicate face-to-face, the more likely they are to impart knowledge and to share tacit knowledge.

- *Culture*

Organisational culture is a mammoth topic on its own and the intention of this research is not to focus on it, but it does represent an important driver of knowledge sharing. It is also one of the topics covered during the interview process as part of this research. This section will very briefly look at one or two views, but rather than investigate the topic in detail, there will be a focus on the views expressed by Davenport and Prusak (1998) regarding the most common frictions and ways of overcoming them. This represents a succinct and comprehensive view of the cultural factors involved in knowledge sharing. The following table sets out their views:

Table 1: Culture of Knowledge Transfer – Friction / Solutions (Davenport and Prusak, 1998)

Friction	Possible Solutions
Lack of Trust	Build relationships and trust through face-to-face meetings
Different Cultures, vocabularies, frames of reference	Create common ground through education, discussion, publications, teaming, job rotation
Lack of time and meeting places; narrow idea of productive work	Establish times and places for knowledge transfers: fairs, talk rooms, conference reports
Status and rewards go to knowledge owners	Evaluate performance and provide incentives based on sharing
Lack of absorptive capacity in recipients	Educate employees for flexibility; provide time for learning; hire for openness to ideas
Belief that knowledge is prerogative of particular groups, not-invented-here syndrome	Encourage non-hierarchical approach to knowledge; quality of ideas more important than status of source
Intolerance for mistakes or need for help	Accept and reward creative errors and collaboration; no loss of status from not knowing everything

Experts often wonder whether the use of their knowledge in a free-sharing environment will result in negative consequences with respect to their own careers (Mueller and Dyerson, 1999). In this regard, the biggest challenge is properly addressing the cultural change issues throughout the organisation, associated with the creation of effective communicating teams and where the sharing of knowledge is viewed as a benefit rather than a risk (Davenport, 2000).

- *Knowledge networks*

Knowledge networks also form a significant and varied field for study and this research merely seeks to set out one or two of the basic principles involved. The

intention is not to provide an exhaustive study of the relevant theory pertaining to knowledge networks.

Internal structures do not refer only to the physical environment, but also to the structure of the organisation itself. The question then is whether the organisational structure acts as a catalyst to the sharing of knowledge, or whether it has the opposite effect. The organisation must position its internal structures in such a way as to allow the effective flow of knowledge.

One way to direct the flow of knowledge in an effective way is to find ways to manage knowledge networks. Napierela *et al* (2005) define knowledge networks as “who communicates with whom, and who learns from whom”. More specifically, they regard these networks as being made up of structures and relationships that allow workers to share information, brainstorm, refine ideas and create innovations. They go on to assert that organisations today are tending to work to formalise and jump-start knowledge networks, so that best practices, ideas and innovations can be efficiently refined and shared. Training and development professionals contribute to this effort by creating course and performance support structures that both nurture and take advantage of knowledge networks (Napierela *et al*, 2005).

Because creating and supporting knowledge networks requires an understanding of the conditions that lead to their successful formation and the environment in which they can function and grow, training and development practitioners are natural participants in the process (Allee, 2000). These practitioners, and their organisations, must accept that knowledge networks need to support conversational interaction between people or groups, social feedback and social

networking, and build trust and break down knowledge silos while retaining participant privacy (Kaplan-Leiserson, 2003). Allee (2000) goes on to say that even when technology is the focus and the medium for knowledge networks, the point is facilitating peer conversation, experimentation, and shared experiences.

According to Napierela *et al* (2005) some proven strategies for creating and nurturing knowledge networks are mentoring, coaching, and communities of practice. To understand this view better, it is important to understand the context of these three concepts.

Mentoring is seen as a situation where a more experienced worker helps a less experienced person learn and grow (transferring skills and experience) by tutoring, coaching, listening, counselling, teaching, modelling, giving feedback, demonstrating, guiding and facilitating desired performance (Napierela *et al*, 2005). Coaching tends to be focused on a specific task or skill, as opposed to the more general and encompassing relationship present in the case of mentoring (Jacobs, 1999). Communities of practice are networks characterised by a common sense of purpose where workers rely heavily on peers as a primary knowledge resource to quickly access and share information, strategies, tips, tricks and skills. Members are self-selected with people participating because they personally identify with the topic and purpose of the group (Allee, 2000).

Knowledge networks operate primarily on a basis of face-to-face communication and ensuring that the right people are spending time with each other. An essential ingredient for success is who is learning from whom.

It is clear that understanding that the culture of the organisation is an essential part of the tacit knowledge sharing equation is an important step in the right direction. In addition, the tangible environment needs to be managed to facilitate sufficient face-to-face communication to foster an atmosphere of trust, without which there is unlikely to be much sharing of tacit knowledge. Facilitating environments to get people together will also achieve a high degree of face-to-face communication, which has been shown to be the richest form of communication for the transfer of tacit knowledge. The easiest way to do this, from a physical environment point of view, is to remove as many physical barriers between people as possible. This will, among other things, facilitate the development of knowledge networks.

2.6 Chapter conclusion

In an attempt to summarise the literature reviewed in this chapter, it is noteworthy that tacit knowledge is the body of knowledge that an individual holds by virtue of their own learnings over a period of time. It is neatly described as the know-how held by that individual and it is usually developed in a variety of means.

In order to create an organisation where that knowledge is freely shared between members of the organisation, a holistic approach is recommended. The management needs to have a good understanding of the many ways in which tacit knowledge is shared, as well as each method's limitations, in order to be able to decide which method would be most suitable in any particular set of circumstances.

In any event, without actively managing the working environment with a view to fostering motivation to share knowledge, it is unlikely that the sharing would

become anything other than sporadic and ineffectual. It is important that the management therefore understand the drivers of motivation.

As if the challenges were not already significant, the organisation also needs to create an environment where trust is a key feature. One way of doing this in the context of tacit knowledge sharing, is to increase the amount of face-to-face contact between members of the organisation. This will also enable those members to communicate more face-to-face, which has been shown to be the richest form of communication when it comes to sharing tacit knowledge. The way to do this, and to create knowledge networks, is to remove physical barriers between people in the organisation. Once again the key is to manage the environment.

Knowing now how complex a topic the sharing of tacit knowledge is, it is clear that an organisation operating in a knowledge industry would need to pay specific attention to the topic to have any hope of creating an organisation where tacit knowledge flows freely. How much attention is being paid to these issues by this research's subject organisation becomes clear through the research.

CHAPTER 3: RESEARCH QUESTIONS

3.1 Chapter introduction

Chapter 2 provided an explanation of the concepts involved in the research topic. At this stage of the process, it is important to establish clear questions that the research will seek to answer. These questions have been linked directly to the research problem and the research objectives. Answering these questions accordingly became the main aim of the research.

3.2 Does senior management at Glenrand MIB understand the impact of and focus on the sharing of tacit knowledge?

From the literature review in chapter 2, it is clear that the sharing of tacit knowledge is a vital element in the successful management of a knowledge business. In light of this, one would expect the senior management of a comparatively large business in a knowledge industry to have a good understanding of the key issues related to the topic at hand. This research set out, among other things, to establish the level of understanding of the key issues related to the sharing of tacit knowledge among the senior management at Glenrand MIB.

In addition to the level of understanding, the research sought to establish how much focus was being applied to the sharing of tacit knowledge within Glenrand MIB. Although it can be accepted that a certain amount of sharing will inevitably take place, without some level of focus from management, the sharing of tacit knowledge is unlikely to form an integral part of the fabric of the organisation.

3.3 Are people at Glenrand MIB motivated to share tacit knowledge?

The literature review deals in detail, in section 2.4, with the impact of motivation on the sharing of tacit knowledge. In considering the literature, it becomes abundantly clear that actively creating an environment where motivation to share knowledge is fostered is a key element in the sharing of tacit knowledge within an organisation. As such, one of the essential parts of this research constituted an effort to establish whether the employees at Glenrand MIB were motivated to share the tacit knowledge that they held, and to seek out the tacit knowledge held by others within the organisation.

3.4 Do the internal structures within Glenrand MIB encourage the sharing of tacit knowledge?

The internal structure of an organisation has been shown to have a marked impact on the sharing of tacit knowledge within an organisation. These include factors such as the existence or absence of knowledge networks, and the physical structure being utilised within the organisation. From a physical structure perspective, encouraging face-to-face contact has been shown to increase trust and to enrich communication, both of which are important for the sharing of tacit knowledge.

As part of this research, observations of the physical structure of the head office of Glenrand MIB were conducted. Artefacts within the organisation were examined and interviews were conducted with key informants with a view to determining whether the architecture of the building, the office lay-out and the culture of the

organisation had the effect of encouraging or inhibiting the sharing of tacit knowledge with Glenrand MIB.

3.5 Does Glenrand MIB currently share tacit knowledge effectively throughout the organisation?

Ultimately, the central question addressed by this research was whether Glenrand MIB was sharing its tacit knowledge effectively. The research investigated whether Glenrand MIB was doing it effectively or not.

3.6 Chapter conclusion

Answering these research questions ensured that the research met its objectives and that the research problem was addressed. In order to achieve this, the methodology had to be appropriate to answer the research questions. In the following chapter the research methodology is explained in detail.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Chapter introduction

There are many variations on the theme of research methodology approach. The methodology must be selected based on several factors, but primarily with reference to the research objectives and the research questions to be answered. In Chapter 3 the research questions were set out in detail. In this chapter, the selected research methodology is set out, as well as the rationale behind its selection.

4.2 Research philosophy

This research was aimed at obtaining a snapshot of the chosen organisation, namely Glenrand MIB. This was achieved by qualitative research focusing on a case study approach. In the first instance the research sought to determine how effective the sharing of tacit knowledge was within the chosen organisation. This objective was approached from several angles, using a combination of methods. The elements of effective sharing of tacit knowledge were identified in the literature review, and this knowledge was used to investigate the organisation in question. Elements were selected and the research then sought to ascertain how well the organisation was performing in terms of these elements.

With regard to research philosophy, there is a choice between positivist and phenomenological philosophy (Easterby-Smith *et al*, 1991). This research followed a phenomenological philosophy as it tends to produce qualitative data (ideal for a case study approach); smaller samples are used to obtain rich and subjective data.

Even though the reliability of this form of research is seen as low, the research took cognisance was taken of this risk and a triangulation method was employed to manage the possible adverse effects resulting from this. The results of the research show that the holistic approach that phenomenological philosophy, augmented by triangulation leads to, provided a more comprehensive picture of the organisation in question than an alternative philosophy would have been likely to provide. These paradigms were identified by Hussey and Hussey (1997).

4.3 Research approach

Both empirical, defined as data based on observation or experience (Hussey and Hussey, 1997), and non-empirical research was utilised in this research assignment. The non-empirical was used to set the framework for the empirical research, which was conducted as discussed below. The major part of this research was, however, non-empirical in nature. The very nature of the subject of this research necessitated this approach and made meaningful empirical research difficult to achieve.

Faced with the choice between the qualitative and quantitative approaches to research, a qualitative approach was chosen. This was because qualitative research methods were developed in the social sciences to enable researchers to study social and cultural phenomena. This fitted nicely with the intention of this research which was, among other things, to consider social and cultural issues within a specific organisation. Once again, however, there was a small amount of quantitative research conducted in the form of the structured portion of the interviews conducted with the key informants of the organisation. This was done to

provide, among other things, a means of assessing consistency of views across the organisation's top leadership. This approach proved very successful in this regard and justified the inclusion of this small quantitative addition to the overall research approach.

Hussey and Hussey (1997) define inductive research as being developed from the observation of empirical reality from which general inferences are induced. This is the opposite of deductive methods, which seek to test a pre-developed conceptual and theoretical structure by empirical observation. As the literature review had provided a theory base, a measure of a conceptual and theoretical structure had been developed, but the primary intention of the research was to induce general, but meaningful inferences from the empirical reality, rather than testing it against a strong theory. There was a mixture between the two approaches, but primarily this research was inductive in nature.

In line with the phenomenological philosophy, the approach adopted for this research was subjective (the researcher is involved in or has an influence on the outcome) as opposed to a totally independent, or objective approach. This approach may have had the effect of limiting the findings of the research, but cognisance was taken of this when the approach was selected. Ultimately, meaningful observations were able to be extracted and a comprehensive snapshot of the organisation in question was obtained using the selected approach.

4.4 Research strategy

Stake (1995) refers to the case study method as follows: "a case study is intended to catch the complexity of a single case". In support of this statement, Welman and

Kruger (2001) set out that in case studies we are directed towards understanding the uniqueness and the idiosyncrasy of a particular case in all its complexity. On a cautionary note, according to Yin (1994), the use of one case can only be justified if the case is a critical one for confirming, challenging or extending a theory because it is the only one that meets all the conditions, or the case is rare or extreme and finding other cases is highly unlikely, or the revelatory case provides unusual access for academic research. As the researcher was employed by the selected subject organisation, the third criterion was met. The ability to obtain extremely rich data meant that, the natural option for this research was to follow the case study strategy.

The case study strategy is broken up into various types, one of which is the snapshot approach, which provides a picture of the subject at a specific given time. This research can be defined as single case using a snapshot approach because it reveals a picture of a single organisation, at one specific given time.

4.5 Case study organisation

This research was concerned with the effectiveness of tacit knowledge sharing within the selected organisation. By means of this case study, the research sought to assess their current systems, initiatives, culture, environment and artefacts in order to determine how effective the organisation was at the sharing of tacit knowledge. It was believed that the outcome of this case study would prove useful for most knowledge organisations, and not only for the organisation in question.

The selected organisation was Glenrand MIB, which was a knowledge organisation, in other words it resided in a service industry and was entirely based

on knowledge products. In selecting the organisation, the research had regard to Yin (1994), who sets out four main factors which relate to the selection of the case study organisation, namely relevance, feasibility, access and application.

On the issue of relevance, the subject organisation needed to be a knowledge organisation. Glenrand MIB fitted the definition, hence there was a clear need for them to manage the sharing and transfer of their tacit knowledge. This made them relevant as a subject for a case study looking at tacit knowledge management systems and initiatives. In addition, the researcher was aware that the formal systems were limited in the subject organisation, making it ideal for the intention of the research. This also meant that the requirement for application was met.

The research was feasible as the researcher was employed at divisional executive level, which allowed him to conceptualise, plan, execute and report back on the research project. In short, the practical aspects of the research were within the reach of the researcher. The researcher's position within the organisation also ensured access.

4.6 Data methods

According to Miles and Huberman (1994), most qualitative researchers usually work with small samples of people. That was the case with this research. Non-probability sampling was used, as the qualitative, phenomenological nature of the research rendered the probability sampling approach ineffective. More particularly, this research utilised judgmental sampling (using key informants who, by virtue of their position and experience, were able to articulate the information required (Welman and Kruger, 1999)).

The research used a combination of interviews, observation and artefacts to satisfy the requirements of a triangulation approach.

With regard to the interviews, the richness of the data required for the selected research methodology meant that interviews were necessary. The interviews were semi-structured, as defined by Welman and Kruger (2001). This approach was used because the semi-structured interview allows the interviewer to adapt the formulation of the questions, and to probe with a view to clearing up vague answers. This is not catered for in structured interviews.

Structured questions were used to set the parameters of the discussion, to assess the subject's understanding of the topic at hand and the terminology involved and to extract the interviewee's views on the effectiveness of tacit knowledge transfer within the organisation at the time. These questions were used at each interview and the results were recorded and collated to assess consistency of the opinions and the level of agreement among senior management at the organisation.

Once this had been achieved, a less structured approach was adopted to probe more deeply where required. The views of the interviewees on the issue of tacit knowledge sharing within the company, specifically whether it was happening effectively, were extracted. The understanding of the interviewees of the terminology used in discussing knowledge transfers was then probed.

The question of how much focus there was on the sharing of tacit knowledge, and how much focus there ought to be, was then examined. Following upon this discussion, the interviewees were probed on the level of motivation within the organisation, both to share tacit knowledge, and to seek out tacit knowledge.

Lastly, opinions were obtained from the interviewees on whether the building's architecture, the office layout and organisational culture had an impact on the sharing of tacit knowledge and whether these three factors acted within the subject organisation to inhibit or to encourage the sharing of tacit knowledge.

There were eleven interviews. They were with the most senior people in the organisation, and with those specifically involved in knowledge management activities. The people interviewed included the Group CEO and the respective heads of Benefit Services and Risk Services, the two key operational units. Within Risk Services, the respective heads of the strategic business units, namely Corporate Risk Services, Commercial Risk Services and Personal Risk Services, were interviewed. For a non-operational perspective, the head of Risk Services Human Resources, the Group Human Resource Development Manager and the Group Technical Director were also interviewed.

In addition to the interviews, the research included observation of the organisation by paying conscious attention to the signs of social networks and interaction that lead to effective sharing of tacit knowledge. The research also included observation of the organisation from a cultural point of view, to assess the viability of the existent culture, as it related to knowledge transfer. The organisational setting and circumstances were observed. The intention of the observation portion of the research was to provide a context within which to assess the outcomes of the interviews.

The third leg of the triangulation approach entailed an assessment and observation of relevant organisational documents and artefacts. Examples of the artefacts and

documents in question would be meeting agendas, e-mails, presentation material, advertisements, press clippings and annual reports.

The reason for adopting the triangulation approach was that it increased the quality and validity of qualitative research methods (Darke *et al*, 1998). This method also acted to counter possible researcher bias that may have arisen during the interview process. Possible sources of bias may have been the effect of the researcher on the interviewee's behaviour, as well as preconceived ideas that the researcher may have brought to the interview

4.7 Chapter conclusion

The research methodology then was a case study with Glenrand MIB as the subject. It embraced the phenomenological approach, incorporating triangulation for validity and it was primarily qualitative in nature, with some quantitative aspects. Interviews were conducted, together with observations and consideration of artefacts.

Chapter 5 sets out the results obtained from the methods utilised. As can be seen from the results, the methodology was successful in providing a holistic view of the subject organisation.

CHAPTER 5: RESULTS

5.1 Chapter introduction

Following the methodology clarified in Chapter 4, the subject organisation was subjected to scrutiny embracing a triangulation method. According to Welman and Kruger (2001), triangulation is often used by researchers when a case study approach is being employed. This is because the researcher himself is the research instrument and an attempt is accordingly made to corroborate findings according to at least three different approaches. As discussed in section 4.5, this research utilised observations of the organisation, interviews and the study of artefacts to achieve the triangulation required for validity. In discussing the results of the research, each of these approaches is discussed individually.

5.2 Observations

Time was spent observing the organisation in a variety of settings and at different times over a period of three months. As the researcher was employed in the organisation in question, there was significant opportunity for access to the different structures and events happening at the organisation. This provided the opportunity to obtain a more holistic picture of Glenrand MIB.

5.2.1 Background of the organisation

At the time of the research Glenrand MIB was made up primarily of two divisions, namely Risk Services and Benefit Services. Risk Services was a leader in the South African short term insurance broking industry. Its main local competition was Alexander Forbes, while it also competed with international players such as

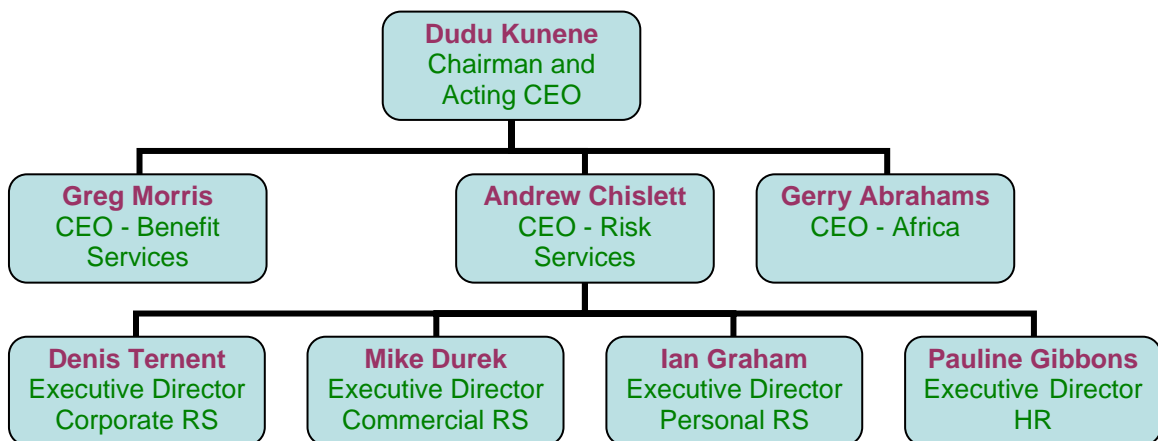
Aon, Marsh and Willis. This was particularly true in the corporate insurance market. With regard to the commercial and personal insurance markets, they competed with any and all insurance brokers in the country.

Benefit Services was a supplier of employee benefits, healthcare and investment products and services. This was a much smaller part of the overall Glenrand MIB picture, and had historically been a business that had struggled to compete successfully in its market or to provide meaningful financial performance.

In the financial results for their financial year ended June 2006, Glenrand MIB reported income of roughly R 552,000,000. Of this, R452,000,000 came from Risk Services, with the remaining R100,000,000 coming out of Benefit Services. Of the total income, R58,000,000 came from discontinued operations. A copy of the financial year-end results are attached and marked as Appendix 1.

The company employed slightly fewer than 1200 people countrywide and had a branch network spanning the entire country and most of South Africa's neighbouring countries. A very basic organisational chart showing only the key people pertinent to this research would look as follows:

Figure 3: Basic Glenrand MIB Organogram (Author, 2006)



From a knowledge perspective, because the organisation was operational in a knowledge industry, there were many people with significant levels of tacit knowledge. This had been built up mainly by experience and the company's knowledge profile was accordingly fairly good. The challenge came in that the short term insurance industry, specifically at corporate level was made up of numerous specialities. The company was thus split into areas of speciality and it seemed that the knowledge within those specialist groupings would naturally be bound by the physical and organisational lines thus drawn.

Until approximately 10 years prior to this research, the insurance sector was mainly populated by people with little formalised tertiary education. The skill levels were developed over time and the majority of top practitioners were people with significant levels of experience. At the time of this research, the profile of the people in the industry had changed somewhat and there were more graduates in the larger organisations in the industry. By nature these people are hungrier for knowledge and less patient in their pursuit of personal growth and development. This had made the sharing of the tacit knowledge held within an organisation even more important, not only to retain the scarce knowledge within the organisation, but also to be able to attract and retain the top talent available. With increased sharing of tacit knowledge comes the potential for learning and growth and this often serves to motivate many graduates even more than financial gain. In an industry where human capital is the most meaningful currency, the ability to attract and retain the right sort of people is of prime importance. Although the sharing of tacit

knowledge is only one element of this battle for scarce talent, it is an important one.

5.2.2 Architecture of the building

In the literature review earlier in this research, Peters (1990) was quoted as having asserted that individuals are most likely to interact with others when the physical characteristics of the building or settings encourage them to do so. Other authors were shown to have agreed and the case was successfully made to show that the architecture of a building has an impact on the level of interaction that goes on inside that building. Since tacit knowledge is best shared in direct interaction, the relationship between the building and the sharing of tacit knowledge is clear.

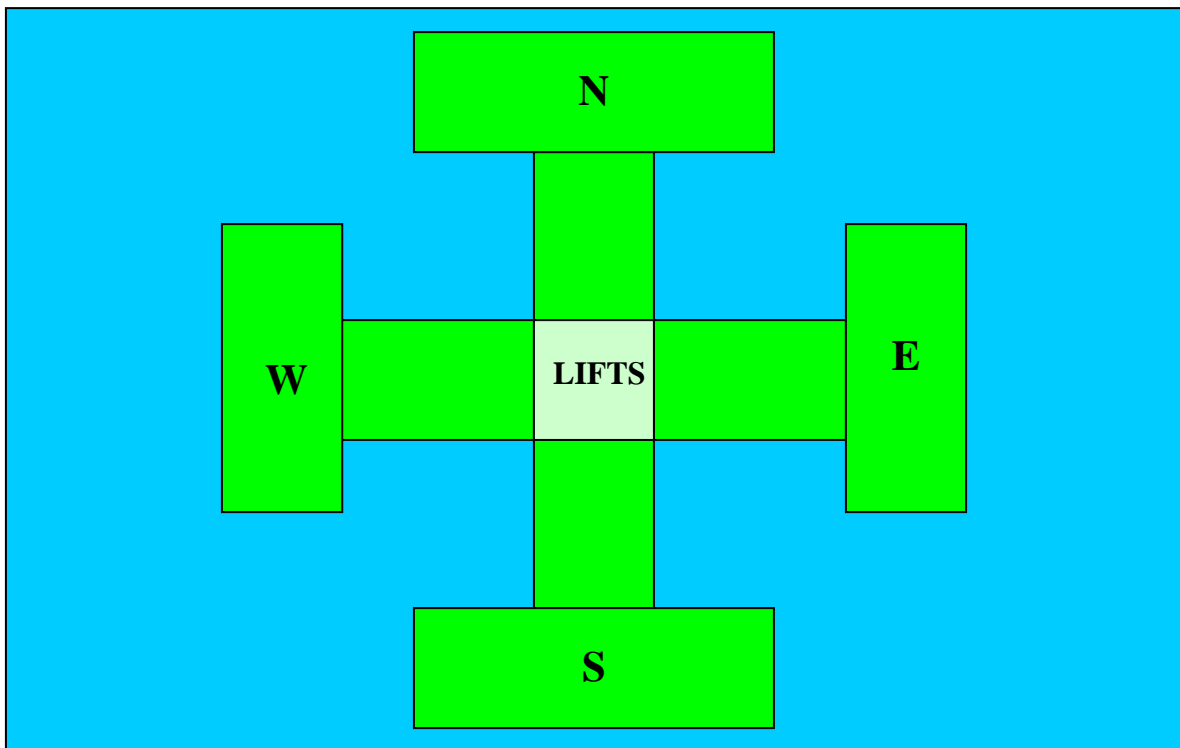
The building that housed the head office of Glenrand MIB was in Randburg, Johannesburg. It consisted of 6 floors, with the ground floor being made up of the reception area, the staff canteen and meeting rooms. The 6th floor was the pub and covered significantly fewer square meters than the floors below. Floors 1 to 5 were all used to accommodate the staff.

The building was symmetrically split into four wings on each floor with a central lift shaft. Typically, a wing would house one or two teams or business units and would be fairly self-sufficient. Each wing also had its own access to bathroom facilities. The result was that, unless an employee was arriving or leaving, or perhaps going to the canteen for some form of refreshment, they would have no cause to leave their wing and accordingly there would be no need for interaction. An employee would have expected to run into another employee from a different team or

business unit only when they entered and exited the lift area in the middle of the building.

To provide a visual image, the basic structure of the building is as shown in figure 4 below:

Figure 4: Glenrand MIB Head Office Building Structure (Author, 2006)



As can be seen from figure 4, the structure of the building did little to encourage interaction and would certainly not have acted to encourage the sharing of tacit knowledge through interaction.

Having said that, both the ground floor and top floor were areas where interaction was certainly encouraged. The meeting rooms on the ground floor were largely enclosed by glass, creating an open atmosphere that tended to encourage

communication. The canteen was housed in a large, open area, also enclosed by glass. It created a sunny, welcoming feel that resulted in many employees coming to the area to have a cup of coffee or a snack with a colleague. The result was that interaction and communication were fostered and it became much easier to share experiences and knowledge. The ground floor and the canteen area in particular had the effect of encouraging the sharing of tacit knowledge among employees.

The top floor pub also brought people together. The tendency was for people to go upstairs for a drink before going home, particularly on a Friday. During this time, much debate seemed to occur and relevant topics were discussed. This, however, inevitably took a form that more closely resembled gossip than true sharing of tacit knowledge. The distinction between the canteen area and the pub was the time of day that people would frequent them, and accordingly, the likelihood of discussing knowledge-related topics was much higher in the canteen than in the pub.

Having said that, the pub area did not act to inhibit the sharing of tacit knowledge. It actually acted to help build the relationships of trust that are so important in the knowledge equation. The problem was that the people communicating in this environment were often at similar levels in the organisation and there was little impact on the relationships between potential knowledge sharers.

In summary, the ground and top floors had positive, if varying, effects on communication and interaction, while the rest of the building acted as an inhibiting factor to interaction, and accordingly to the sharing of tacit knowledge.

5.2.3 Office layout

Continuing on the assumption that the opportunity for face-to-face communication is directly related to the opportunity to easily share tacit knowledge, it is important to consider the office layout being utilised at Glenrand MIB. During 2004, Glenrand MIB decided to replace its existing office lay-out and furniture with new. At that time, they moved away from the office environment that existed before towards a more open-plan environment. The existing look at that time was one characterised by high dividers between work stations and a proliferation of offices.

The new look still had several offices on each floor, typically between 4 and 6, but the rest of the space used a far more open approach. The dividers between work stations were not high and were mostly made of frosted glass. Communication between people was much easier than before and the effect had been significant. The offices also had glass walls facing out into the open office area, which created a feeling of openness and inclusiveness. The effect was also that the management or more senior people now appeared more accessible to the rest of the organisation. If it is assumed that the management holds a high level of tacit knowledge, then increased accessibility can only act to encourage the sharing of tacit knowledge.

In addition, each floor had been given at least one smoking room and at least one coffee area. The smoking rooms were well populated by lower level staff, but the more senior staff, in other words the ones with the knowledge to impart, tended to smoke in the canteen area, or outside. The coffee areas on each floor were also not well used. The impact of this was that the efforts made to create an area where people can sit and communicate had not had the effect of encouraging the

sharing of tacit knowledge. The open plan environment had had a far more beneficial impact in this regard.

Although the sharing of tacit knowledge was encouraged by the office layout at Glenrand MIB, the architecture of the building had a limiting effect on the sharing of knowledge between different teams or business units. Even though the office layout was far more open, the teams still stayed largely to themselves. The result was that knowledge related to an employee's area of expertise may have been more readily available, but a concerted effort would have had to be made to access tacit knowledge from people who did not sit in their wing of the building.

5.2.4 Organisational culture

Being the product of a number of mergers, Glenrand MIB had long managed to retain a small business, entrepreneurial culture. Its approach to staff had historically been very forgiving and open, possibly at the expense of being performance driven. At the time of this research that culture was under attack for various reasons.

Firstly, there had been a renewed focus on the short term insurance sector, both from the Financial Services Board and from legislation in the previous few years. The impact had been that large brokerages had been forced to put in place a lot more controls to manage the resultant compliance aspects. This had an unavoidable impact on the open, relaxed, almost laissez-faire attitude adopted in prior years. It had also forced organisations like Glenrand MIB to be far more ruthless with people that were not meeting the required standards. From a knowledge management perspective, the positive impact of a better qualified

workforce and a renewed, if compliance driven, focus on personal development resulted in an environment that should have been ripe for the sharing of knowledge. This was a significant cultural shift from a few years prior.

Secondly, being a listed entity, with a recognisable brand, meant that there had to be a reasonable level of consistency of experience across the business. Glenrand MIB decided that the best way to achieve this was to codify and enforce minimum operating standards. A customer-centric approach was also essential. The change was not from a customer service perspective, as there had always been a significant focus in that area, but rather from the perspective of enforceable minimum operating standards. In the past, people dealt with circumstances and clients in their own way, but they were now being forced to act in a uniform way. The effect was to further dampen the individuality of spirit that comes with being part of a small business.

Thirdly, the merger between Glenrand and MIB happened in 1997. This merger was never really bedded down from a people perspective. Many people within the organisation still referred to themselves as having come from the Glenrand or the MIB side. At the time of this research, this was changing as the turnover of staff was leading to an influx of people who were not part of the organisation at the time of the merger. The result was that the culture started to shift as the merged entity slowly started to develop a culture of its own.

The result of this changing environment was that it was extremely difficult to identify one culture within the organisation. The cultures prevalent between Risk Services and Benefit Services were, for example, significantly different. This was

partially explained by the differing fortunes of the two businesses, but also by the fact that the businesses were housed completely separately and very seldom mixed in any meaningful way.

Overall, however, a culture was encountered which showed a willingness to share knowledge and to develop those around them. The actual sharing of tacit knowledge seemed only to be occurring in pockets, but this was not due to the discernable culture of the business. In the right environment, it appeared as if the organisational culture would act to encourage the sharing of tacit knowledge.

5.2.5 Knowledge sharing opportunities

In the Glenrand MIB context, a distinction between tacit knowledge sharing opportunities and explicit knowledge sharing opportunities needs to be drawn. There were more opportunities and initiatives focusing on the latter than the former.

The information centre sent out regular notes on relevant trends, commentary, articles and publications. These were sent out to the entire Group, with links to acquire more information on the selected topic if desired. In addition, Risk Services had a Technical Director, who sent out market updates and information related to trends occurring in the industry.

At the time, the short-term insurance industry had also been rocked by the Financial Advisory and Intermediary Services Act (the “FAIS” Act). This Act set minimum academic qualifications for individuals to be able to give advice to clients. This had resulted in a flurry of activity as people rushed to obtain the necessary

FAIS credits in order for them to retain their jobs. These credits took the form of subjects towards an insurance qualification and would constitute explicit knowledge.

The opportunities to share tacit knowledge were far more limited. Beyond the normal interaction that takes place in any work environment, there were very few meaningful measures in place to encourage people to share their knowledge. Mentorships were limited to a very small number of previously disadvantaged individuals that were taken on each year as part of a graduate internship programme. In the two years prior to this research, Glenrand MIB had only taken on between 10 and 12 of these graduate interns per year.

The Risk Services Technical Director arranged a bi-monthly technical forum. One of these happened in the middle of the month, on a Friday morning, and was basically a tutorial looking at a specific topic. An expert, either internal or external, addressed the attendees on their area of expertise. The technical forum that occurred at the end of each month, also on a Friday morning, was a more open forum, where people would speak about developments or interesting cases that they had recently come across.

Neither of these sessions was compulsory for any of the staff, and they were generally poorly attended, seldom having more than 15 people in attendance. The intention with this initiative was to encourage the sharing of tacit knowledge, and some measure of success was achieved, but it was not nearly far-reaching enough. As a result, the impact was minimal, despite good intentions.

The result of the observations undertaken within the Group was a view that not nearly enough opportunities existed for people within the organisation to share the knowledge that they held, or to access the knowledge that others held. Looking at tacit knowledge specifically, the efforts to create sharing opportunities were sporadic and largely ineffectual. It was left mainly up to the individual to create and seek out opportunities themselves.

5.3 Interviews

Eleven interviews were conducted with Key Informants within the organisation. The people interviewed held particular knowledge of the organisation and were in senior enough positions to understand how much strategic discussion revolved around the topic of sharing tacit knowledge. People who were involved in knowledge sharing activities within the organisation, or whose job entailed the sharing of knowledge were also interviewed.

The positions of the people interviewed were as follows:

- Group Chairman and Acting Chief Executive Officer
- Group Financial Director
- Chief Executive Officer – Risk Services
- Technical Director – Risk Services
- National Executive Director – Corporate Risk Services
- National Executive Director – Commercial Risk Services
- National Executive Director – Personal Risk Services
- National Director – Human Resources – Risk Services
- Human Resources Development Manager
- Financial Director – Risk Services
- Group Marketing Director

This list comprehensively covered the senior management of the organisation, and as such represented a significant, and valid, sample of the key informants required for this research. Positive responses were received from each person from whom an interview was requested.

The interviews took the form of a structured portion, followed by a less structured conversation, where the interviewer guided the conversation through five distinct topics, all related to the sharing of tacit knowledge with Glenrand MIB. Each interview lasted between 35 minutes and 1 hour.

5.3.1 Structured portion of the interviews

In the structured portion of the interviews, the interviewees were asked 20 specific questions. The list of questions is attached and marked as Appendix 2.

The structured interview questions related directly to the research objectives, which in turn flowed from the research questions. The relationships between the research questions, the research objectives and the structured interview questions can be explained as follows:

Research Question 1: Does senior management at Glenrand MIB understand the impact of and focus on the sharing of tacit knowledge?

Related Research Objectives and Related Structured Interview Questions:

- Ascertain the level of understanding of senior management of the impact of sharing tacit knowledge – Questions 2, 3, 4, 5, 9, 15, 16, 17, 18, 19 and 20; and

- Identify whether and to what extent senior management focuses on the sharing of tacit knowledge – Questions 2, 3, 4, 5, 9, 15, 16, 17, 18, 19 and 20.

Research Question 2: Are people at Glenrand MIB motivated to share tacit knowledge?

Related Research Objectives and Related Structured Interview Questions:

- Ascertain whether people at Glenrand MIB are motivated to share tacit knowledge – Questions 2, 7, 8, 10, 11, 18 and 20;

Research Question 3: Do the internal structures at Glenrand MIB encourage the sharing of tacit knowledge?

Related Research Objectives and Related Structured Interview Questions:

- Observe whether the internal structures within Glenrand MIB encourage the sharing of tacit knowledge – Questions 2, 3, 4, 6, 17, 18 and 20

Research Question 4: Does Glenrand MIB currently share tacit knowledge throughout the organisation?

Related Research Objectives and Related Structured Interview Questions:

- Establish how effectively the selected organisation currently shares tacit knowledge – Questions 1 to 20.

Questions

The interviewees were asked to respond by giving a rating on a scale from 1 to 5.

The rating applicable to each number was as set out in table 2:

Table 2: Structured Interview Rating Scale

1	It never happens (0% of the time)
2	It hardly ever happens (Between 1% and 20% of the time)
3	It sometimes happens (Between 21% and 60% of the time)
4	It often happens (Between 61% and 85% of the time)
5	It almost always happens (Between 86% and 100% of the time)

A representation of the results of the structured portion of the interviews is attached and marked as Appendix 3.

The results of the structured portion of the interviews conducted are shown in table 3:

Table 3: Structured Interview Results

Question	Most Frequent	Outlying	Average	Agreement index
1	3 (6/11)	2;4	2.73	0.50
2	5 (4/11)	1;5	3.09	1.25
3	2 (6/11)	1;5	2.73	0.83
4	1 (7/11)	1;4	1.55	0.57
5	2,3 (4/11)	1;3	2.09	0.75
6	3 (5/11)	2;4	3.00	0.60
7	4 (5/11)	1;4	3.00	0.80
8	3 (6/11)	2;4	3.27	0.50
9	4 (6/11)	3;5	4.09	0.50
10	2 (6/11)	1;4	2.45	0.67
11	4 (5/11)	1;4	3.09	0.80
12	3 (6/11)	2;4	2.73	0.50
13	2 (7/11)	1;4	2.27	0.57
14	2 (6/11)	2;4	2.64	0.50
15	2,3,4 (3/11)	1;5	3.00	1.67
16	1,2 (4/11)	1;4	2.00	1.00
17	1 (5/11)	1;4	2.00	0.80
18	3,4 (4/11)	2;4	3.09	0.75
19	3,4 (4/11)	2;4	3.09	0.75
20	2,3 (4/11)	2;4	2.91	0.75

In table 3, “Most Frequent” shows what answer was most frequently given to each question, “Outlying” shows the extremes of answers given to each question, “Average” gives the overall average for each question, and “Agreement Index” show the extent to which the interviewees agreed.

The “Agreement Index” measure was calculated by considering how many interviewees gave the same answers to the specific question, as well as considering the spread of outlying responses. This spread was divided by the number of interviewees that chose the most frequent response for each question. For example, for question 1, 3 (the spread between the outlying values) was divided by 6 (the number of interviewees that chose the most frequent answer). The result in question 1 was thus 0.50. The lower the “Agreement Index” result, the more the interviewees agreed on an answer to the particular question.

It was decided to limit the number of analysis tools utilised for the structured portion of the interviews, because the validity of the research comes from the breadth of investigation, thanks to the triangulation method, and not from the depth of focus on each particular facet of the research.

5.3.2 Unstructured portion of the interviews

In addition to the structured portion of the interviews, an unstructured discussion was conducted with the interviewees. The structured portion was done first in each instance.

Although these discussions were unstructured in nature, conversation was guided to cover 5 specific topics. These were linked to the research questions in this research. The topics were as follows:

- *Is Glenrand MIB currently sharing its tacit knowledge effectively?* This relates to the Research Question set out in section 3.4 (Does Glenrand MIB currently share tacit knowledge effectively throughout the organisation?).
- *Does the management at Glenrand MIB understand the concept of tacit knowledge and how it is transferred?* This relates to the Research Question set out in section 3.1 (Does senior management at Glenrand MIB understand the impact of and focus on the sharing of tacit knowledge?).
- *How much focus is there currently within the organisation on the sharing of tacit knowledge?* This relates to the Research Question set out in section 3.1 (Does senior management at Glenrand MIB understand the impact of and focus on the sharing of tacit knowledge?).
- *Do you believe that the people within Glenrand MIB are motivated to share what knowledge they have?* This relates to the Research Question set out in section 3.2 (Are people at Glenrand MIB motivated to share tacit knowledge?).
- *Is the structure of the building at an organisation, the office plan and the organisational culture relevant to the sharing of tacit knowledge, and do these 3 aspects act to encourage or to inhibit the sharing of tacit knowledge with Glenrand MIB?* This relates to the Research Question set out in

section 3.3 (Do the internal structures within Glenrand MIB encourage the sharing of tacit knowledge?).

Responses from interviewees on the 5 broad topics were as shown in table 4 on the following page:



Table 4: Unstructured Interview Results

Interviewee	Sharing	Understanding	Focus	Motivated	Structure
RP	VNB – Good structures in place. Most people not seeking out knowledge. Technical forums – low attendance	Not familiar with terminology, but understands concepts.	Not bad, but could improve. Currently focus is coming from middle, not senior management.	People are motivated to share in informal settings. Motivation at about 40%. Need structure to distinguish between good and bad knowledge.	Architecture is VNB - Pub and canteen good. Office Plan is VNB - Not bad at GMIB at the moment. Culture is VNB - GMIB culture encourages sharing.
IG	NB. Technical forums at head office are good. Library stores knowledge. There is sharing within SBUs but not much between SBUs	Not familiar with terminology, but understands concepts.	Very limited. There are some centres of excellence, but not much. We are moving in the right direction.	Some pockets, but not Group-wide. SBU-specific. In Corporate specifically, knowledge is power. Commercial and specialist teams better. People do share knowledge at technical forums and informally.	Architecture is NB - Canteen and glass meeting rooms are good. The lift area helps. Office Plan is NB - Not open-plan enough. Exec should also be in open plan. Culture is NB - Trust is the key and trust is high at GMIB.
DK	More at operational level than at Group exec level. Sharing is happening in silos (vertical only).	Very good understanding of terminology and concepts.	Probably not enough. Not doing enough to retain experience by sharing.	3 out of 5. There seems to be an attitude of entitlement to knowledge. Some people are sharing well. People do not seek out knowledge enough.	Architecture is NB - GMIB architecture currently encourages isolation. Canteen and glass meeting rooms help. Pub good, but not used by all. Office Plan is slightly NB - still operate in silos. Culture is VNB - GMIB culture is currently not very conducive.
KM	Focus on technical training at the moment. Sharing is not happening much, only in pockets.	Good understanding of terminology and concepts.	Not enough focus. Need communities of practice. Bottom line focused at the moment.	GMIB could do more to encourage sharing. There are pockets. There are some self-motivated people doing it.	Architecture is NB - Canteen and glass meeting rooms are good. Office Plan is NB - GMIB have the balance right at the moment. Culture is NB - GMIB culture is open and forgiving and does encourage sharing.
PG	Not enough. Communities of practice very useful in this respect. Technical forums are good, but poorly attended.	Good understanding of terminology and concepts.	Focus is on express knowledge at the moment due to legislation. Difficult stage at the moment for GMIB. More focus when we have matured as an organisation.	People are afraid to show they don't know something. Sharing happening in pockets. Insecurity inhibits the exchange of information and knowledge.	Architecture is NB - Inhibiting factor at the moment. Canteen is good. Office Plan is NB - Open plan as GMIB has it has positives and negatives. Culture is NB - No clear GMIB culture. The climate does encourage sharing, but not always the good stuff.
MD	Good at sharing informally. Overall GMIB is OK at it.	Not familiar with terminology, but understands concepts.	Has enjoyed some focus at Stratcom level. Need more focus and more structure to facilitate sharing.	Environment is the key. It is OK in pockets.	Architecture is NB - Canteen helps, but not great otherwise. Office Plan is NB - Open plan does encourage. Culture is NB - GMIB culture encourages sharing.
RG	Technical Forums happening. FAIS is driving education and training.	Not familiar with terminology, but understands concepts.	Some focus, but mainly on express knowledge related to FAIS accreditation. Very little done in a co-ordinated fashion. Risk of losing good people once they have been developed.	Knowledge is power and often linked to job security therefore trust is the key. Motivation currently focused on operational performance. There is willingness, but no time and no incentive. Peer pressure can help.	Architecture not NB - neither encourages nor inhibits. Office Plan is NB - GMIB set up encourages. Culture is NB - Very bottom line driven at the moment, so not encouraging.
DM	Not sharing at the moment. We should be doing much more.	Good understanding of terminology and concepts. Experience often comes from making mistakes. Tacit knowledge helps you deal with varied contexts.	Not any focus at the moment. GMIB has a great pool of knowledge that needs to be shared.	The more you learn, the more you realise how little you know and the more you will tend to seek out knowledge. Thirst for knowledge can act as a motivator to share your own knowledge. Correlation between job security and willingness to share tacit knowledge is strong. Motivation is not very high at GMIB at the moment.	Architecture is NB - GMIB building inhibits, but canteen is good. Office Plan is NB - Not good at the moment. Culture is NB - GMIB's uncertain environment at the moment discourages sharing.
IL	Happening in pockets. Technical forum and communication forum.	Not familiar with terminology, but understands concepts.	No focus on it at the moment. Need to do much more. Need to avoid creating a large pool of mediocrity.	No problem with motivation to share, but require structures to be in place to facilitate.	Architecture is NB - Currently inhibiting. Office Plan is VNB - OK at the moment. Culture is VNB - inhibiting at the moment.
DT	Making greater effort and has shown improvement in last 12 - 18 months. Less internal competition. Efforts made to retain experienced retirees.	Not familiar with terminology, but understands concepts.	Some focus in the Corporate team, but not much in the rest of GMIB.	Corporate tries to encourage but experience is often the best way to learn. People must be hungrier for knowledge. More people are out there asking questions than before.	Architecture is NB - Currently inhibiting but the canteen is good. Office Plan is NB - OK at the moment. Culture is NB - Mediocre at the moment.
AC	Do share, but sporadically. Technical forums are good.	Not familiar with terminology, but understands concepts.	Focus is on FAIS accreditation at the moment. Almost no focus on the sharing of TK.	Limited at the moment. People protecting turf because they have limited growth agendas themselves. Not happening on its own.	Structure is VNB - Currently inhibiting. Office Plan is NB - Helps but is localised. Culture is NB - People often wield knowledge as power and get away with it.

There were many similarities between the various responses, and although there was no absolute consensus on most points, there was a discernable majority view on each of the topics. These majority views were as follows:

Table 5: Unstructured Interview Results – Majority Views

Interviewee	Sharing	Understanding	Focus	Motivated	Structure
Majority View	Do share, but sporadically. Technical forums are good. FAIS is driving focus on Express knowledge and accreditation.	Generally the interviewees understood the concepts. Most were unfamiliar with the terminology.	Not much focus on sharing tacit knowledge, if any at all. More focus is definitely required. Focus is FAIS accreditation.	There is some motivation, but it is in pockets, and is sporadic in nature. It is also intra team at the moment, and not inter team.	Architecture is NB - Currently inhibiting, but the canteen helps. Office Plan is NB - OK at best. Culture is NB - People are not in a comfortable place at the moment, so the culture is not conducive to sharing at the moment.

5.4 Artefacts

As the third leg of the triangulation method, the artefacts within Glenrand MIB were observed. Naturally there could be any number of artefacts in an organisation the size of Glenrand MIB, so it was decided to concentrate on three specific categories of artefact. These categories included the Glenrand MIB intranet site, because this would give an insight into what was being communicated to staff, some documents from the organisation, because these would indicate whether the sharing of tacit knowledge was a topic for meetings or documents being distributed, and the signage that was displayed within the head office building of Glenrand MIB because this indicated what initiatives were currently underway.

5.4.1 Intranet

The Glenrand MIB intranet site was comprehensive from an information sharing perspective. There was a massive amount of information available to all who had access to the site. This information ranged from the telephone numbers of anyone in the organisation, all the way to giving the latest Glenrand MIB share price.

There was information on policies and procedures as well as all forms that were utilised within the organisation. It also provided organograms of each division and team, and explained what each division or team specialised in.

All of this constituted information dissemination, rather than the sharing of tacit knowledge. The only mention on the site of the sharing of tacit knowledge was the setting out of the next date for the Group Technical Forum. Other than this mention, there was no indication from the intranet site that the organisation had any initiatives in place, or was actively trying to create an environment where tacit knowledge could be shared.

5.4.2 Documents

Although significant access was allowed to the researcher, very little evidence of the sharing of tacit knowledge was found. A document that did relate directly to the sharing of tacit knowledge was the Technical Forum minutes and the related MUSTS (notes circulated to all staff on technical and market matters) that referred directly to the sharing of tacit knowledge. The minutes clearly showed that people who attended these forums were actively sharing their knowledge. It was clear, however, that these forums were poorly attended.

There was mention in the minutes of the Human Resources Committee of the need to put in place a meaningful and effective mentorship programme, but this was still in the pipeline, and was not yet reality.

Also in these minutes, the graduate placement programme, which related directly to mentorship, was discussed. This programme was aimed at expediting the

development of previously disadvantaged graduates. They were brought into the organisation and placed on a very specific programme, which included some mentorship. Copies of the related mentorship workbook, which set out the basis of the mentor/mentee relationship and contained monitoring mechanisms with which to assess the success of both parties in the process, were obtained.

Although it is debatable whether it strictly constitutes the sharing of tacit knowledge, one additional knowledge sharing activity that did reflect in the documentation was the updates sent out by the Manager of the Group Information Centre. She actively distributed information on a regular basis.

5.4.3 Signage

Much of the signage displayed at the Glenrand MIB head office was advertising or legislative in nature. There was no signage that had any bearing on the sharing of tacit knowledge whatsoever. The only signage that may have qualified was the small sign that the Risk Services Technical Director, and the convenor of the technical forum, placed in the lifts to alert staff to the next technical forum.

The researcher could find nothing further that encouraged, created an environment for, focused on, or even referred to the sharing of tacit knowledge within the organisation.

5.5 Chapter conclusion

The 100% response rate from those approached for interviews meant that the data taken from that part of the process was significantly enriched. From this, and the rest of the triangulation method followed, it appeared that Glenrand MIB, operating

in the financial services industry, was in an environment where competition for skilled people was significant. The need for focus on the sharing of tacit knowledge was clearly established for them. There appeared to be insufficient focus on the topic within Glenrand MIB, and while the culture and the office layout acted in some measure to encourage the sharing of tacit knowledge, it was clear that the building acted as an inhibiting factor.

The results are analysed in greater detail in Chapter 6 where they have been linked to and analysed in terms of each research question in turn.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Chapter introduction

Having reviewed the literature relevant to the topic of this research, and having explained the research methodology as well as setting out the results of that research, it is important to properly analyse those results. In discussing the results of the research carried out, each research question was considered individually.

To determine what South African businesses that operate in the knowledge industry were doing to promote the sharing of tacit knowledge; this case study asked three specific questions, namely:

- *Does Senior Management at Glenrand MIB Understand the Impact of and Focus on the Sharing of Tacit Knowledge?* (Referred to as Research Question 1 for the remainder of this chapter);
- *Are People at Glenrand MIB Motivated to Share Tacit Knowledge?* (Referred to as Research Question 2 for the remainder of this chapter); and
- *Does Glenrand MIB currently Share Tacit Knowledge Effectively throughout the Organisation?* (Referred to as Research Question 4 for the remainder of this chapter).

Additionally, to establish whether knowledge based businesses were managing the knowledge space, this case study asked:

- *Do the Internal Structures within Glenrand MIB Encourage the Sharing of Tacit Knowledge?* (Referred to as Research Question 3 for the remainder of this chapter)

Question 1 was designed to ascertain the level of understanding of senior management at Glenrand MIB of the impact of sharing tacit knowledge within the organisation. It was also aimed at identifying whether, and to what extent, senior management at Glenrand MIB were focused on the sharing of tacit knowledge.

Question 2 sought to ascertain whether people at Glenrand MIB were motivated to share their tacit knowledge.

Question 3 was intended to assist the researcher in observing whether the internal structures within Glenrand MIB had the effect of encouraging the sharing of tacit knowledge.

Question 4 sought to establish how effectively Glenrand MIB shared its tacit knowledge.

These answers that the research questions sought to obtain were identified as the research objectives.

6.2 Research question 1

Does senior management at Glenrand MIB understand the impact of and focus on the sharing of tacit knowledge?

Key points from literature review

Tacit knowledge is personal by nature. Intuition, rules of thumb, experiences and learnings obtained from a variety of settings and in a variety of ways combine to form the body of knowledge that an individual possesses. It is the know-how from Brown and Duguid (1998).

The sharing of such knowledge is a challenge and requires some consideration and conscious effort. It will happen in small measure if people are left to their own devices, but for a more meaningful flow of knowledge within an organisation, specific efforts must be made. After all, what is the point of having people within your organisation with lots of knowledge, but who are unable to use it effectively?

There is little consensus on the best way to share tacit knowledge, but most methods will work to some degree. The key is to understand the process of sharing as thoroughly as possible. Managers need to understand the difficulties inherent in sharing tacit knowledge if they are to successfully create an environment where such knowledge is effectively shared.

From the literature it emerges that a broad, multi-faceted approach is to be preferred and the person tasked with improving the sharing in the organisation needs a good understanding of tacit knowledge and the effective means of sharing it in any particular set of circumstances.

Relevant observations

Glenrand MIB had a fairly flat management structure, which helped to create an atmosphere in which people were willing to communicate openly. This is a key ingredient for the sharing of tacit knowledge. This was augmented by the office

layout, which was a combination of open plan and offices. This choice of lay-out did indicate some level of consideration on the part of management of the importance of open communication.

The company had some silos, named strategic business units and/or teams, which acted to inhibit the sharing of tacit knowledge. This indicated that the management was not considering the sharing of tacit knowledge at the time of designing its organogram. This was a clear sign that there was little focus on the topic in the organisation at the time. In a knowledge business human capital is a vital asset, and the development of that human capital would be of immense benefit. It would thus be advisable for the company to move to break down the existing silos, while retaining centres of excellence. There were also precious few opportunities to share tacit knowledge.

From the research then, it would seem as if there was an intuitive understanding amongst senior management of the need to foster open communication, but that there was little or no focus on the topic. This was to be expected in the legislative and business environment facing insurance broking businesses at the time.

Interpretation of structured portion of interviews

Only the relevant interview questions will be discussed:

Interview question 2 showed a very high Agreement Index (“AI”). This indicated that the approach to KPAs related to the sharing of tacit knowledge was not consistent across the senior management team. This lack of uniformity was indicative of a low level of focus on the topic.

Interview question 3 had a 2 as its Most Frequent Answer (“MFA”) and an average response of 2.73. The fact that the importance of sharing tacit knowledge was not usually a topic at strategic conferences showed a low level of focus on the topic from senior management.

The answers to interview question 4 (MFA of 1 and an Average of 1.55) meant that there were no knowledge audits taking place at the induction of new employees. This also indicated a very low level of focus on the topic, as well as a low level of understanding of the value of tacit knowledge.

Interview question 5 produced an average reply of 2.09. This meant that the leadership of the company were not asking who they could learn from. They were not seeking to learn from the internal experts in the company.

The most telling indication of where the senior management’s focus lay came from the interview question 9. The average reply of 4.09, with an AI of 0.50, meant that most interviewees agreed that the current focus of management was on business outcomes, and not on the sharing of tacit knowledge. This was to be expected as the company had experienced two or three difficult years from a performance point of view.

The answers to interview question 15 were mixed, as shown by the high AI of 1.67. This meant that there was no consensus on whether the CEO approached communities of practice on certain issues. It was accordingly unclear from this question whether the CEO understood the importance of the sharing of tacit knowledge.

The average response of 2 for interview question 16 clearly showed that management understood that the focus on tacit knowledge sharing was low at the time.

An MFA of 1 and an average of 2, with an AI of 0.80 for interview question 17 was clear evidence that nothing was being done to capture the tacit knowledge held by those that were leaving the organisation. This was a sign of a low level of understanding of the importance of retaining and sharing that tacit knowledge, and was once again an indication that focus was diverted away from this topic at the time.

An indication that there was some effort being undertaken, in the absence of a specific focus, was that interview question 18 showed that some effort was being made to bring people together to facilitate the sharing of tacit knowledge.

Once again, the openness to learn from mistakes, as indicated by the result of interview question 19 did indicate a level of intuitive understanding of the importance of tacit knowledge. This probably happened as a matter of course and not due to any specific effort or focus on it.

Views expressed in unstructured portion of interviews

On the topic of the level of understanding, on the part of senior management, of the importance of sharing tacit knowledge, most interviewees proved to be unfamiliar with the terminology generally used when discussing tacit knowledge. There was however an understanding the main concepts. This would seem to

indicate an intuitive understanding, but very little endeavour to really get to grips with the topic.

Most interviewees agreed that there was little or no focus on the topic. This was in line with the results from the structured portion of the interviews. Focus was on business issues. From a knowledge perspective, the focus was on FAIS accreditation, which was understandable as FAIS the most pressing issue in that space at the time.

Relevant artefacts

The company intranet had no indication of focus on the sharing of tacit knowledge. This was an indication of low levels of importance being placed on the matter, and of low levels of understanding of its importance. Some documentary evidence of effort in this sphere was found. This took the form of minutes from technical forums, and of a document called MUSTS, which endeavours to keep employees up to date on matters related largely to the market. Signage in and around the head office building contained no indication of any focus on the sharing of tacit knowledge.

6.3 Research question 2

Are people at Glenrand MIB motivated to share tacit knowledge?

Key points from literature review

One of the key points to emerge from the literature review regarding this question was that people are largely motivated by self-interest and by a search for power and wealth (Badaracco *et al*, 1989). This is offset by the recognition that most

people have a need for relatedness, or a desire for interpersonal relationships, which an organisation can leverage to get people talking to each other and sharing their knowledge.

A key theme was that environments need to be actively managed to motivate people to share their tacit knowledge. In other words, managers need to be actively involved in the fostering of this motivation.

Knowledge shared can be perceived as competitiveness lost by the person doing the sharing, and in this context leadership style and organisational culture are important factors. The sharing of tacit knowledge is more likely when a person is committed to the goals of the organisation.

Relevant observations

The Glenrand MIB leadership style was generally very relaxed. There was movement towards a stronger performance culture, which would make the friendly leadership style difficult to maintain. The existing style could be expected to have the effect of encouraging trust and of motivating people to share their tacit knowledge. The existing culture within the organisation should have acted to increase people's motivation to share their tacit knowledge.

Interpretation of structured portion of interviews

Only the relevant interview questions will be discussed:

The lack of consensus (AI of 1.25) in the response to interview question 2, and the inconsistency of the replies given, showed that KPAs were not being used to motivate people for the sharing of tacit knowledge. An understanding that

motivation can come from self-interest and the search for power and wealth, indicates that KPAs would have been a good place to start motivating people in this regard.

It was positive that the MFA for interview question 7 was 4. This indicated that there were some people sharing their knowledge, albeit in pockets. People were volunteering what they knew to others, which was an indication that there was an inherent desire among those people to share their tacit knowledge.

By the same token, the fact that people were often making positive contributions to discussions by adding their own knowledge to the conversation also indicated that there was some measure of motivation present. This came out of the MFA of 3 and average of 3.27 for interview question 8.

In contrast, the relatively low MFA of 2 and average of 2.45 for interview question 10 meant that most interviewees agreed that people were not regularly volunteering coaching or the sharing of tacit knowledge across the organisation. This contrast could be explained by identifying that the motivation seemed to exist in circumstances where the opportunity to contribute had been provided. It was not self-organising.

In support of this, interview question 11's MFA of 4 indicated that people were willing to ask questions, even where doing so showed that they did not know something, but were willing to learn. This meant there was some desire to learn within the organisation.

Interview questions 18 and 20 had average responses of 3.09 and 2.9 respectively. The natural assumption in response to this was that although some effort was made by the company to create situations where motivated people could share tacit knowledge, people who did share their knowledge were not routinely given any recognition for having done so.

Views expressed in unstructured portion of interviews

The unstructured portion of the interviews produced a virtual consensus that there was motivation to share tacit knowledge within the company, but that it existed only in pockets. This was borne out by the responses in the structured portion of the interviews.

One interviewee quipped that the more you know, the more realise how little you know. In this context the thirst for knowledge can act as a motivator to share your own knowledge. By the same token, the view was expressed that there is a strong correlation between the individual's level of education, and his or her willingness to share their knowledge and to seek out more knowledge.

What also came through clearly from the unstructured portion of the interviews was that there is a strong correlation between job security and willingness to share knowledge. This would intuitively appear to be true.

Relevant artefacts

The company intranet site had no evidence of any effort being made on the part of the company to engender motivation to share tacit knowledge. Even the posted

human resource policies and forms contained no evidence of any effort in this regard.

The documents obtained and studied did not reflect much in the way of initiatives aimed at fostering motivation to share knowledge. This did not mean that there was no motivation to share, but it was all coming from the individual, as opposed to the company. The minutes of the technical forums did contain evidence that people were offering and seeking out tacit knowledge, but there was very little being done beyond this.

The signage in and around the company head office contained nothing to indicate efforts to build motivation to share knowledge.

6.4 Research question 3

Do the internal structures within Glenrand MIB encourage the sharing of tacit knowledge?

Key points from literature review

The assertion that trust is a key element in the sharing of tacit knowledge comes through strongly from the literature review. This factor impacts on the topic in many ways and is inextricable from a successful strategy to engender improved sharing within a company.

Face-to-face contact is very important as this develops social capital, which forms the foundation for sharing tacit knowledge. Subjective views and intuition are mainly acquired by informal face-to-face interaction; therefore the tangible office environment is an important factor.

People are more likely to interact when the characteristics of the building and settings encourage them to. In addition, on the continuum of interpersonal communication, face-to-face communication was seen as the richest form of communication for the sharing of tacit knowledge. On the opposite end of the spectrum, physical separation creates communication barriers.

Relevant observations

The structure of the Glenrand MIB head office building inhibited the sharing of tacit knowledge. It reduced the opportunities for informal face-to-face discussion. It did, however, have a canteen and glass meeting rooms, both of which helped alleviate this problem. The canteen had a coffee shop feel to it and many informal discussions were held there. People often met there, rather than in their offices. The glass meeting rooms also acted to encourage open communication and an open feel.

The company pub helped bring people together, but it was of more limited use, as fewer staff members frequented the pub than the canteen. The smoking rooms and coffee areas on the respective floors fell into a similar category as regards frequency of use.

The office layout was a mixture between open plan and offices, with a minimum of offices being used. This did act to encourage communication and knowledge sharing between people in the same team. The shape of the building limited this to intra-team sharing, however.

From the perspective of knowledge sharing opportunities, there were several opportunities to share and develop express knowledge. The technical forum was the only formal opportunity to share tacit knowledge that was arranged the company.

Interpretation of structured portion of interviews

Only the relevant interview questions will be discussed:

The responses to interview questions 2 and 3, as discussed earlier in this chapter, indicated that neither the performance management system, nor the organised gatherings at Glenrand MIB were designed with tacit knowledge sharing in mind. This was borne out by the responses to interview question 20 (average of 2.91), which indicated that remuneration and recognition structures were not geared up to recognise those employees that made good contributions with regard to the sharing of tacit knowledge.

The average of 1.55 and MFA of 1 for interview question 4 also showed that the structures in place for integrating new employees did not cater for understanding what new tacit knowledge was entering the company, and how best to share it. Of perhaps more concern was the response to interview question 17 which showed an MFA of 1. This clearly showed that there was no structure in place to ensure the retention of valuable tacit knowledge within the company when employees left.

The impact of the canteen was clearly visible in the response to interview question 6. The MFA of 3, the average of 3 and the AI of 0.60 all indicated that the employees did get together in informal settings. The question revolved around

drinking coffee at their desks or talking to each other, and the responses indicated that there was some informal face-to-face interaction going on.

Views expressed in unstructured portion of interviews

There was virtual consensus among the interviewees that the architecture of the building was a factor with regard to the sharing of tacit knowledge. There was only one interviewee who disagreed with this. With regard to the architecture of the building at the Glenrand MIB head office, most agreed that it was an inhibiting factor in the sharing of tacit knowledge. The canteen did help in this regard, but the building itself acted against it.

All interviewees agreed that the office plan in a company had an effect on how much people communicate, and accordingly on how much tacit knowledge they shared. The overall view was that Glenrand MIB's office plan was not bad in this respect, but that the nature of the building meant that the communication generated by the open plan environment remained localised.

Relevant artefacts

The intranet site advertised the menu and specials for the canteen. Although this was probably not with a view to improving the sharing of tacit knowledge among employees, it inadvertently had a positive effect by encouraging people to get together in the canteen in an informal setting. The site also provided information on where everyone sat in the building, as well as each person's contact details, which made it much easier for people to stay in contact. These were both positive factors.

6.5 Research question 4

Does Glenrand MIB currently share tacit knowledge effectively throughout the organisation?

Key points from literature review

Without the sharing of tacit knowledge, it will remain forever in the possession of the individual and the value of that knowledge to the organisation will always be limited. As such, an effective organisation operating in a knowledge space is usually a learning organisation, in that it effectively shares its knowledge. Knowledge shared is knowledge multiplied.

With regard to the sharing of tacit knowledge, there are challenges to overcome, such as perception, language, time, value, motivation, and more, but a broad, multi-faceted approach to tacit knowledge sharing, with a good understanding of the topic, the tools and the challenges will go a long way to creating an organisation that effectively shares its tacit knowledge.

Relevant observations

Other than the environment in and around the canteen at head office and the technical forum, there was little evidence of large-scale sharing of tacit knowledge at Glenrand MIB.

The building's design acted to discourage interaction and consequently had a significantly negative effect on the sharing of tacit knowledge.

The organisation did not have a culture of debating problem issues, or challenging cases, as one would expect to find at, for instance, a professional services firm.

Because there was little or no focus on retaining tacit knowledge and sharing it within the organisation, a massive amount of experience and tacit knowledge left the company on an ongoing basis. This was exacerbated by the fact that the company currently was forced to focus on accreditation issues, sharing knowledge that was freely available to all interested parties and that constituted a qualifier, rather than a competitive differentiator.

Interpretation of structured portion of interviews

This section looks at each interview question with a view to determining whether the responses indicate that the company was effectively sharing its tacit knowledge or not. The interview results set out in section 5.3 were analysed and comments showing the interpretation were inserted as shown in table 6 on the following page:

Table 6: Interpretation of Knowledge Sharing – Structured Interviews

Qu	MFA	Ave	AI	Comment	Indicate Sharing?
1	3 (6/11)	2.73	0.50	Sometimes learning from mistakes, but more often not. No conscious effort.	N
2	5 (4/11)	3.09	1.25	Mixed, confused response. No conscious effort.	N
3	2 (6/11)	2.73	0.83	Agendas seldom include tacit knowledge sharing.	N
4	1 (7/11)	1.55	0.57	No knowledge audits conducted.	N
5	2,3 (4/11)	2.09	0.75	Leadership not asking who they can learn from.	N
6	3 (5/11)	3.00	0.60	People sometimes drinking coffee together. Canteen helps.	Y
7	4 (5/11)	3.00	0.80	Some people volunteering what they know. Not because of focus or effort by Co.	1/2
8	3 (6/11)	3.27	0.50	People are adding their knowledge. Culture helping.	Y
9	4 (6/11)	4.09	0.50	Focus clearly on business outcomes, not on tacit knowledge sharing.	N
10	2 (6/11)	2.45	0.67	People seldom volunteer information, coaching or knowledge sharing.	N
11	4 (5/11)	3.09	0.80	People sometimes have confidence to ask questions and to show they want to learn.	Y
12	3 (6/11)	2.73	0.50	Some people have shown improved ability to distinguish good knowledge from bad. No conscious effort.	N
13	2 (7/11)	2.27	0.57	Not many people can self-regulate how much information they want or need.	N
14	2 (6/11)	2.64	0.50	People don't have mechanisms to acknowledge contributions from a group rather than as an individual.	N
15	2,3,4 (3/11)	3.00	1.67	Unclear answer indicates that is not asking the question much.	N
16	1,2 (4/11)	2.00	1.00	Not a learning organisation.	N
17	1 (5/11)	2.00	0.80	No exit interviews aimed at minimising tacit knowledge loss.	N
18	3,4 (4/11)	3.09	0.75	Some effort to bring people together to facilitate sharing (technical forums)	Y
19	3,4 (4/11)	3.09	0.75	Sometimes learning from mistakes, but more often not. No conscious effort.	N
20	2,3 (4/11)	2.91	0.75	People are sometimes recognised for the knowledge sharing efforts. No concerted effort.	N

As can be seen from table 6, the number of responses that indicated that there was effective sharing of tacit knowledge happening at the company were greatly outnumbered by the responses that indicated the opposite (15.5 versus 4.5). This was a clear indication that the organisation was not sharing its tacit knowledge effectively.

Views expressed in unstructured portion of interviews

The interviewees generally believed that the company did share its tacit knowledge in pockets, but even this was happening sporadically. The technical forums were good and were very helpful in this regard, but they were not given enough importance and were poorly attended. The focus with regard to knowledge sharing was almost exclusively on FAIS accreditation at the time.

Relevant artefacts

The intranet site did not nearly harness its potential to be a powerful knowledge sharing tool within the company. It could have been used to do a lot more to encourage sharing of tacit knowledge.

Once again, the record of limited mentorship programmes, the technical forum minutes and the MUSTS constituted the only documentary evidence available that there was any sharing of tacit knowledge going on at all.

6.6 Chapter conclusion

The research showed that the management at Glenrand MIB had an intuitive understanding of the concepts involved in the sharing of tacit knowledge, but that there was little or no focus on the topic. The motivation to share tacit knowledge was coming from the individuals in the organisation and not because of any efforts from the organisation to foster that motivation. The canteen and office plan helped to encourage some sharing of tacit knowledge, but the structure of the building acted as an inhibiting factor. In general then, there was little evidence of widespread sharing of tacit knowledge, but it was happening in pockets.

Chapter 7 pulls the research together in the form of conclusions and findings, as well as making some recommendation for the organisation and for future research.

CHAPTER 7: CONCLUSION

7.1 Chapter introduction

Section 6.6 makes reference to some preliminary, superficial findings from the research. This chapter takes a closer look at the results and sets out the main findings of the research. It then goes on to make recommendations to stakeholders, and to make some suggestions for further research on the topic in future.

7.2 Main findings

To set out the main findings of this research report reference is made to the research questions. By answering these questions, the main findings become clear.

7.2.1 Research question 1

Does senior management at Glenrand MIB understand the impact of and focus on the sharing of tacit knowledge?

From the observations made during the research at the Glenrand MIB head office in Johannesburg, there were signs that the management understood the importance of encouraging communication. This was reflected in the open plan office lay-out, the canteen and the glass meeting rooms. This was borne out by the interviews, where it became clear that there was an intuitive understanding of some of the concepts involved in the sharing of tacit knowledge, but that there was little understanding of the terminology employed.

Considering the results obtained from the triangulation method employed during the research, it was clear that there were only basic levels of understanding of the topic, but there was a clear recognition of the importance of the topic. This was reflected only in discussion, however, and very little evidence of the acceptance of the topic's importance was visible in action.

There was consistency across each leg of the triangulation method with regard to the level of focus currently being applied to the issue of sharing tacit knowledge. There was almost no focus on it at all. This was understandable as the legislative requirements surrounding FAIS had forced them to concentrate on accreditation, rather than sharing tacit knowledge. The difficult trading conditions had also forced a focus on business issues, rather than other, perhaps softer, issues. In the interviews, most of the senior management agreed that there needed to be more focus on what was and would remain an important issue.

7.2.2 Research question 2

Are people at Glenrand MIB motivated to share tacit knowledge?

From observing the employees at Glenrand MIB and from the interviews, it became clear that there were pockets of people within the company that were self-motivated both to seek out and to share their own tacit knowledge. These people appeared in the canteen, in the technical forums, and in many different settings where informal, face-to-face interaction was possible.

From the company's perspective, there were almost no structures in place to engender and encourage people to be motivated to share their knowledge. This

appeared to be as a result of a lack of clear understanding of the factors that would motivate people to share their knowledge. This can be linked directly to the lack of focus on the area concerned. Whatever motivation there may have been to share tacit knowledge within the company was coming largely from within the people concerned, not as a result of any expectation of reward or recognition within the company. Additionally, whatever motivation there existed to share was limited to sharing within teams in many instances.

7.2.3 Research question 3

Do the internal structures within Glenrand MIB encourage the sharing of tacit knowledge?

The architecture of the building at the Glenrand MIB head office was found to be a major inhibiting factor for the sharing of tacit knowledge. The plus sign design had the effect of placing people in their own area, with their team, for the day and there would be no need to see anyone else if the employee chose not to. This acted to discourage face-to-face interaction, which is required to develop relationships and social capital, which in turn forms the foundation for the sharing of tacit knowledge.

There were positive aspects to the building's architecture, including the canteen, the central lift bays, the communal smoking rooms and the glass meeting rooms. These were found to have had varying degrees of positive impact, with the canteen being the major positive. It was also seen as helpful that 600 to 700 of the 1200 staff were housed in the head office building.

The mostly open plan office plan of the head office building was found to be useful in that it encouraged communication between employees. The constraint in this regard was once again found to be the shape of the building. The result was that, although there were high levels of communication in the working areas, this was restricted to the specific team in the immediate vicinity. There was negligible inter-team communication. This meant that the company-wide sharing of tacit knowledge was still minimal.

7.2.4 Research question 4

Does Glenrand MIB currently share tacit knowledge effectively throughout the organisation?

The overwhelming evidence, from the observation of the company, the examination of artefacts, and from both the structured and unstructured portions of the interviews conducted indicated that Glenrand MIB did not share its tacit knowledge effectively throughout the organisation.

It was happening in pockets and sporadically. It had technical forums in place that represented the only real activity constituting the sharing of tacit knowledge. The forums were poorly attended and were not given nearly enough importance by the senior management of the company.

The assertion can be made that, from the observation of the people at Glenrand MIB, there would be a willingness to share and to seek out tacit knowledge, if more formal structures were in place to facilitate it. The employees generally appeared

sociable by nature, which would make the interaction required to share knowledge easier to achieve.

7.3 Recommendations to stakeholders

In keeping with the balance of the report, the recommendations to stakeholders are organised broadly in line with the research questions.

7.3.1 Improve understanding of the topic

As a starting point, middle and senior management must be given a clear understanding of the importance of the sharing of tacit knowledge, and of the topic itself. This should include a clear understanding of the nature of tacit knowledge, as well as the challenges inherent in trying to share that knowledge. Without that understanding, any effort to encourage sharing will falter.

In order to achieve this, some basic knowledge on the topic needs to be shared. This would constitute explicit knowledge and would best be shared in written form. Perhaps a training programme could also be undertaken giving a short, sharp presentation on tacit knowledge and its importance to the organisation.

In addition to the training, the management of the organisation should be encouraged to speak about the topic, both with each other and with their co-workers and staff. By encouraging discussion, the understanding of and familiarity with the topic as a whole and of the concepts will improve significantly.

7.3.2 Foster motivation to share

There is a clear need to implement more meaningful structures to encourage and facilitate the sharing of tacit knowledge within Glenrand MIB. There is a pre-

existing level of motivation to share knowledge which needs to be harnessed and utilised in a way that will help the organisation retain, share and develop its tacit knowledge. This can be addressed by taking a close look at remuneration and recognition processes that currently exist in the organisation. Meaningful ways of rewarding and recognising those people that actively share their tacit knowledge must be put in place. This can include remuneration, but should not be limited to it. In addition to processes, the organisation should actively encourage face-to-face contact between its employees. This has been shown to increase the levels of trust among employees, which in turn is a key driver in motivation to share tacit knowledge. Without fostering that trust between people, and in the organisation, it is unlikely that there will be any meaningful levels of sharing. Face-to-face contact and conspicuous recognition for those that already share will improve motivation to share.

7.3.3 Keep tacit knowledge in mind when designing structures

Regardless of whether the organisation is considering new premises, alterations or a revamp of the office furniture, it must keep in mind the encouragement to share tacit knowledge. The literature review clearly established that most aspects of internal structure have an impact on the sharing of tacit knowledge and Glenrand MIB must maintain a strong focus on this issue when considering changes. If the sharing of tacit knowledge is regarded as an important enough topic, then it would not be unthinkable to invest in changes aimed primarily at increasing the amount of sharing.

From a cultural point of view, the existing culture is in essence an enabling factor, but current high levels of uncertainty are limiting its impact. As the business moves into a more settled, less uncertain period, the underlying culture should re-emerge and start encouraging the sharing of tacit knowledge.

7.3.4 Focus on sharing tacit knowledge

In essence, the issue of the sharing of tacit knowledge with Glenrand MIB needs to be given much more importance. There needs to be a focus on the topic, otherwise there will be only limited success. In a knowledge industry, the rewards for improved utilisation of knowledge that already exists in the organisation will surely be realised over time.

7.4 Recommendations for future research

Although the area of knowledge management has enjoyed much attention from researchers over an extended period, there are still some areas where further research could add value.

In a South African context, it would be of great value to understand the impact of Black Economic Empowerment on the motivation or willingness of whites to share their tacit knowledge with their black colleagues, and what the potential long-term impact for companies could be.

In addition, a comparative study looking at two organisations in the same industry, one of which focuses on sharing its tacit knowledge and the other not, to examine a possible link between sharing tacit knowledge and profit growth would be illuminating.

With regard to Glenrand MIB, it would be worthwhile conducting further research aimed at monitoring changes in the organisation as actions aimed at improving the sharing of tacit knowledge are implemented.

7.5 Chapter conclusion

It appears from the research that Glenrand MIB does not currently share its tacit knowledge effectively enough. In order to augment its other efforts, focusing on the sharing of tacit knowledge is an opportunity to improve the sustainability outlook of the organisation. In answering each of the research questions, a picture of an organisation with massive amounts of tacit knowledge but no existing means of sharing it widely emerges. A small improvement in this area is easily attainable and will have only a positive impact on the organisation as a whole.

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Appendix 1: Glenrand MIB Financial Results 2006

Appendix 2: Structured Interview Question List

Appendix 3: Structured Interview Question Answers

Notes to the Condensed Financial Statements

1. Implementation of IFRS

From 2006 onwards the Glenrand M-I-B Group ("the Group") is required to prepare its consolidated financial statements in accordance with IFRS and JSE Limited's ("JSE") Listing Requirements. This change applies to all financial reporting for accounting periods beginning on or after 1 January 2005 and consequently the Group's first published IFRS results were its interim results for the six months ended 31 December 2005. The Group's first published full set of financial statements under IFRS are for the year ended 30 June 2006. As the Group publishes comparative information for one year in its financial statements, the date for the transition to IFRS is 1 July 2004, which represents the start of the earliest period of comparative information.

In order to explain how the Group's reported performance and financial position are impacted by IFRS, the Group has restated information previously published under SA GAAP to the equivalent basis under IFRS. This restatement follows the guidelines set out in IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Basis of accounting

The Group has prepared the consolidated balance sheet as at 30 June 2005 and the consolidated income statement for the year then ended, in accordance with IFRS, to establish the financial position and results of operations of the Group necessary to provide the comparative information to be included in the Group's first set of IFRS financial statements for the year ended 30 June 2006.

Transitional arrangements

The date of transition to IFRS for the Group is 1 July 2004. The Group's opening balance sheet at 1 July 2004 has been restated to reflect all existing IFRS's applicable at 30 June 2006. At the date of transition, IFRS 1 allows a number of exemptions to the principle of retrospective application. The Group made the following elections relating to the transitional arrangements:

Business combinations

The Group has elected not to retrospectively apply the requirements to IFRS 3 *Business combinations* for business combinations that occurred prior to the date of transition and consequently no adjustment has been made for business combinations prior to 31 March 2004.

Share-based payments

The Group has elected not to apply the provisions of IFRS 2 *Share-based payments* to employee share option scheme awards granted on or before 7 November 2002.

Presentation of the financial statements

Changes have been made to the format of the Group's income statement, balance sheet and statement of changes in equity arising from the adoption of IAS 1 *Presentation of financial statements* and IAS 27 *Consolidated and separate financial statements*. These changes only affect the presentation of the information, and do not impact the amounts as previously reported.

Amendments to accounting policies and other adjustments

Share-based payments

The Group grants share options to employees under an employee share incentive scheme. Previously under SA GAAP no costs were recognised in the income statement. In accordance with the requirements of IFRS 2 *Share-based payments*, the Group now recognises an expense in the Income Statement, with a corresponding increase in the share option reserve. The options are measured at fair value at grant date. The fair value is expensed over the vesting period.

Revenue recognition

In line with industry practice, the Group's accounting policy has previously been to recognise insurance broking income in full at inception of the policy. In accordance with industry developments and guidance provided in IAS 18 *Revenue*, the Group now defers a portion of broking income to cover the cost of services provided over the contract period. The amount deferred is recognised as revenue over the contract period on a consistent basis, reflecting the level of servicing activities incurred during the period.

Intangible assets

The Group has reinstated the intangible assets relating to Trade Marks ("TM") with a corresponding increase in non-distributable reserves in accordance with IFRS 3 *Business Combinations*. The related deferred tax asset has been adjusted. The Group now recognises an expense in the income statement relating to the amortisation of the Trade Marks over their useful lives. Computer software, previously reflected in property, plant and equipment as computer and office equipment, has now been reclassified as an intangible asset.

Property, plant and equipment

The Group has reassessed the useful lives of all its property, plant and equipment in accordance with IAS 16 *Property, plant and equipment*. In instances where items of property, plant and equipment were fully depreciated and are still in use, the applicable assets have now been reinstated to reflect their appropriate carrying values.

Non-current assets held for sale and discontinued operations

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, a discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation, that meets the criteria as held for sale. On initial classification as held for sale, non-current assets are recognised at the lower of the carrying amount and fair value less costs to sell.

Straight-lining of operating lease payments

The change in the manner of recognising lease payments, on a straight-line basis, arises as a result of a change in interpretation of IAS 17 *Leases* by South African entities in order to align the South African practice with that applied internationally. The effect of the revised interpretation is that operating lease payments will be recognised on a straight-line basis over the lease term, and not as and when the cash is paid.

Leave pay accrual

The group has historically only accrued for a maximum of 30 days leave per employee as this represented the maximum cash obligation. This approach has now changed to accrue for the total leave days due to the employee, to bring the total cost of employment recognised in line with services rendered.

Disability obligation

The group has an obligation to contribute in part towards employee benefits on disability. The liability arose on the shortfall between the benefit paid to former employees and the amount recovered from insurers. The liability was actuarially valued and accounted for as a long-term liability.

Fraud loss

During the current year fraud perpetrated by a member of middle management was identified. Part of this related to prior years. The fraud involved theft of funds which was concealed by means of falsified accounting entries. Prior year financial results have been restated to remove the falsified entries and to write-off the amounts misappropriated. The anticipated insurance recovery has been accounted for in the current year in terms of IFRS.

Reconciliation of financial information previously reported

Reconciliation of income statements

	~Audited year ended 30 June 2005 R'000
Net profit after tax	
As previously reported under SA GAAP	23 184
Adjustments for IFRS	
Share-based payments	(973)
Amortisation of intangible assets	(17 923)
Other adjustments	
Revenue recognition	(5 293)
As previously reported	(1 005)
Other adjustments	
Operating lease adjustments	270
Fraud loss	(8 688)
Leave pay accrual	84
Disability obligation	(457)
Net loss after tax as reported under IFRS	(9 796)

Reconciliation of equity

R'000	Share capital and share premium	Treasury shares and share options	Non-distributable reserves	Retained earnings	Minority interest	Total equity
1 July 2004						
As previously reported under SA GAAP	46 552	(3 613)	40 292	111 197	21 817	216 245
Adjustments for IFRS						
Share-based payments	—	838	—	(838)	—	—
TM reinstatement, net of amortisation	—	—	44 905	—	—	44 905
Deferred taxation on TM	—	—	(28 000)	30 271	—	2 271
Other adjustments						
Revenue recognition	—	—	(1 075)	(24 911)	(3 553)	(29 539)
As previously reported	46 552	(2 775)	56 122	115 719	18 264	233 882
Other adjustments						
Operating lease adjustments	—	—	—	(985)	—	(985)
Fraud loss	—	—	—	(7 872)	—	(7 872)
Leave pay accrual	—	—	—	(1 414)	—	(1 414)
Disability obligation	—	—	—	(2 489)	—	(2 489)
As reported under IFRS	46 552	(2 775)	56 122	102 959	18 264	221 122
30 June 2005						
As previously reported under SA GAAP	48 745	(2 587)	55 963	59 715	21 564	183 400
Adjustments for IFRS						
Share-based payments	—	1 811	—	(1 811)	—	—
TM reinstatement, net of amortisation	—	—	29 937	—	—	29 937
Deferred taxation on TM	—	—	(36 000)	27 318	—	(8 682)
Other adjustments						
Revenue recognition	—	—	(1 254)	(30 177)	(3 404)	(34 835)
As previously reported	48 745	(776)	48 646	55 045	18 160	169 820
Other adjustments						
Operating lease adjustments	—	—	—	(715)	—	(715)
Fraud loss	—	—	—	(16 560)	—	(16 560)
Leave pay accrual	—	—	—	(1 330)	—	(1 330)
Disability obligation	—	—	—	(2 946)	—	(2 946)
As reported under IFRS	48 745	(776)	48 646	33 494	18 160	148 269

2. Review opinion

The group results have been reviewed by KPMG Inc. who have issued an unqualified review report, which is available at the company's registered office.

3. Discontinued operations

As announced on 7 October 2005, the Group disposed of its Reinsurance Consultants division with effect 31 January 2006. Effective 1 July 2005, the Group disposed of its investment in Websoft (Pty) Limited. Underwriting businesses were also classified as discontinued operations.

4. Taxation

	Reviewed Year ended 30 June 2006 R'000	~Audited year ended 30 June 2005 R'000
The Group's taxation charge comprises the following:		
SA normal taxation	11 942	21 479
SA deferred taxation	(512)	(1 453)
STC	7 714	6 109
Foreign taxation	976	1 001
	20 120	27 136

5. Calculation of headline earnings

Profits (losses) attributable to ordinary shareholders	49 955	(22 777)
Add back		
Impairment of assets	5 038	27 277
Profit on disposal of investments	(84 033)	(6 506)
Add (less) taxation effect	80	—
Less minority shareholders' effect	9	(2 388)
Headline earnings	(28 951)	(4 394)

Refer to the note under Financial Review – Headline earnings.

6. Long-term liabilities

Interest-bearing	3 969	4 804
Non-interest-bearing	33 769	36 098
	37 738	40 902

7. Risk Advisory Services

Risk Advisory Services includes Risk Services South Africa, Africa and unallocated Group costs.

~Compiled from published annual financial statements, updated with the audited IFRS adjustments.

DIRECTORATE:

*Dr M F Kunene (Chairman and Acting Chief Executive Officer), P Cooper (Alt), R G Cottrell,
G T Ferreira, D J Harpur, A W Mansfield, M R Mashishi, T H Nyasulu
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Nedbank Capital



The Sharing of Tacit Knowledge within Glenrand MIB – A Case Study

Structured Interview Question List	
	At Glenrand MIB do you find that...
1.	...irritating problems or errors which have occurred several times no longer appear?
2.	...at performance review time one of my KPAs is how much of what I shared across the enterprise was reused for learning by someone else?
3.	...the annual strategic planning meeting's agenda includes the value proposition of people sharing their knowledge and building relationships based on trust to collaborate and learn?
4.	...completing a knowledge audit is done during the induction of new employees?
5.	...you hear the company's leadership asking, "who could we learn from?"
6.	...people stop drinking coffee at their desks and use the time to talk with each other?
7.	...people are volunteering what they know to others?
8.	...people are adding their knowledge to the conversation rather than shooting down someone else's?
9.	...the focus is on business outcomes, not on projects aimed at the sharing of tacit knowledge?
10.	...people volunteer information, assistance, coaching, knowledge sharing across the organisation and in a variety of settings?
11.	...people have the confidence to ask questions which may show they don't know something – but want to learn/access/build knowledge (risk taking with some sense of the benefit/potential)?
12.	...people in the organisation have shown an increase in critical thinking and communication skills which enable them to synthesise, sort and qualify tacit knowledge as they work and interact with peers?
13.	...people have the emotional intelligence to know when they are moved to the extreme and are becoming a fire hose of too much interaction/communication/information sharing (sensing, determine what a human system can tolerate and still operate)?
14.	...people have mechanisms to share and acknowledge/attribute contributions from a group rather than as an individual alone (balance between group and individual needs/motivations)?
15.	...the CEO needs to articulate the organisation's strategy on X (gender, technology, conflict resolution, or what have you) and asks the now vibrant community of practice on X, "What should our position on X be?"
16.	...the focus on sharing tacit knowledge has reduced because learning is everybody's every day business?
17.	...people that leave the organisation are interviewed in a structured way to capture what they know so that knowledge loss is minimised?
18.	...there is a conscious effort to bring people together in a managed manner in order to facilitate the sharing of tacit knowledge?
19.	...lessons are openly and positively learnt from things that failed or went badly as well as their successes?
20.	...people who actively share their knowledge and expertise are recognised for their efforts?



Appendix 3

The Sharing of Tacit Knowledge within Glenrand MIB – A Case Study

Structured Interview Question Answers																				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
RP	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
IG	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
DK	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
KM	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
PG	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
MD	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
RG	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
DM	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
IL	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
DT	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
AC	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5