



**THE IMPACT OF THE DIVERSITY CLIMATE
ON THE TRANSFER OF TACIT KNOWLEDGE
IN THE SOUTH AFRICAN
FINANCIAL SECTOR**

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ABSTRACT

South African businesses are faced with the immense challenge of transforming themselves so as to reflect post-apartheid South Africa, while at the same time remaining competitive within a globalised market. This research project set out to establish how organisations could effectively channel the potential of an increasingly diverse workforce to derive positive outcomes for the individual and the organisation. To this end, the organisational approach to diversity and its ability to influence the extent of knowledge transfer has been examined.

In fully exploring this relationship, four research propositions were developed. A quantitative approach in the form of a survey was utilised to ascertain the perceptions of employees within the banking sector in South Africa. The qualitative phase of the research entailed in-depth interviews with subject matter experts within the industry. This was primarily used to corroborate the survey responses, and to document original thought within the scope of this research. The data obtained through these research instruments was analysed to ascertain the strength of the diversity climate and knowledge transfer as business enablers.

The results revealed that a positive diversity climate yields greater levels of knowledge sharing, which consequently results in positive career outcomes for the employee. These factors in aggregate produce both tangible and intangible benefits for the organisation. A conceptual framework has been proposed that depicts the key linkages established through the research findings.

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.

KUBENDRIE AIYER

November 2006

DEDICATION

To my husband, Sandeeran, whose support, encouragement, patience, and most of all love, had given me the strength to persevere through all those stressful moments during these two years.

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GLOSSARY

BANKSETA	The Banking Sector Education and Training Authority, has a responsibility to enhance the skills and competence of employees within the sector, by supporting and facilitating skills development strategies.
Psychological Contract	Rousseau (2004a) defines the psychological contract as beliefs, based upon promises expressed or implied, regarding an exchange agreement between an individual and, in organizations, the employing firm and its agents. The belief by employees that a future return has been promised by the employer creates certain expectations amongst employees. These expectations could be extrinsic in nature or in the form of career development.
Organisational Citizenship	The key elements shared by various definitions of Organisational Citizenship behaviour is that it: <ul style="list-style-type: none">▪ Represents behaviour above and beyond those formally included in the organisational contract▪ Is discretionary in nature▪ Is not directly or explicitly rewarded Is important as a contributor to organisational effectiveness (Netemeyer, Boles, McKee and McMurrian, 1997)
Customer Life-Time Value	This refers to the profitability that could be derived from a customer, if the customer remains with the organisation for his/her entire life.
Mean	A mathematical average of the data (responses) obtained.
Median	This is the middle observation when the data are listed from the smallest to largest response.
Mode	The most frequently occurring response.

CHAPTER 1

DEFINITION OF THE RESEARCH PROBLEM

1.1 Introduction

'The challenge facing South Africa today is for managers to harness the richness of many ethnic groups so as to enhance productivity and facilitate global competitiveness' (Thomas and Bendixen, 2000).

As South Africa takes its place in a geopolitical landscape, it is confronted with new and better global opportunities, and a world that is characterised by a plethora of networks, where technical and human links continually change (Esterhuysen, 2003). However, transformation which is described as a 'strategic response to the condition in which an organisation [or country], cannot continue functioning as before', (Levy and Merry, 1986, ix), has a two-fold connotation for a country such as South Africa.

If South Africa were to be contextualised within the United Nations Development Programme hierarchy of indicators for transformation, see Appendix 1, one would find a country anxious to attain a state of 'International Comparability', while simultaneously building its young democracy, and transforming the economy away from its legacy of racial discrimination and national domination (United Nations Development Programme, 2000). In this regard, it becomes imperative that the 'Community, Provincial and National level' transformation be prioritized within the short-term, before a sustainable global presence is sought. According to Msweli-

Mbanga and Potwana (2005), 'the system of democracy cannot be confined at the political level. For democracy to survive, it must occur and function in all social and economic organisations including the workplace'. To this end the South African government has attempted to create employment opportunities, empower the historically oppressed and remove discrimination in the workplace (United Nations Development Programme, 2000), by passing several Acts. These include the Employment Equity Act of 1998, the Skills Development Act of 1998, the Promotion of Equality and Prevention of Unfair Discrimination Act of 2000, and the Black Economic Empowerment Act of 2003. In addition, charters have been conceded to, that govern the various sectors within the South African economy. This includes the Financial Sector Charter (FSC) that attempts to address past disparities (National Treasury, 2003), particularly in the areas of Procurement, Ownership, Corporate Social Responsibility, Access to Finance, and Human Resource Development.

These local interventions, coupled with the emerging trends of globalisation, mean South African businesses are faced with the immense challenge of transforming themselves to be reflective of the post-apartheid South Africa, while remaining competitive within the global marketplace.

Perez and de Pablos (2003) argue that given the intensity of competition and the unprecedented rate of technological change in the current entrepreneurial environment, tangible assets in terms of physical and financial capital, can no longer provide a sustainable competitive advantage. It is intellectual capital or 'people-embodied know-how' that distinguishes leaders in the market (Prahalad,

1983). Prahalad and Hamel (1990) later added that the ability to build on the inherent value of these intangible assets constitutes a core competency for organisations, particularly those providing financial and professional services. As such, in the words of Ulrich (1991), 'given the fact that employee knowledge, skills and abilities constitute one of the most significant and renewable resources which a company can take advantage of, the effective management of this capital now has greater importance than ever'.

1.2 Motivation for research

Within the South African context, the effective management of intellectual capital comes with inherent challenges. Firstly, the new operating reality includes a diverse workforce, particularly in terms of cultural and ethnic backgrounds. Given that there is empirical support for the fact that culturally diverse work teams are able to attain higher levels of profitability than their culturally homogenous counterparts, there is a 'need for organisations to espouse a comprehensive approach to valuing diversity' (Ng and Tung, 1998, p992). According to Burgess (2002), the remnants of apartheid are still evident in the way that 'people of different races continue to live essentially separate lives' (p5).

The second challenge is that the South African government has identified the shortage of suitably skilled labour as the single biggest threat to the successful implementation of the Accelerated and Shared Growth Initiative for South Africa (Asgisa) (I-Net Bridge, 2006). This however, is not a recent development. It is an

issue that has its roots in the country's history of racial separation, and has been the focus of many discussions in recent years.

Sello Moloko, who is at the helm of the Association of Black Securities and Investment Professionals (Absip), and who has played a key role in the drafting of the Financial Sector Charter, asserts that this country will not be able to achieve sustainable higher growth without skills. People who can operate on the ground are required, and at present, the financial sector [in particular], has not made a great deal of effort in skills development. New ways to accelerate skills must be sought (Louw, 2005). Absip Deputy President, Nomkhita Nqweni, reaffirmed this statement by declaring that for meaningful transformation, and sustainable economic empowerment, financial institutions need to focus on pillars of empowerment related to internal transformation, such as people and skills development. An enabling environment needs to be created to allow inexperienced professionals to grow in their organisations, and thereby progress to senior and executive levels (Bridge, 2005).

A study conducted by the Absa Bank Group in 2002 found that the unemployment rate in the country, which was already around 40 percent, was increasing by 1.8 percent per year. One of their primary recommendations in counteracting these conditions, was that a sharp increase in skills and productivity levels was needed (Van Tonder, 2002). Freeman (2006) contends that 'while there are political sensitivities about bringing highly skilled emigrants and retirees back into mainstream employment in South Africa - because these will more often than not be white people - there is a growing realisation that this is a critical step in

accelerating and sustaining economic growth'. He further adds that this is not meant to undermine black economic empowerment initiatives, but rather to 'harness whatever high-end skills and resources are available to us to uplift the broader base of the population' (p1).

Rijamampianina and Maxwell (2002), declare that it has become a critical managerial objective that new employees be integrated into the mainstream business, and that the skills of existing, lower-level employees be developed, as a priority, to enable the broad spectrum of cultural groups to function together in a cohesive and productive manner. To this end, the sharing of knowledge and experiences that veteran employees have acquired over time, is key to bridging the skills and competency gap that could exist within a diverse workforce, that still bears the effects of past educational disparities. In so doing, it was Robert (2000, p429) who suggested that social and cultural influences must be taken into consideration before such initiatives are promulgated. He contends that knowledge sharing will be more successful when 'it is between agents who share common social, cultural and linguistic characteristics. It will be less effective when agents are from diverse backgrounds, particularly in the early stages of interaction. Over time though, they will develop an appreciation of their partner's social context. Together they will establish their own social norms and expectations of one another, thereby enabling the successful exchange of knowledge'.

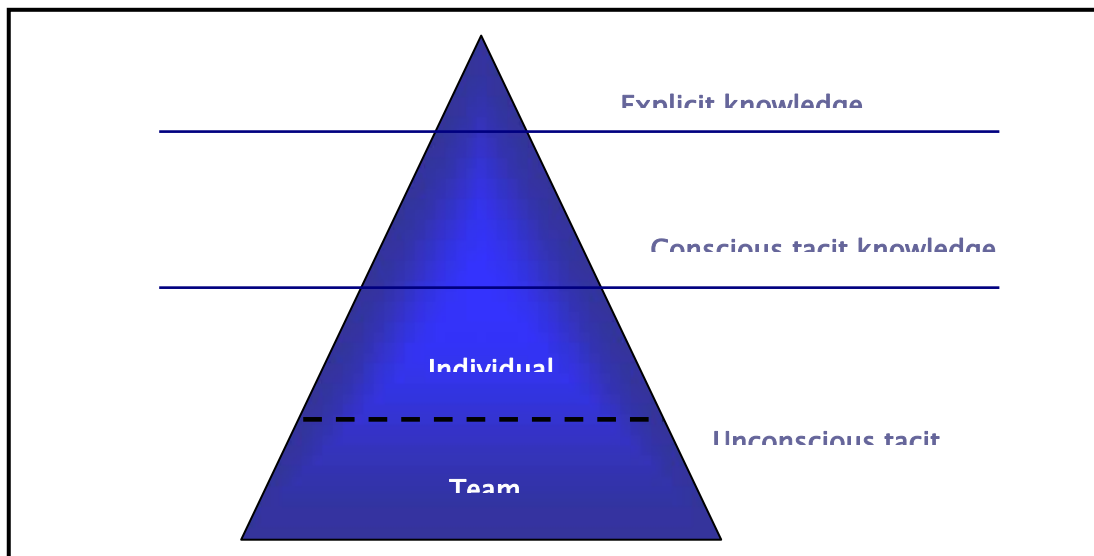
There are two business imperatives that emerge as a result of the above. The first is that organisations need to inculcate a climate that supports diversity (Morosini, 1998), as early as possible and at every juncture. A workforce that reflects an

increase in the number of women, minority groups, individuals with ethnic backgrounds, ageing employees, and people from different cultures, will need to work together towards common organisational goals despite their diversity (Dutton, 1998).

The second imperative emanates from Koskinen (2003), who states that although the success of an organisation may accrue from either explicit (codified) or tacit (personal) knowledge, many organisations do not sufficiently understand this 'bipartite nature of knowledge', and as such 'attention is often directed on codified material only. The fact that a great deal of the know-how required in implementation of a task is tied to knowledge that is not written, is not taken into consideration as a whole' (p67). When employees retire or leave the organisation, this knowledge is permanently lost.

The sharing of tacit knowledge in particular is paramount as approximately 70 percent of what an employee needs to know to do his or her job successfully is learned outside of formal training (Kaplan, 2002). A survey conducted by The Delphi Group revealed that there is a clear understanding across industries that the tacit knowledge base can account for as much as 75% of an organisation's collective knowledge. The study also found that on average, organisations believe 42% of corporate knowledge is housed exclusively within the brains of employees (Kothuri, 2002). Figure 1.1 indicates the proportion of tacit versus explicit knowledge typically characteristic of any organisation. Tacit knowledge has become a strategic asset that is relevant to sustaining business performance and overall competitiveness (Pathirage, Amaratunga and Haigh, 2005).

Figure 1.1 – Tacit versus explicit knowledge



Source: Adapted from Bartholomew (2005)

According to Prahalad and Hamel (1990), Financial Services is one of the more knowledge-intensive sectors. This sector, within the South African context, is thus the primary focus of the study. Despite its reliance on knowledge, a lack of skills is still one of the key challenges facing the industry on a daily basis, according to the South Africa Banking Survey 2004. In particular, the attraction and retention of skilled staff, shortage of skills in respect of previously disadvantaged groups, the standards of skills and the continuous process of upgrading staff skills are the primary concerns (KPMG, 2004).

In the face of these challenges, have banking institutions in South Africa identified the business imperatives that have emerged, and if so, how effective have they been in creating a climate that supports diversity and the transfer of tacit knowledge?

1.3 Research Problem

This study thus sets out to assess the diversity climate within each of the participating financial institutions and establish whether:

1. Employees within the financial sector in South Africa will perceive the diversity climate within their organisations positively.
2. A positive diversity climate is a mediating factor in ensuring more effective transfer of tacit knowledge in organisations.
3. The sharing of tacit knowledge and skills within a diverse workforce will result in more positive career outcomes for the individual.
4. Positive career outcomes resulting from the transfer of tacit knowledge, will produce tangible and intangible benefits for South African financial institutions.

The final outcome of this research is the derivation of a conceptual framework, which depicts the linkages between these variables.

The following terms have been used interchangeably within this research paper:

- Knowledge-sharing and knowledge transfer (this refers specifically to tacit knowledge)
- Financial sector and banking sector
- Survey and questionnaire
- Question and statement

Chapter 2 reviews literature that is relevant to the variables being explored within this research.

CHAPTER 2

LITERATURE REVIEW

2.1 The South African Financial Services Industry

2.1.1 Introduction

The landscape of the financial services industry has metamorphosized as South Africa's re-entry into the global arena ushered in new challenges. Within the new operating environment, the tempo of technological, social and economic change is accelerating, interdependency is increasing, and uncertainty and complexity are commonplace. The BANKSETA confirms that there are a variety of factors driving change in the South African Banking Sector. The sector's ability to compete globally depends on the effectiveness of its people at all levels, and dictates a continual emphasis on the acquisition of knowledge and skills in the face of these changes (BANKSETA, 2004).

2.1.2 Industry challenges and drivers of transformation

- **Market share and the competitive environment**

The industry is relatively concentrated in terms of market share of assets, but not out of line with other developing nations (National Treasury and South African Reserve Bank, 2004). The highly competitive environment is exacerbated by the entry of foreign and niche banks, and increased commoditisation of service offerings. This implies that the traditional ways of conducting business may not be

effective, and thus new business models need to be developed to provide a competitive advantage (Arevuo, 2003).

- **Labour market and productivity**

While the banking sector mirrors global trends in reducing the number of employees, productivity levels need to be increased. There is a growing need for highly skilled people, particularly in specialised areas of the bank (BANKSETA, 2004). The high levels of unemployment and poverty in the country, coupled with the growing impact of the HIV/AIDS pandemic, further exacerbate the shortage of skilled labour and hinder broader participation of economically active individuals within the mainstream economy (Lehutso-Phooko, 2004). This impacts directly on the profitability and competitiveness of the financial sector. The sector is unable to exploit the demographic dividend offered by a relatively young population structure (Lehutso-Phooko, 2004).

- **Legislative environment**

The banking sector is highly regulated, with the Financial Sector Charter being one of the most significant compliance issues. This charter is a commitment to Black Economic Empowerment (BEE) within the financial services sector. It establishes mechanisms for BEE, by setting targets in the categories of Human Resource Development, Procurement, Access to Financial Services, Empowerment Financing, Ownership and Control, and Corporate Social Investment. The signatories believe the Charter will be a key driver of sustainable growth, redressing social and economic inequalities in South Africa, while providing a sound policy framework for the future development of the industry. It is hoped that the Charter will underpin sound business practice, as well as maintain the strength

and stability of the financial sector (Banking Council of SA, 2004). Compliance is one of the key drivers of transformation within the industry.

- **Knowledge Management**

- At a juncture where the pace of change within the sector has accelerated, experienced employees either take on new roles or leave the organisation. As a consequence, remaining employees often lack general knowledge about the way things work (Trudell, 2002). The results of a survey conducted by Accenture in the United States found that organisations are failing to capture critical workforce knowledge and experience from employees facing retirement. 26% of respondents stated that their organisations will let them retire without transfer of knowledge, and 44% said that their knowledge-transfer process will range from one to two weeks to simply an informal discussion (Tantri, 2005). A similar situation exists in the South African banking environment, where employee turnover is high, but the harvesting of knowledge is limited (PricewaterhouseCoopers, 2002).
- The negative implication of organisational change is that employees naturally feel insecure for fear of job loss. Within such a context, it becomes difficult to encourage a culture of knowledge-sharing (Trudell, 2002).
- Arevuo (2003) stated that financial service companies tend to view money as the 'panacea for a multitude of problems' (p2), therefore the assumption is that if employees do not embrace knowledge-sharing, building in a financial incentive would produce the desired behaviour. However, he contends this is but a short-term solution. In addition, Arevuo (2003) stated that organisations within this sector reward and recognise individual achievement as opposed to team performance.

- Tacit knowledge is intangible and often embedded within the minds of people. As a result, it is relatively unexplored and not fully understood (Pathirage, Amaratunga and Haigh, 2005). The tendency is therefore, to focus on explicit knowledge, as the transfer thereof is highly visible and can be easily measured.

2.2 Improving organisation strategic performance

According to Higgins (2005), the significant changes occurring so frequently within the business environment, necessitates the adjustment or change of strategies more so than in the past. Changes in strategy do not occur in isolation; it is essential therefore to ensure that the other key organisational factors are aligned to the strategy. This has become a tremendous challenge to many organisations. Higgins (2005) proposes an 'eight S model', described in Table 2.1, that builds on the McKinsey 'seven S model'.

In improving 'Strategic Performance', Higgins (2005) posited that the other seven elements need to be perfectly aligned. However, he acknowledged that this is often not the case, primarily due to change leaders either not recognising the need for alignment to the strategy, or because they do not fully understand the implications of this required alignment. According to Kaplan (2005), economists and business strategy scholars tend to focus on the more tangible and measurable hard "S's" of strategy, structure and systems. The other intangible, more difficult-to-measure soft "S's" are usually regarded as social sciences (p42).

Table 2.1: Eight 'S' Model

ELEMENT	DESCRIPTION
Strategy and purposes	Corporate strategy, which defines the business that the organisation is in, and how it intends conducting that business, usually changes as the organisation's strategic purpose changes. The latter includes the strategic intent, vision, mission, goals, focus.
Structure	This consists of five parts namely, the jobs itself, the authority to do those jobs, the grouping of jobs in a logical fashion, the manager's span of control and mechanisms of coordination. According to Higgins (2005), while the first four are depicted within an organisational chart, the fifth is usually housed within the operating policies and procedures.
Systems and processes	These enable an organisation to get things done on a daily basis, for example, information systems and performance measurement systems.
Style	This refers to the consistent pattern of behaviour exhibited by leaders in interacting with employees.
Staff	Matching the number and type of employees with the individual and group competencies as required by the organisation.
Resources	The extent to which the organisation has adequate resources to achieve its strategy. These include people, technology and financial capital. Knowledge management and organisational learning can be fund within this realm.
Shared values	The values shared by members of an organisation that differentiates it from other organisations.
Strategic performance	This is a derivation of the seven elements described above. It is the responsibility of the organisation as a whole.

Source: Higgins, 2005, p5

The aim of this research is to illustrate that the intangible elements impact on and are equally crucial to improving organisational performance, albeit its contribution may not be clearly evident to organisations that do not have the mechanisms to measure such elements.

The body of literature presented in the subsequent sections, will explore two arguably unquantifiable concepts, namely, the diversity climate, and the sharing of tacit knowledge within a diverse workplace.

2.3 Diversity defined

As predicted in the study Workforce 2020, rapid technological change, globalisation, the demand for skills and education, an aging workforce, and greater ethnic diversification within the labour market have permanently transformed the employment landscape (Lockwood, 2005). The change in the cultural make-up of organisations has made managing diversity a critical competency (Cox, 2001). This assertion can be applied to Corporate South Africa, as not only is the country considered to be one of the most culture-rich, but unique in that various cultures are striving to form a unified South African culture, as opposed to merely co-existing (Finestone and Snyman, 2005). It has therefore become imperative for leaders and supervisors to understand diversity and how it can affect their organisations.

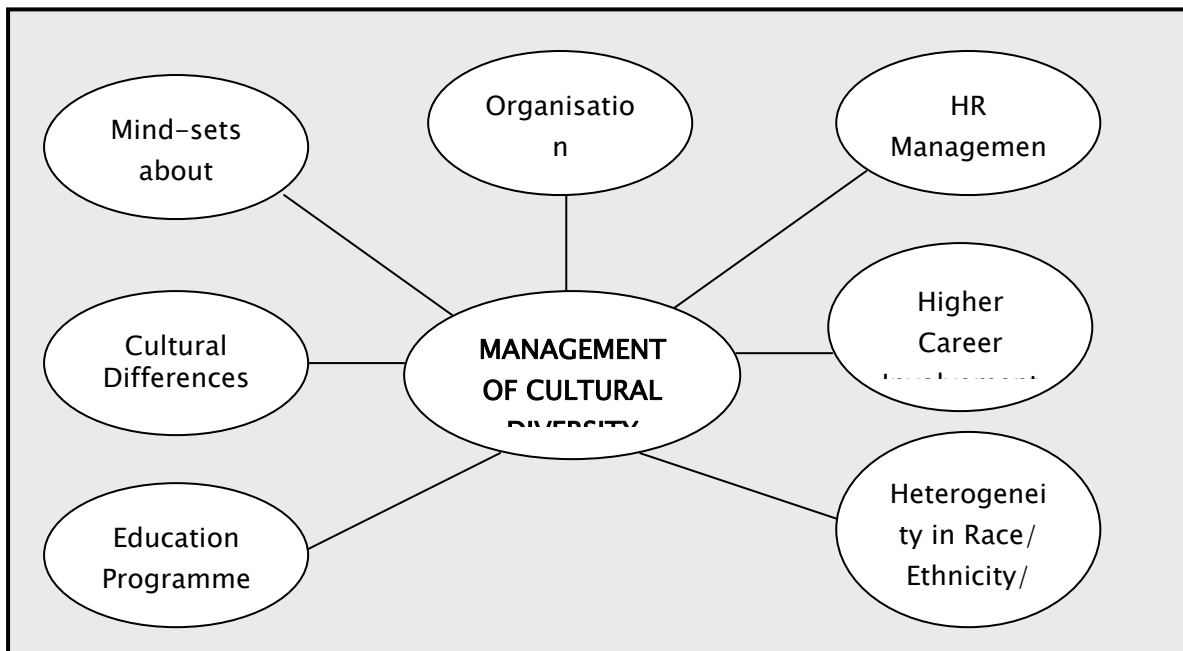
In defining diversity, Cox (2001), proposes that the term is neither so broad as to imply any difference between people, nor is it so narrow as to be limited to merely dimensions of race and gender. He states that 'diversity is the variation of social and cultural identities among people existing together in a defined employment or market setting' (p3). Moon (1997) declares that although diversity comprises traits on varying tiers, it is the primary dimensions including age, gender, ethnicity, race, and physical abilities that shape a person's self image and fundamental world

view, and therefore have the most impact on groups in the workplace. Lockwood (2005) provides a broader perspective, which maintains that diversity represents a company's fundamental attitude that it not only respects and values the individuality of its employees, but it also understands how to tap the potentially significant contributions inherent in diversity.

Cultural diversity, as a subset, has been defined as the 'representation in one social system, of people with distinctly different group affiliations of cultural significance' (Moon, 1997, p9). It is essentially about differing values, beliefs, norms and traditions that exist among members of groups (Schauber, 2001). Cultural diversity in the workplace is now going beyond its narrow scope, with an emerging paradigm being integration and learning. The latter implies that companies value cultural differences to the extent that they could leverage off the talents of all employees to gain diverse work perspectives (Lockwood, 2005). Given that managing individuals of diverse backgrounds has become an operating reality within organisations, there is extensive literature declaring that businesses are sensitised to the fact that a diverse workforce can extend their capabilities in terms of innovation and sustained competitiveness (Hart, 1997; Cox, 1991; Cox and Blake, 1991; Ng and Tung, 1998; Lockwood, 2005). As such, this is a reality that organisations choose to manage more effectively.

Cox and Blake (1991) propose that the act of managing diversity refers to a variety of management issues and activities. This is illustrated in Figure 2.1.

Figure 2.1 – Spheres of Activity in the Management of Cultural Diversity



Source: Cox and Blake, 1991, p46

The three spheres of activity that fall within the ambit of this study include, managing the mindsets about diversity, managing cultural differences, and heterogeneity in race or ethnicity. In conjunction, these allude to the management of the diversity climate within the organisation, which is the focus of the following section.

2.3.1 The Diversity Climate

The diversity climate is defined as organizational members' attitudes and perceptions toward people from cultural groups other than their own. Within an organisation that attempts to influence the nature of their diversity climate, it is these attitudes and perceptions that are manifested in practices and behaviours

that get acknowledged, supported and rewarded. The diversity climate is an integral part of, albeit only a subset of the organizational culture (Schauber, 2001).

As a point of departure, although the terms culture and climate are often used interchangeably and indiscriminately (Hicks-Clarke and Iles, 2000), this research does make a distinction between the two, and the focus is primarily on organisational climate. In defining these terms, there are vastly opposing perspectives that have come to the fore. While Schneider, Gunnarson and Niles-Jolly (1994), contend that the 'climate is one aspect of culture', where climate is 'the atmosphere that employees perceive is created in their organisations by practices, procedures and rewards'. Culture is described as 'referring to the broader pattern of an organisation's values and beliefs' (Hicks-Clarke and Iles, 2000, p325). Burke and McKeen (1992) shared this view, but suggested that climate should have a context within the organisation, such as a climate for diversity.

Earlier proponents on the subject including Tagiuri (1968) and Anderson (1982) propose that climate is a general dimension that encompasses culture, with the latter being merely one sub-dimension. The implication is that climate is broader and more far-reaching than culture, and includes the total environmental quality within the organisation (Hicks-Clarke and Iles, 2000). This discussion will adopt the definition as distinguished by Schneider *et al*, with the focal point being the diversity climate.

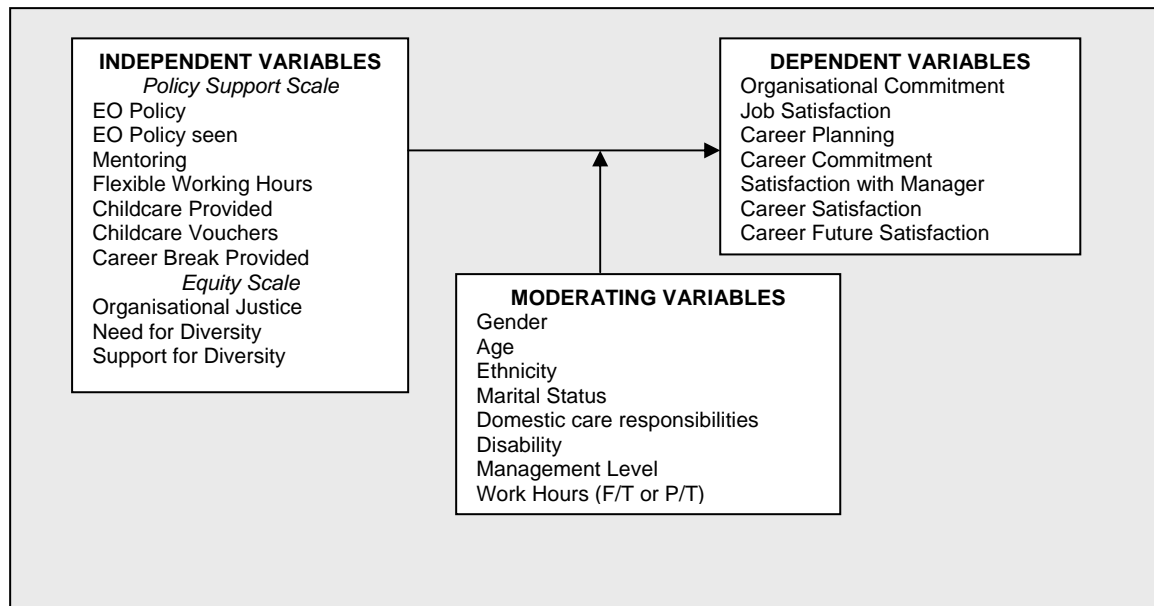
2.3.1.1 Impact of diversity on individuals, groups and organisations

Research has been conducted to assess the diversity climate, and its influence on minority groups and organisational outcomes. Schneider and Reichers (1983) contend that the climate provides a context that can influence employee behaviour and attitudes, and is essentially grounded in perceptions. Kossek and Zonia (1993) investigated the perceptions that academic employees held, about the diversity climate at a United States, public sector university. Their findings include the fact that hierarchical level within the organisation, ethnic background and gender affect the individual's perception of the diversity climate. They further advocate that if organisations and individuals are to rid themselves of prejudices, it is necessary to 'break down the barriers between groups'. The extent of equal opportunity policies, access to resources and opportunities in the workplace, and more importantly how these efforts are viewed by individuals and groups, can positively or negatively impact on the prevailing climate (Hicks-Clarke and Iles, 2000, p326). Hicks-Clarke and Iles (2000) were of the opinion that the research conducted by Kossek and Zonia (1993) was restrictive, in that the respondents were all highly qualified and belonged to one American University. In addition, the paper did not delve into individual and organisational outcomes that could emanate by examining the diversity climate.

Hicks-Clarke and Iles (2000) attempted to expand their research and in so doing address some of the weaknesses of the Kossek and Zonia (1993) work. Their main focus was to conceptualise only those factors that were relevant to creating a positive diversity climate, and that would affect individual level outcomes, and their attitudes and perceptions towards the organisation. Although they were aware of

the possible linkages between the latter and organisational performance, this was not explicitly proven within the ambit of their investigations. Figure 2.2 outlines their derived Climate for Diversity model.

Figure 2.2: Climate for Diversity Model



Source: Hicks-Clarke and Iles, 2000, p330

Their conclusions were that a positive climate for diversity (as indicated by perceptions of policy support, organisational justice, support for diversity, and recognition for the need for diversity) is strongly related to the presence of positive organisational, job and career attitudes. They found that gender, management level and ethnicity influence the diversity climate, organisational commitment and job satisfaction, as perceptions differ across these dimensions. Hicks-Clarke and Iles (2000) were proponents of the significance of diversity policies and procedures in developing a positive climate for diversity. The latter is one aspect in cultivating an inclusive organisational environment.

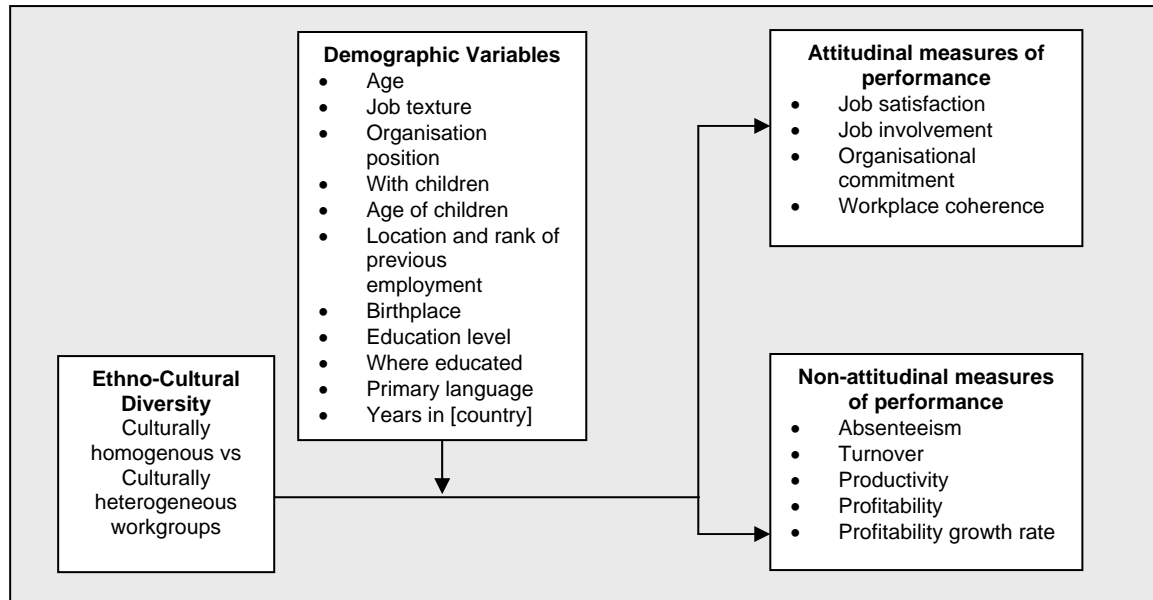
A shortcoming with this model is the lack of attention paid to achievement outcomes, which relates to how well the individual performs in the organisation (Cox, 1993). The focus was primarily on individual attitudes and perceptions about their work and employer, or affective outcomes. In addition, there was no direct link established between policy support by the organisation (perceived to be equitable), and how this would translate to a tangible benefit to the organisation. The work of Virick, Goswami and Czekajewski (2004) merits citation, as it builds on the model proposed by Hicks-Clarke and Iles (2000).

Virick *et al* (2004) considered demographic diversity and its impact on the perceptions of diversity climate. They concluded that it was not sufficient to have formal policies in place. The effectiveness of the latter from the perspective of minority employees needed to be evaluated. Their argument was that minority employees form perceptions of the overall diversity climate within the organisation, based on how effective they perceive diversity programmes and initiatives to be. As a point of departure, Virick *et al* contend that minorities are more likely to have lower trust and lower organisational commitment, which inadvertently makes it necessary to investigate whether the intended beneficiaries are in fact deriving any benefits from formal diversity initiatives.

There have been several earlier researchers who have attempted to empirically establish relationships between diversity factors and individual and organisational outcomes. These include Ng and Tung (1998) who examined the relationship between ethno-cultural diversity and attitudinal and non-attitudinal measures of

organisational performance. A framework relating workgroup diversity to organisational performance has been postulated. This is depicted in Figure 2.3.

Figure 2.3: Framework relating Workgroup Diversity to Organisational Performance

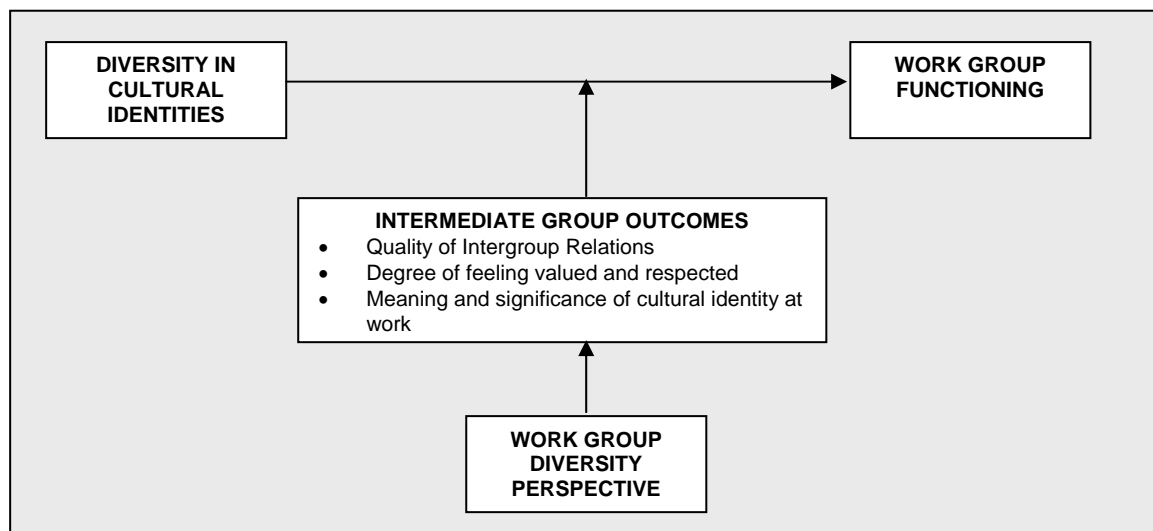


Source: Ng and Tung, 1998, p982

Although their research was conducted within one Canadian bank, the study provides empirical support for the fact that culturally diverse work teams are able to attain higher levels of financial profitability than their culturally homogenous counterparts. Their paper does not point to mediating or mitigating factors that could influence the diversity climate. Ng and Tung (1998) however, acknowledge the 'need for organisations to espouse a comprehensive approach to valuing diversity' (p992). They found that ethno-cultural backgrounds impact on how individuals view the attitudinal measures such as job satisfaction and job involvement, which is consistent with the later findings of Hicks-Clarke and Iles (2000).

Ely and Thomas (2001) focus specifically on the impact of cultural diversity on work group functioning. They confirm that this relationship is influenced by the group’s diversity perspective, which they define as the ‘group member’s normative beliefs and expectations about cultural diversity and its role in their work group’ (p234). It follows that if the diversity climate is defined as organizational members’ attitudes and perceptions toward people from cultural groups other than their own (Schauber, 2001), then these two concepts are very closely aligned. Both allude to the manner in which diversity is managed in the organisation, and can be positively or negatively impacted by organisational factors. The difference lies in the fact that the diversity climate refers to how a group member perceives others. The diversity perspective, is about how the member expects to be treated by the group. Figure 2.4 depicts these causal relationships.

Figure 2.4: Relationship between Cultural Identity Diversity and Work Group Functioning



Source: Ely and Thomas, 2001, p236

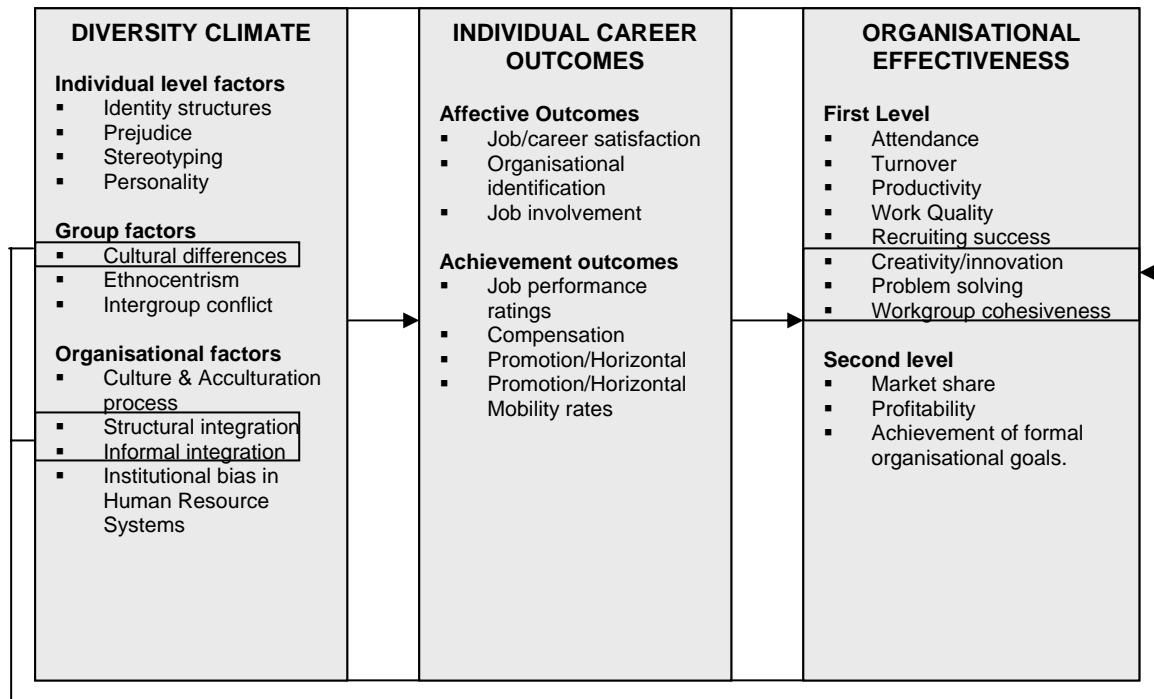
Without delving into a detailed account of their research, they propose that there are three types of diversity perspectives namely integration and learning, access

and legitimacy, and discrimination and fairness. Within the context of these diversity perspectives, members of culturally diverse work groups are able to relate to one another in a manner that influences the members' sense of how much others in the group value and respect them, which has ramifications for the group's capacity to learn and adapt to change. Ely and Thomas (2001) argue that although all three perspectives have been successful in motivating employers to diversify their workforce, it is only the integration and learning perspective that provides the guidance needed to achieve sustained benefits from diversity. Organisations that adopt the integration-and-learning perspective view cultural diversity as a valuable resource that could be leveraged to review even its most basic tasks. As employees could openly discuss their different points of view, there are increased opportunities for cross-cultural learning, which enhances group work and their effectiveness.

Rijamampianina and Maxwell (2002) used the works of Ely and Thomas (2001) to assert that management operating out of the integration-and-learning perspective believe that diversity is desirable because of its inherent value 'which should be harnessed in general management and strategic planning within the organisation'. When employees of diverse backgrounds sense that they are involved in decision making activities, they are sharing in the affective outcomes (Cox, 1993) associated with greater involvement, and they acknowledge that the probability of sharing in the 'tangible rewards of organisational success' is increased (Rijamampianina and Maxwell, 2002, p4).

An early proponent of the benefits of a positive diversity climate, Cox (1993) provided a conceptual model, depicting the impact of diversity on overall organizational effectiveness. This is represented in Figure 2.5.

Figure 2.5: Interactional Model of Cultural Diversity



Source: Taylor Cox & Associates Inc., 1993

He proposes a set of individual, group and organisational factors that interact to influence a set of individual outcomes which in turn affect organisational outcomes on varying levels. If the diversity climate is understood he contends, one could predict effects on individual outcomes, and ultimately effects of diversity on organisational effectiveness. In this regard, Cox (1993) addresses some of the weaknesses of the Kossek and Zonia (1993) research, where individual and organisational outcomes were not considered. In addition, he proposes a generic framework that is applicable to all individuals, and not particularly academics.

He advocates that if one is to improve the diversity climate, there are three sets of factors that need to be managed namely individual, group and organisational level factors. The assertion made is that if individuals of diverse backgrounds feel sufficiently valued and respected within their work environment, then this will translate into positive career outcomes. Human (1996) confirms this within the South African context, where she posits that 'managing diversity requires situational adaptability and communication skills which affirm the value of diverse people and which communicate positive expectancies. Such affirmation, in turn, can create the optimal conditions for effective co-operation and performance' (p61).

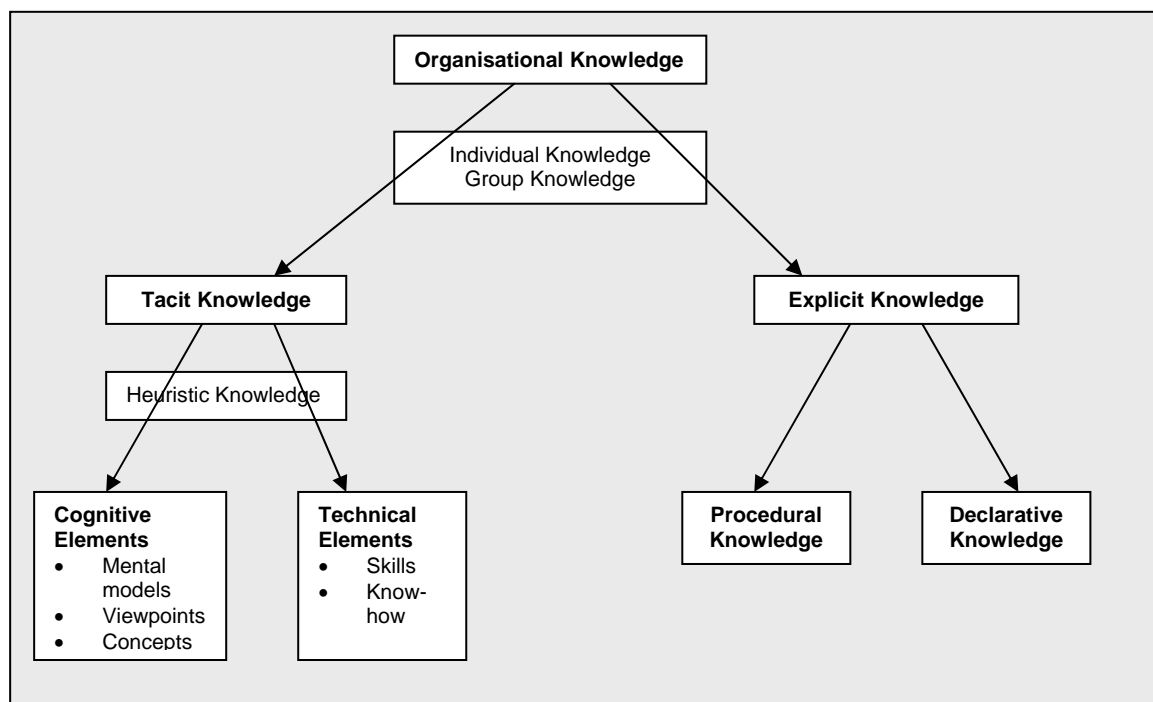
Of particular relevance to this research, is the element of informal integration that Cox (1993) declares is required on an organisational level to improve the diversity climate. This refers to the impact of social networks and mentoring activity on advancing an employee's development and career progression. By introducing mentoring within his interactional model, Cox (1993) acknowledges the relationship between knowledge and skills transfer and managing diverse individuals. This will be the focus of the following section.

2.4 Organisational Knowledge

The Oxford English Dictionary presents the word 'knowledge' as meaning 'acknowledging, recognising, inquiring, being aware, understanding, intelligence, information acquired through study and learning'. According to McInerney (2002), 'knowledge is based in sentient beings, or emanates from them'. As such this

construct is dynamic, ‘always changing with the human experience’ (p1010). Within an organisational context, work-related activity depends to a large extent on personal interactions with others and as such, knowledge has both an active and a social dimension (Brown and Duiguid, 2000). It is these knowledge-based interactions that have been posited to be a source of competitive advantage for organisations (Perez and de Pablos, 2003; Prahalad, 1983), as knowledge in itself has been viewed as capital, specifically intellectual capital. Figure 2.6 schematically depicts the components that in aggregate form the organisational knowledge base.

Figure 2.6: Ontological Diagram of Organisation Knowledge



Source: Kothuri, 2002, p3

Frappaolo (2000) defined explicit knowledge as that which could be easily codified and stored asynchronously, and is usually distributed through electronic or paper-

based media. Nonaka (1991) views this type of knowledge as being 'objective and rational knowledge that can be expressed in words, sentences, numbers and formulae', and thus is commonly referred to as codified knowledge. Bhardwaj and Monin (2006) contend that knowledge management systems (KMS) have effectively captured explicit knowledge through the use of technology, however, there is a 'significant portion of organisational knowledge that is embedded in the organisational processes and embodied in people' that still eludes standard KMS. The question that is being asked is, 'given the present direction that technological developments are taking, would there be any technology in future that would be able to reach the innermost recesses of the human mind where tacit knowledge resides?' (p72). There is a need to therefore, increase the focus on tacit knowledge.

2.4.1 Tacit knowledge defined

Much of the knowledge used to succeed in work and life is acquired implicitly without the intention to learn or even the awareness that learning has occurred (Leonard and Insch, 2005). The phrase 'tacit knowledge' was coined to represent the fact that 'we know more than we can tell' (Polanyi, 1966, p4). He posited that tacit knowledge cannot be articulated and can only be expressed through actions. Sternberg, Wagner, Williams and Horvath (1995), followed a similar pattern of thought, in that they defined tacit knowledge as action-oriented knowledge, acquired without direct help from others, and which allowed individuals to achieve goals that they personally value. As such, environmental support did not feature as a requisite to acquire tacit knowledge.

The works of Nonaka (1991) are, however, more relevant to this research as he describes tacit knowledge as that which is subjective and experience-based; it cannot be expressed in words or sentences, but includes cognitive skills such as beliefs, intuition and mental models. Knowledge is thus viewed in terms of having a cognitive and a technical dimension (Nonaka and Konno, 1998). He further declares that social interactions among organisational members play a key role in seeking for knowledge, and information technology at best is but an enabling tool to support and sustain this human communication and interplay (Nonaka and Takeuchi, 1995).

Leonard and Insch (2005), in developing their 'Multidimensional structure of tacit knowledge', builds on this theoretical base proposed by Nonaka *et al.* Appendix 2, Figure 1, depicts their contribution to this field of research. Leonard and Insch (2005) place emphasis on the social dimension of tacit knowledge, by stating that people do not perform tasks in a vacuum. Rather, organisational activity is accomplished within a social setting, and as such it is essential that individuals understand what social knowledge and skills they would need to more effectively perform their work.

2.4.2 Modes of Knowledge Conversion

Nonaka (1991) proposes four modes of knowledge creation that suggest that tacit and explicit knowledge can be transferred into the opposite form freely. Each level of transfer is defined as a specific process. This model is illustrated within Appendix 2, Figure 2.

The focus of this discussion, is the Socialization process, which refers to communication of tacit knowledge between individuals, without the interplay of explicit knowledge. Kothuri (2002) declares that this kind of knowledge-sharing typically occurs between people who have a similar cultural background, and can work together effectively. Knowledge-sharing and the benefits and barriers associated with this process will be explored in the following section.

2.4.3 Knowledge Transfer

‘Success does not necessarily go to the firms that know the most, but to the firms that can make the best use of what they know, and know what is strategically most important to the firm’ (Bierly *et al*, 2000, p596). As such, knowledge in itself is not the desired end-state, but rather knowledge as part of a creation or transfer process (Bou-Llusar and Segarra-Cipres (2006). This research is based on the latter. Major and Cordey-Hayes (2000) describes a transfer of knowledge as a conveyance of knowledge from one place, person or ownership to another. Knowledge differs from other assets, in that it continues to grow as it is being shared, and depreciates in value when not utilised (Sveiby, 2001). Due to its intangible nature and the high degree of personal interactions required, tacit knowledge is difficult to formalize, communicate and transfer. However Nonaka and Takeuchi (1995) contended that sharing ‘tacit knowledge among multiple individuals with different backgrounds, perspectives, and motivations becomes a critical step for organisational knowledge creation to take place’ (p85).

According to Syed-Ikhsan and Rowland (2004), the transfer of knowledge is impossible without sharing, a high-level of co-operative behaviour and collaboration. Stoddart (2001) contends that knowledge sharing can only work if the culture of the organisation promotes it. Ahmed (2002) concurs by stating that 'if the wrong cultural norms exist, regardless of the effort and good intention of individuals trying to promote knowledge, little knowledge transfer is likely to be forthcoming as a result (p59). The section that follows provides a theoretical base for instilling a knowledge-sharing culture.

2.4.3.1 Mentoring as a knowledge-sharing medium

The Centre for Workforce Development found that over seventy-percent of actual learning is accomplished through informal learning (Fontaine and Lesser, 2002). Organisations are increasingly encouraging informal learning through the media of mentorship programmes and communities-of-practice. Cox (1993) quoted the work of Kram (1985) in defining a mentoring relationship, which is 'a relationship between a younger adult (protégé) and an older, more experienced adult (mentor) in which the latter provides support, guidance, and counselling to enhance the protégé's success at work and in other arenas of life'. This definition was refined to include psychosocial support, which refers to 'psychological and emotional well being' (p198). This relationship did not preclude peers from being effective mentors, however individuals at higher levels in the organisation had distinct advantages to impart (Cox, 1993).

Increasingly the importance of mentoring is being used as a tool by management in improving the diversity climate (Moon, 1997). Mentors provide the support,

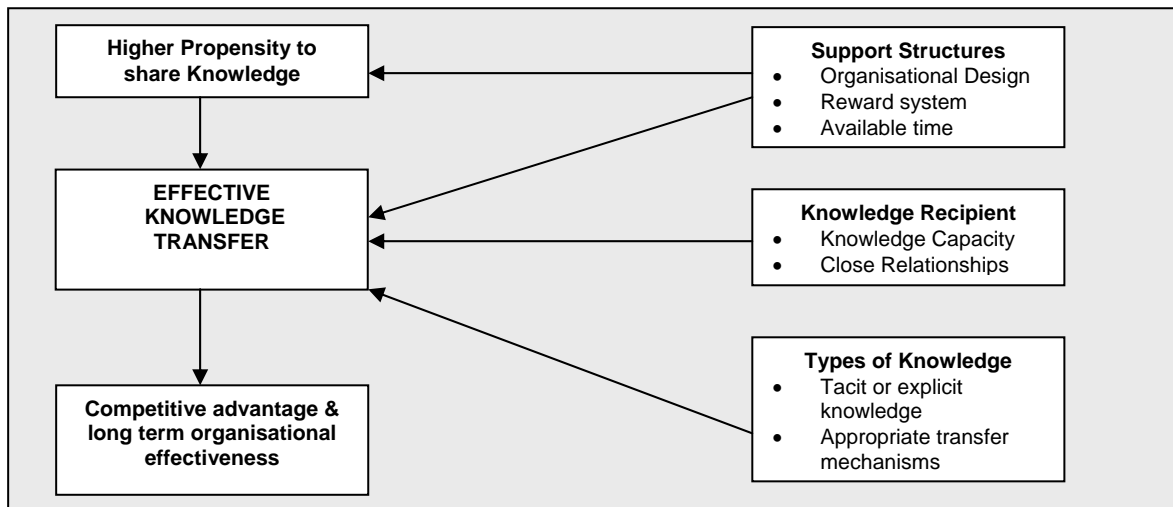
challenges and recognition to help shape the future for the individuals they are mentoring. A study conducted by Ann Morrison (1992) found that a lack of mentors and role models can be a barrier for white women and people of colour. These individuals may need the guidance, encouragement and advocacy that more seasoned managers can provide to overcome hurdles they encounter. Gibson (2006), who conducted studies related to the mentoring of women, emphasized the need for climate initiatives to increase the access that women had to mentoring relationships, where such a culture had the potential to not only 'foster women's career development' but also to transform the respective institution (p77).

2.4.3.2 Knowledge-sharing culture

There is much literature available that makes reference to antecedents to more effective knowledge transfer. The critical point of parity between the conceptual frameworks that follow, is the role of organisational culture in facilitating effective knowledge transfer. Figure 2.7 portrays the work of Goh (2002) who has conjecturally integrated the various soft factors within an organisation that would influence the conveyance of knowledge.

The relevant component of this framework, is the existence of Support Structures within the organisation which facilitate a higher propensity to share, and thus more effective knowledge transfer. Goh (2002) argues that organisational design features need to be addressed, where a pervasive culture of co-operation and collaboration exists. Emphasis should be placed on teamwork and cross-functional work teams, and horizontal communication should be encouraged by surpassing hierarchical boundaries and restrictions.

Figure 2.7: Integrative Framework of factors influencing Knowledge Sharing



Source: Adapted from Goh, 2002, p28

Syed-Ikhsan and Rowland (2004) contribute to this body of knowledge by considering the variables that impact on the creation of tacit and explicit knowledge, and the performance of transferring knowledge. The latter relates to how the transfer of knowledge has ramifications for organisational performance. They conclude that the variables of organisational culture, structure, technology, human resources and political directives directly affect these two processes.

Besides advocating the relevance of a 'sharing culture' (p100), Syed-Ikhsan and Rowland (2004) posited that there should also be a repositioning away from individualistic behaviour to attitudes and actions that are collectivist in nature. Sharing of ideas and insights should be a natural part of the work environment, rather than individuals feeling pressurized into behaving in a certain manner (McDermott and O'Dell, 2001).

Sarker (2005) supports the assertions of Syed-Ikhsan and Rowland (2004) within the context of his '4C Framework', where he refers to the influence of an individualistic culture compared to that which is collectivist (p4). The latter believes that success of collaboration lies in the ability to share information with others, whilst the former contends that success lies in the power of withholding information. Sarker's propositions are, however, based on national culture as opposed to organisational culture.

Boh-Llusar and Segarra-Cipres (2006) focus on developing a framework for the internal transfer of strategic knowledge. In doing so, they depicted the process that this entailed. The essence of their research paper was that one could not focus solely on the implications of knowledge as a strategic asset; a broader perspective must be taken, where the transfer process as a whole is considered as well as how the different elements of the process (source, receiver, organisational context) could be managed to facilitate efficient transfer of strategic knowledge. In defining the element of organisational context, Boh-Llusar and Segarra-Cipres (2006) used the work of Syed-Ikhsan and Rowland (2004) as a primary reference. This demonstrates the high level of congruence between the literature cited.

2.4.3.3 An alternate view

King (2006) asserts that the dominant paradigm around knowledge management is that the key to getting people to share or transfer their most valuable personal knowledge to another individual or to a repository, depends largely on the existence of a knowledge culture within the organisation. However, recent empirical evidence suggests that in some instances, a knowledge culture and the

soft factors used to motivate increased knowledge sharing, may be less effective than the more traditional management approach, which includes explicit incentives, and micro-management. Within the framework proposed by King (2006), the latter is referred to as supervisory control, and the softer dimensions including culture is described as organisational support. The primary finding of King's research is that supervisory control is more strongly related to both knowledge sharing frequency and sharing effort than is the level of organisational support. These conclusions are, however, context driven, and although applicable to some organisations, would require further and more extensive research, before becoming the prevailing perspective.

2.4.3.4 Barriers to Knowledge Sharing

Riege (2005) states that 'better and purposeful sharing of useful knowledge translates into accelerated individual and organisational learning' (p18). Although there is evidence to suggest that the sharing of existing knowledge contributes to organisational performance, the effectiveness of sharing activities do differ between companies (Argote and Ingram, 2000). These differences can be attributed to individual people, structures, processes and systems in the organisation (Riege, 2005). He adds that it is essential to identify and recognise those elements that translate into knowledge-sharing barriers, and thus limit the success and potential benefits to be derived from tapping into the strategic data bank which exists in the minds of people (Mintzberg, 1993).

The potential individual barriers that Riege (2005) has identified include:

1. The fear that sharing may jeopardise job security
2. Low awareness of the value of possessed knowledge to others
3. Differences in education levels
4. Poor communication and interpersonal skills
5. Use of strong hierarchy, and position-based status
6. The general lack of trust in people
7. Differences in national culture or ethnic background; and values and beliefs associated with it.

The relevance to this research can be established in the last point where Riege (2005) advocates that it is necessary to manage cultural and ethnic differences, and the paradigms related to these differences, in order to prevent this factor from becoming a barrier to knowledge-sharing. He does, however, view this as constituting an individual level barrier. This research considers this as pertinent, in advocating the need to improve the diversity climate through organisational and individual effort, this being one of the antecedents to more effective conveyance of knowledge. The focus of the following section is literature that expounds on the relationship between organisational climate and its support of a diverse workforce, and the consequent impact on knowledge sharing.

2.5. The relationship between employee motivation and knowledge transfer

Researchers that have investigated the relationship between employee motivation and knowledge transfer or sharing, have typically looked at the link from one

perspective. Their studies showed that motivation, whether intrinsic or extrinsic, was a necessary precondition to encourage the sharing of tacit knowledge, and thus transform employee learning into organisational learning. It was Osterloh and Frey (2000) who concluded that intrinsic motivation is important for organisations, particularly in instances where prices and markets play a minor role. Their findings included that 'the decision to rely and enable intrinsic motivation depends strongly on the need to generate and transfer tacit knowledge' (p546).

Bontis (2002) supports this perspective, where within the context of his "Human Capital Causal Map' (p242), he portrays the positive correlation between employee motivation and knowledge-sharing. He also makes reference to the need for 'value alignment' (p244), where if employee's values are aligned to each other and the organisation, they would inadvertently be motivated to share knowledge. Remedios and Boreham (2004) contribute to this body of literature, but make a distinction between the introduction of new work practices designed to promote organisational learning, and knowledge-sharing. In terms of the former, their analysis focused on the motivational implications that could result from new initiatives. As far as knowledge-sharing is concerned, they suggested that motivation was important in that it was a precursor to employees engaging with organisational learning initiatives. Where employees were not sufficiently motivated to get involved, this 'reduced the likelihood of knowledge being shared' (p231). The work of Remedios and Boreham (2004) is therefore, congruent with that of other researchers.

Burgess (2005) conducted an empirical study to ascertain what would motivate employees to transfer knowledge outside their work unit. One of the primary findings was that 'motivational barriers to knowledge transfer included a lack of extrinsic rewards'. Burgess (2005) concluded that organisations need to send clear and consistent messages about the types of knowledge-exchange activities that they want to encourage, and provide adequate credit and recognition for employees who engage in those activities' (p344). This also then proves the role of increased employee motivation as a mechanism for encouraging greater knowledge sharing. The point of departure for this research is not to ascertain the means by which the source of shared or transferred knowledge would be motivated, but rather, to investigate if the recipient would benefit sufficiently from such an interaction, to the extent that work productivity is improved, and the employee is rewarded both intrinsically and extrinsically.

2.6. Organisational benefits from knowledge management processes

Chong, Holden, Wilhelmij, and Schmidt (2000) did not consider the benefits that accrue from knowledge-sharing in isolation, but rather, how knowledge management can holistically add value. This is the point of departure for this research. They did, however, find that the key business benefits to be realised include increased sales, better client service, enhanced communication flow, shorter problem solving time and improved project management.

2.7. The relationship between diversity management and knowledge sharing

There is limited literature that explores the relationship, if any, between managing diversity and knowledge-sharing activity. Cox (2001) contends that one of the major obstacles to success in diversity initiatives, is the 'failure to create effective mechanisms for transferring knowledge about how to manage diversity effectively' (p144). He provides guidelines for improving knowledge management by advocating the need for senior management support, the implementation of a knowledge-sharing culture, and multiple channels for sharing knowledge. Although Cox (2001) establishes the link between knowledge sharing and successful management of diversity, the proposition is limited, in that it only focuses on knowledge about diversity management, and does not consider the effects of knowledge-sharing from a broader perspective.

Finestone and Snyman (2005) have conducted a qualitative study to ascertain the challenges that knowledge managers face in a multicultural South African corporate environment. They state that senior management need to support knowledge managers 'in creating a work climate that supports diversity'. Before co-operative knowledge sharing can occur, it is essential that employees and knowledge managers learn about the culture and values of others and inculcate an environment of mutual respect. They further found that knowledge managers 'should always be aware of the context or situation of interaction'. His/her role is to ensure that 'people feel their opinions are valued by others' (p136), as this would encourage more sharing and synergistic behaviour. Their findings are aligned to the purpose of this research, in that they have found that a positive diversity climate is necessary for greater knowledge-sharing activity. However, the point of

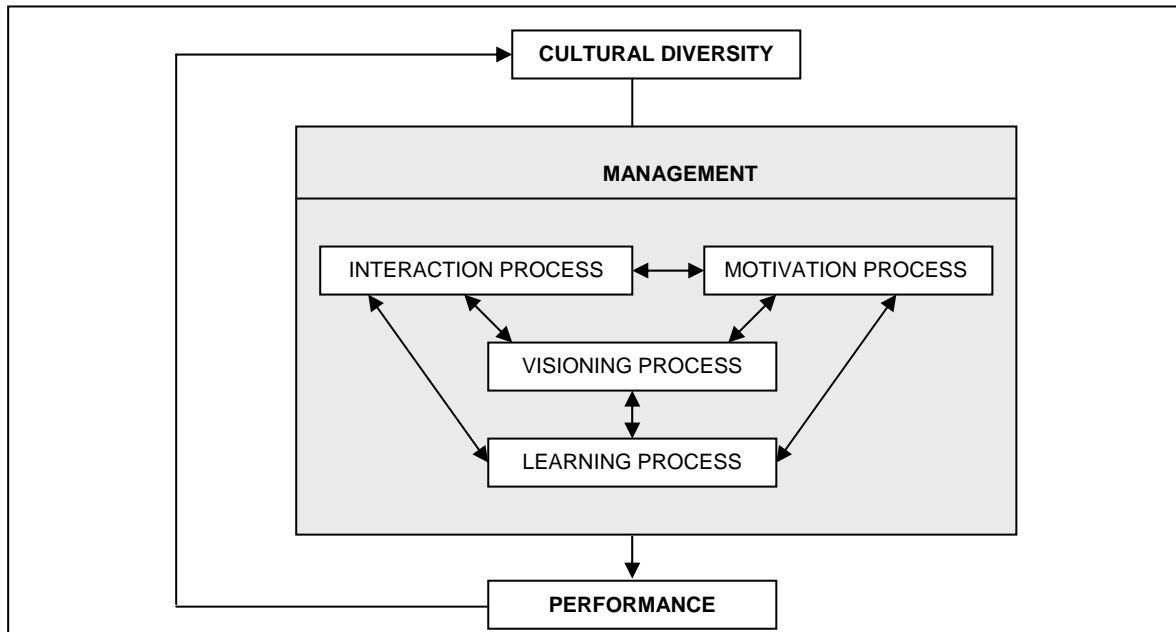
departure, would be to quantitatively prove these results, using a more extensive survey sample, and to further explore the outcomes that such an environment could potentially achieve.

Rijamampianina and Maxwell (2002) explore the organisational processes that could be managed to improve performance within a multicultural organisation. In his previous work, Rijamampianina (1999) suggests that organisational structures and policies are static phenomena, and as such, change ought to be initiated through organic processes, which are dynamic in nature. Figure 2.8 depicts the influences of cultural diversity on management by illustrating the four inter-related processes, that Rijamampianina (1999) contended were key to unlocking higher levels of organisational performance.

The motivational process refers to 'a range of internal and external motivating forces, which together predispose those employees to think and act as they do under various circumstances' (Rijamampianina and Maxwell, 2002, p2). These may include rewards in the way of remuneration, personal satisfaction and social status (Maxwell, 2006). Interaction, within this context, is described as the process whereby individuals share their world views with one another, or mental models, in order to gain a mutual understanding of each other's attitudes and values. The visioning process is dynamic, and as such, requires that employees continuously review the core purpose of the organisation. Rijamampianina (1999) makes reference to the need for 'alignment of the motivational forces acting on the employees', to make this process more effective. The learning process, be it

formal or informal, should equip employees to effectively conduct their specific tasks, and ‘meet the challenges they face at work’ (p3).

Figure 2.8: Influences of Cultural Diversity on Management



Source: Rijamampianina (1999)

Maxwell (2006) adapted this conceptual model by adding on the fifth dimension of ‘selection’, which he describes as the promotion to senior positions within the organisation (p156). ‘Selection is undoubtedly linked to employee motivation, and for the purposes of this research, this element will be adapted so that it is viewed from the perspective of an outcome, rather than a process. Maxwell (2006) further examines the impact that these processes have on the organisational change process, by making reference to cognitive and behavioural theories. The former emphasizes people’s world views, and how altering ‘the way people think will yield changes in what motivates them, and hence changes in their behaviour’ (p157). Behavioural theorists, on the other hand, advocate quite the opposite. They argue

that 'people find it difficult to change ingrained behaviour', and as such they would rather 'change their minds to suit their behaviour' (p157). He advocates that the interaction process is relevant for cognitive change, while the motivational process can stimulate behavioural change. In order for change in organisations to be effective, interventions should contain both 'cognitive and behavioural elements' (p157).

This assertion is particularly relevant to this research, which posits that organisations, by improving their diversity climates, can encourage greater knowledge-sharing between employees. This requires change on both a behavioural and a cognitive level. The basic tenet that is inferred, is that the critical processes as advocated by Rijamampianina (1999) should be constantly reviewed, before the factors of diversity climate and knowledge-sharing could be developed as enablers to positive individual and organisational outcomes. Hence, this model is the basis upon which this research intends to build.

CHAPTER 3

RESEARCH PROPOSITIONS

Chapter 2 has provided an extensive body of literature that expounds on diversity management, the role of a positive diversity climate, and organisational knowledge, with specific reference to tacit knowledge transfer. The relationship between these variables, and the impact of each on individuals and organisations were explored. Finally, prior research on the link between knowledge transfer and employee motivation was cited.

The purpose of this research is to both quantitatively and qualitatively prove that fostering a positive diversity climate within the organisation can yield the benefit of increased knowledge-sharing between diverse employees.

Proposition 1: Employees within the financial sector in South Africa will perceive the diversity climate within their organisations positively.

Proposition 2: A positive diversity climate is a mediating factor in ensuring more effective transfer of tacit knowledge in organisations.

The research further seeks to prove that these two variables, the diversity climate and the sharing of tacit knowledge, would concomitantly provide an enabling environment that would impact on individual and organisational outcomes. Specifically, the bearing that such a work environment would have on employee

intrinsic and extrinsic motivation, and on performance of the organisation, would be investigated.

Proposition 3: The sharing of tacit knowledge and skills within a diverse workforce will result in more positive career outcomes for the individual.

Proposition 4: Positive career outcomes resulting from the transfer of tacit knowledge, will produce tangible and intangible benefits for South African financial institutions.

Chapter 4 will outline the research methodology used to confirm or refute these propositions.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 Introduction

This research set out to assess the relationship (if any) that exists between the climate for diversity and the transfer of tacit knowledge within the workplace. It further explored the impact that this relationship could have on individual career outcomes, and organisational performance. Chapter 3 outlined the propositions that have guided the course of this research. This chapter provides detail on the methodology used to conduct this research. This includes a description of the research population and sampling techniques, the profile of respondents, the instruments utilised to collect the relevant data, and the specific tools and techniques used for data analysis.

4.2 Research Paradigm

According to Hussey and Hussey (1997), a paradigm 'refers to the progress of scientific practice based on people's philosophies and assumptions about the world and the nature of knowledge; in this context, about how research should be conducted' (p47). The two primary paradigms used for research purposes are referred to as qualitative and quantitative. Hussey and Hussey (1997) have drawn on the work of Creswell (1994) in compiling the table that follows. Table 4.1 provides a succinct comparison between these two paradigms, and in so doing, indicates the key strengths and weaknesses of each.

Table 4.1: A Comparison between Quantitative and Qualitative Research

QUANTITATIVE	QUALITATIVE
1. The reality is objective, and usually one dimensional.	1. Reality is more subjective, and is multi-dimensional in nature.
2. The researcher is independent from that being researched.	2. The researcher interacts with the subject being researched.
3. Values do not play a role, and as such is unbiased.	3. Research data obtained is value-laden, and is hence biased.
4. The language is formal, where set definitions are used, and is impersonal in terms of delivery.	4. The language is more informal, where concepts and decisions continually evolve. The experience is personal.
5. In terms of the research process: <ul style="list-style-type: none"> • It is a deductive process • Cause and effect relationships are proved • The design is static, where concepts are usually determined prior to research • Research is context-free • Generalisations are made to explain, understand and predict • It obtains its accuracy and reliability through validity 	5. In terms of the research process: <ul style="list-style-type: none"> • It is an inductive process • There is a mutual shaping of factors • There is an emerging design, where concepts are identified often during the research • Research is context – bound • Patterns and theories are developed for understanding • Accuracy and reliability obtained through verification.

Source: Hussey and Hussey (1997), p48. (Adapted from Creswell (1994), p5)

For the purposes of this research, it was deemed appropriate to use a combination of both the quantitative and qualitative paradigms. The aim was to capture the objectivity of a quantitative methodology in attempting to prove causal relationships, while utilising qualitative methods to gain a more insightful understanding of the multi-faceted phenomena being assessed.

Specifically, qualitative was considered necessary to this research for the following reasons:

1. Although knowledge-sharing is not a new field of study, the impact of the diversity climate on knowledge-sharing is a new relationship being explored. As such, there are no models or theories that corroborate this aspect of the research.
2. The quantitative phase of the research was designed to establish causal linkages between the key research variables. Through qualitative interviews, it was possible to delve into what initiatives have been successful, and what were the areas that could be improved on. In addition, it was critical to this research to gain perspectives and original thought on both the cognitive and behavioural changes that could be implemented within the sector towards future sustainability.
3. The South African banking sector supports 117 000 employees as at December 2004 (Pocket Guide to South Africa, 2005/2006), of which, the Managerial and Professional job categories jointly account for 47% (BANKSETA, 2005). Given the magnitude of the sector, the sample size obtained for quantitative research was not fairly representative of this industry. It was therefore essential to supplement these findings by means of qualitative interviews.

The use of both a qualitative and quantitative research methodology is referred to as triangulation, which according to Hussey and Hussey (1997), 'can overcome the potential bias and sterility of a single-method approach' (p74). They made reference to the work of Denzin (1970), who argued that triangulation leads to a

greater level of validity and reliability than utilising just one methodological approach. Although there are various forms in which researchers could use triangulation, methodological triangulation was relevant to this research, as this refers specifically to the use of both qualitative and quantitative data collection methods.

4.3 Quantitative Research Methodology

Generally this data collection approach is perceived to be objective, as irrespective of whom conducts the study, by using the same instruments and methods, individuals should obtain the same results (University of New England, 2000).

4.3.1 Population of relevance

For the quantitative phase of the research, the population encompassed skilled employees within the banking industry in South Africa. As at December 2003, there were twenty-two registered commercial banks in the country (of which seventeen were locally controlled) and fifteen local branches of foreign banks. In addition, there were two mutual banks, and forty-seven representative offices of foreign banks.

The units of analysis relevant to this research were employees within the ambit of a technical, professional or managerial job category at their respective organisations.

4.3.2 Sampling Method and Size

Given that the scope of this research does not include a comparison of responses based on the individual's job category, it was not necessary to expend the vast resources required to apply a stratified random sampling method (University of New England, 2000). Within the context of this study, judgement sampling was used to determine the institutions that could fairly represent the South African banking industry. In June 2003, four banks dominated the industry; Absa, Standard Bank, Nedbank and First National Bank. 'These accounted for 83% of the total deposits of the public, 92% of mortgage loans and 89% of bank financed instalment sales. Each of these banks had a scale monopoly (25% or more market share) in one or more of the retail market segments (credit cards, current accounts, mortgages and instalment sales)' (National Treasury and SARB, 2004, pi). During the same time period, Investec had been named as the fifth largest commercial bank operating locally (National Treasury and SARB, 2004). Given the concentration levels in the industry, obtaining a sample from each of these five banks was considered to constitute a fair representation of the industry, for the purposes of this research.

Although snowball sampling or networking is often associated with qualitative research, this sampling method was found to be useful during the quantitative phase of the research, as employees who had been contacted to participate in the survey, had inadvertently passed the questionnaire onto individuals within the institution who met the sample criteria.

In terms of sample size, a minimum of fifty individuals were targeted from each of the largest four banks. A sample size of twenty was sought within Investec, due to the organisation's size relative to Absa, Standard Bank, Nedbank and First National. Due to the effect of snowball sampling, however, the sample size differed between the banks. A total of 343 questionnaires were forwarded to the five banks.

This sample size was considered sufficient as the insights gained during this phase of the study will be supplemented by that acquired through the qualitative research process.

4.3.3 Data Collection

The source of data was primary in nature, and this was obtained from the sample within each of the five largest commercial banks in South Africa, as described in 4.3.2. To this end, a non-experimental, survey research technique was considered to be appropriate given the time and cost constraints of the research project (Welman & Kruger, 2001).

4.3.3.1 Research instrument and design

Within the ambit of this research, the variables that were explored include, the diversity climate, level of knowledge-sharing, career outcomes and organisational benefits. A questionnaire was designed to obtain an understanding of the causal relationships between these variables, if any. To this end, the literature presented within Chapter 2, served as a reference point for the compilation of the questions.

Structured, closed questions were used to assess the perceptions of the diversity climates within the banking sector, to establish the prevalence of knowledge sharing within that environment, and to ascertain how these have impacted on individual motivation levels, and organisational benefits.

A five-point Likert scale had been utilised in all instances where respondents were asked to ascertain the degree to which they agree or disagree with the statement provided. According to Hussey and Hussey (1997), this allows respondents to 'give more discriminating responses, and to state if they have no opinion, by providing them with some form of rating scale' (p171). One open-ended question was included in an attempt to obtain creative alternatives and approaches to the sharing of tacit knowledge, within the work environment. The research questionnaire is included within Appendix 4.

4.3.3.2 Pre-testing and distribution

The questionnaire was designed in a manner that allowed for distribution by means of electronic mail. Respondents were able to complete and return the questionnaire via the same channel. This was beneficial to the research process as it enabled large-scale distribution, was economical in terms of time and cost, and it ensured that all respondents were asked the questions in exactly the same manner as the others (Hussey and Hussey, 1997, p161).

Extensive pre-testing had been conducted a week prior to the questionnaires being distributed to the sample group. Ten individuals currently employed within the South African banking sector that matched the sample criteria, were identified

for this purpose. The test was unsupervised, so as to mimic a natural setting. However, when completed, a group session was held in order to discuss areas for improvement. The intention was to establish the ease with which the statements and questions could be understood, to gauge how easily the responses could be captured, and the overall time taken to complete the questionnaire. The latter was particularly pertinent, as there seemed to be a general resistance to long questionnaires, which included open-ended questions.

A brief, explanatory paragraph was incorporated at the beginning of the questionnaire, which detailed the aim of the research and provided assurance of confidentiality. Precise instructions were given in terms of when an option could be chosen from the predetermined responses provided, and when a question required that the applicable boxes be ticked.

4.3.4 Data Analysis

The questionnaire was designed in such a manner that all responses were automatically coded and captured on an *Excel* spreadsheet, while the respondent completed the questionnaire. This meant that the data capturing time was reduced to a minimum, and this facilitated ease of analysis. The data collected will be analysed in accordance with the propositions outlined in Chapter Three. In terms of the quantitative data obtained, two approaches were adopted in the analysis thereof namely, exploratory and confirmatory data analysis (Hussey and Hussey, 1997).

4.3.4.1 Exploratory data analysis

This is also referred to as descriptive statistics. This form of analysis has proved useful in summarising the data and providing detailed descriptions through tables, and graphs. Hussey and Hussey (1997) declare that presenting the data in the form of tables, charts and other diagrammatic forms 'enable patterns and relationships to be discerned which are not apparent in the raw data' (p189).

To this end, frequency distribution tables and graphs have been utilised to depict the profile of respondents across various criteria. This has also been useful in determining at a preliminary level, the general perceptions of individuals within the banking industry to the variables introduced. A measure of central tendency, which entails calculating the mean, median or mode was beneficial in that it provided a single value that described a large frequency distribution. These measures have proved effective in establishing the most common responses of the sample to the survey statements.

According to Hussey and Hussey (1997), simply focusing on the above does not give any indication of the shape of the data distribution. A measure of dispersion has been useful to counter this, as it depicts the spread of values or its variation around a central value. The standard deviation measure has been used to provide information into the distribution of data around the mean. A standard deviation between -1 and +1 usually indicates a normal distribution.

4.3.4.2 Confirmatory data analysis

This is also referred to as inferential statistics. In terms of data analysis, the Person's product moment correlation coefficient, often referred to as simply 'correlation', has been utilised in measuring the strength of associations between the research variables. The correlation results indicate whether the relationships are positive or negative (-). The value itself represents the strength of the relationships, where the closer the value is to 1, the stronger would be the association between the variables. This measure was useful in determining the nature of the relationship between the diversity climate and the level of knowledge-sharing.

4.3.5 Research Limitations

- The use of convenience and snowball sampling introduces bias as the research tends to converge around similar individuals.
- The selected sample was not fairly representative of the financial sector.

4.4. Qualitative Research Methodology

The data collected during this phase of the research served to confirm or refute the results obtained through quantitative means. It is noted however, that this approach contains a measure of subjectivity (University of New England, 2000). This is explained emotively by Miles (1979), who says, 'The analyst faced with a bank of qualitative data has very few guidelines for protection against self-

delusion.....How can we be sure that an earthy, undeniable, serendipitous finding is not, in fact, wrong?’ (p591).

4.4.1 Population of Relevance

For the qualitative phase of the research, the population encompassed subject matter experts within their profession, within the banking sector in South Africa.

The units of analysis included Human Resource practitioners, Knowledge Management experts (where available), Organisational Development practitioners, and individuals designated to transformation initiatives within the five financial institutions as cited in 4.3.2.

4.4.2 Sampling Method and Size

As explained in 4.3.2, judgement sampling was utilised to determine the institutions that could fairly represent the South African banking industry. Obtaining a sample from each of the five institutions namely Absa, Standard Bank, Nedbank, First National Bank and Investec, was considered sufficient for the purposes of this research.

In determining a suitable sample, a judgemental sampling method was initially utilised to identify key individuals with the required expertise as described in 4.4.1. However, snowball sampling or networking was found to be useful during this stage of the research, as individuals who had been contacted to participate in the

research, were in a position to refer others within the financial sector that met the sample criteria.

In terms of the sample size, the objective was to interview a minimum of two participants from each of the four large financial institutions, and at least one individual from Investec. A total of 19 individuals were eventually approached.

4.4.3 Data Collection

Primary data was obtained from the sample as described in 4.4.2. A semi-structured interview method was utilised for this purpose (Welman & Kruger, 2001).

4.4.3.1 Research instrument and design

An interview guide was compiled, detailing the topics that were covered within the interview (Welman & Kruger, 2001). This is enclosed in Appendix 3. Alignment to the research propositions as stated in Chapter Three was critical in designing the interview guide. Semi-structured, open-ended questions were used to obtain insights into diversity management and knowledge sharing within the banking sector, and to ascertain the impact of these on employee motivation levels and organisational benefits, if any. Given the open-ended nature of the responses, it was appropriate that the interviewer record these electronically.

4.4.3.2 Collection of data

All participants were interviewed on a face-to-face basis. Although this was a time-consuming exercise, it was appropriate. This approach enabled the interviewer to delve into the level of detail required of this stage of the research. Respondents were also more responsive than may have been had the interview been conducted telephonically.

4.4.4 Data Analysis

The responses extrapolated from these interviews have been analysed through informal methods (Hussey and Hussey, 1997). This entailed initially categorising the data collected in terms of the specific research propositions that they related to. The responses were assessed in order to ascertain if there were common themes and patterns. Frequency analysis was utilised to determine whether perspectives were generally shared by the banking sector, or whether these were the isolated views of one individual. Similarities and dissimilarities between members of the same organisation and between the different institutions were gauged. These results will be collectively viewed with the results of the quantitative study, as the aim was to find evidence to corroborate the relationships (or lack thereof) established from the questionnaire responses.

4.4.5 Research Limitations

- The interview process was inherently subjectivity due to reliance on third-party referrals.
- A semi-structured interview method required expertise on the part of the interviewer to ensure that information relevant to the research was obtained.
- The data collected was value-laden, in terms of the interviewer's own interpretation and assumptions. This does introduce bias into the research.

4.5 Conclusion

This chapter has described the methodology used in conducting this research. The use of both the quantitative and qualitative approaches was considered beneficial, in that the findings could be integrated to overcome the inherent weaknesses of each approach. In so doing, the conclusions drawn from analysing the data could be grounded more strongly. Chapter 5 presents the data that has been collected.

CHAPTER 5

RESULTS

5.1 Introduction

The quantitative study explores the causal relationship between the diversity climate and the transfer of tacit knowledge, and the benefits that this relationship confers to the individual and the organisation. These results will be viewed in conjunction with the interview responses, since the aim is to find evidence to corroborate the conclusions drawn from the survey responses.

5.2 Profile of the sample group

5.2.1 Quantitative phase

This study was conducted within the ambit of the banking sector in South Africa. The quantitative phase focused on bank employees whose positions within their respective organisations, could be categorised as technical, professional or managerial. Table 5.1 provides a breakdown of the institutions from which the sample was drawn, and the response rate that was obtained from each institution.

Table 5.1: Organisational affiliation of the sample group

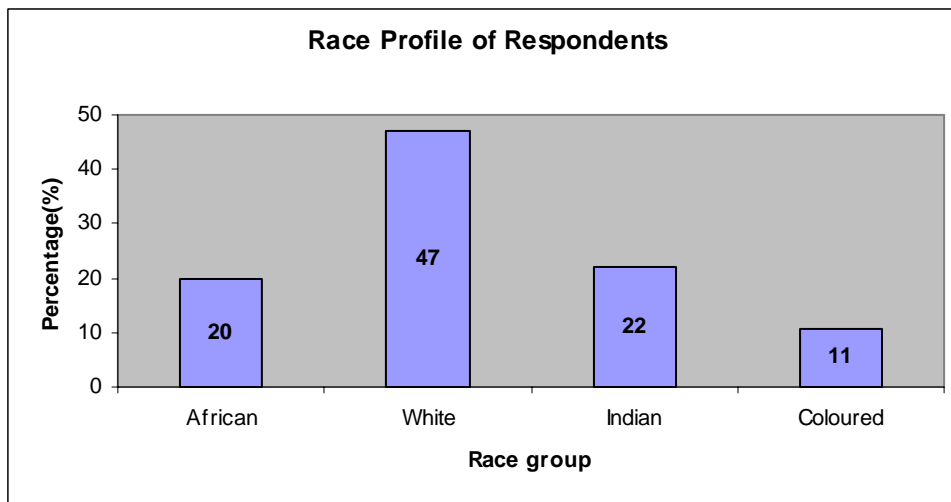
Name of institution	Number of questionnaires sent out	Number of respondents
Nedbank	75	31
Absa	103	55
First National Bank	59	22
Standard Bank	72	22
Investec	34	10
Total	343	140

The key characteristics of the sample group will be described next.

5.2.1.1 Race representation

Figure 5.1 denotes that 47% of the sample group was represented by the white race group. This response rate was achieved despite the questionnaire being forwarded to approximately an equal number of respondents from each of the race groups.

Figure 5.1: Race profile of respondents



5.2.1.2 Job category

Figure 5.2 indicates that the Managerial and Professional job categories cumulatively represent 82% of the respondents. For the purposes of this study, the Administrative category was not targeted.

Figure 5.2: Job category representation

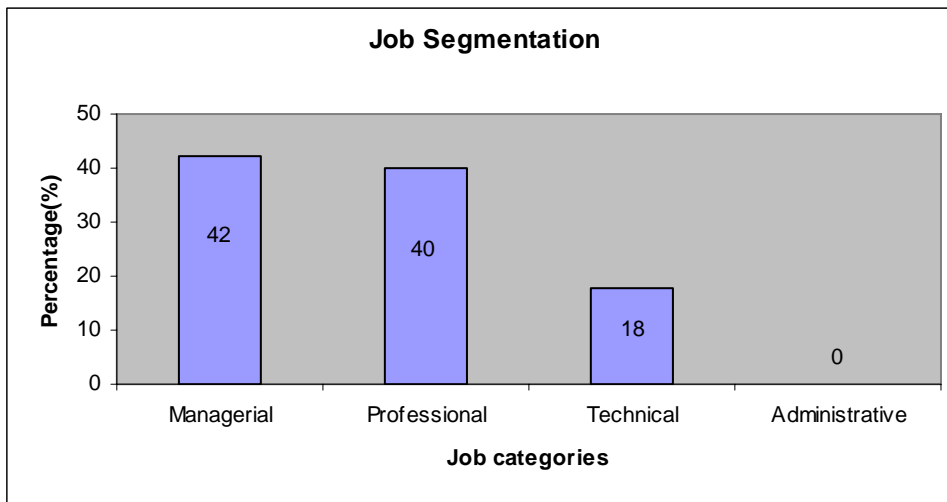
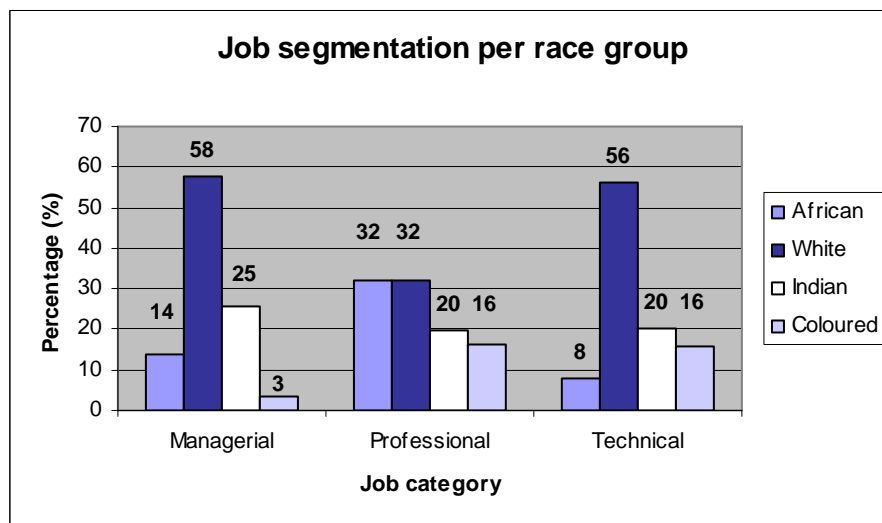


Figure 5.3 indicates the race composition of each job category.

Figure 5.3: Job segmentation per race group



Although the sample group contained a larger percentage of white respondents, it is still noteworthy that 58% of the Managerial, 32% of the Professional and 56% of the Technical job categories, were occupied by white respondents.

5.2.1.3 Gender

Table 5.2: Gender representation

Gender	Frequency	Percent	Cumulative Percent
Female	77	55.0	55.0
Male	63	45.0	100.0
Total	140	100.0	

Figure 5.4: Split of gender by race

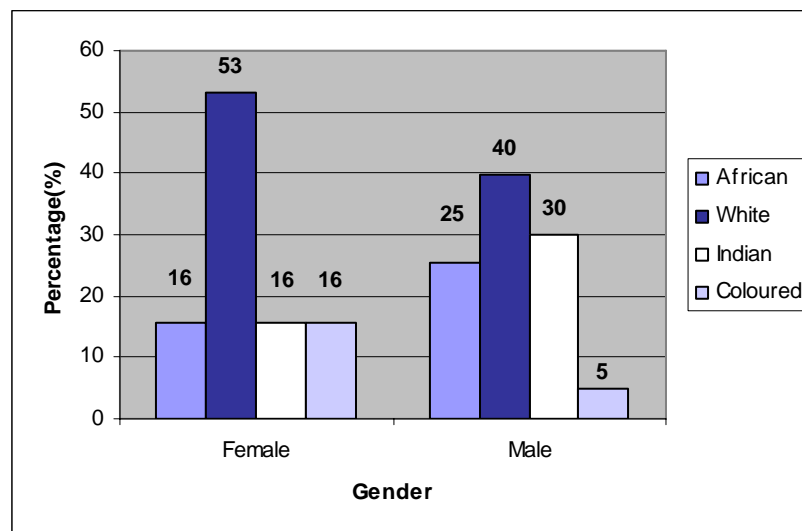


Table 5.2 depicts that 55% of the sample group was represented by women.

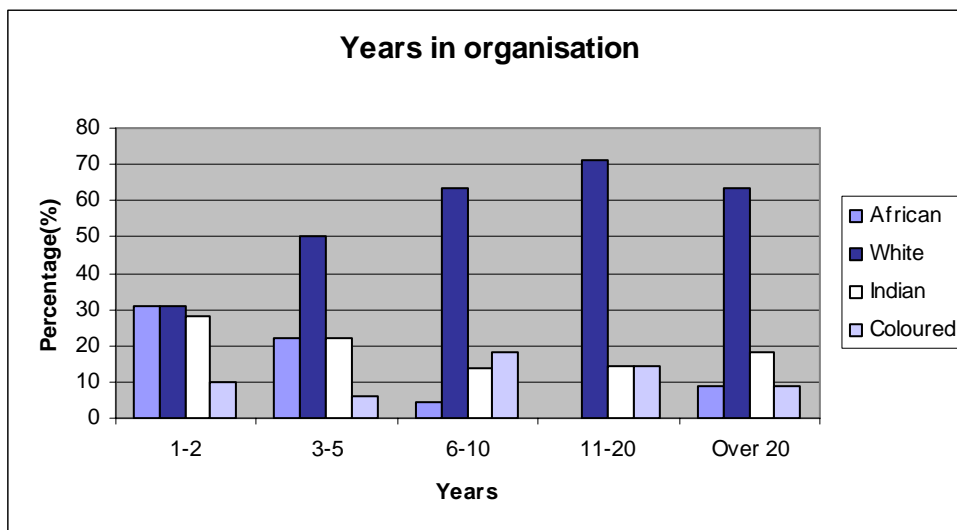
Figure 5.4 which indicates the racial splits across genders, shows that white females and white males were the highest respondents by race/gender split.

5.2.1.4 Number of years service in organisation

Table 5.3: Tenure in organization

Tenure (years)	Frequency	Percent	Cumulative Percent
1-2	61	43.6	43.6
3-5	32	22.9	66.5
6-10	22	15.7	82.1
11-20	14	10	92.1
Over 20	11	7.9	100.0
Total	140	100.0	

Figure 5.5: Tenure by race split



The largest proportion of respondents had been employed by their respective organisations for a period of between 1 and 2 years as indicated in Table 5.3.

Figure 5.5 illustrates that the white respondents typically had a longer tenure within the organisation than their counterparts from other race groups.

5.2.1.4 Education level

Figure 5.6: Education level of respondents

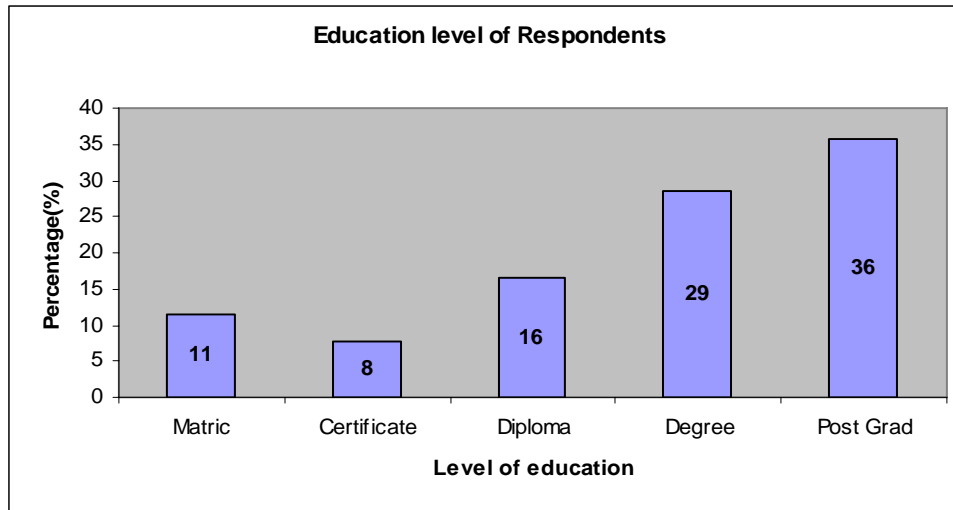


Figure 5.6 denotes that 65% of the sample group had obtained a qualification at a degree level or postgraduate level.

5.2.2 Qualitative phase

The data collected during this phase of the research serves a dual purpose. The aim was primarily to find evidence to confirm or refute the results obtained through quantitative means. In addition, the sample group which comprised subject matter experts within the South African banking industry, were in a position to introduce new perspectives within the research scope, and to add practical insights to the relationships being investigated. The interviews were semi-structured: although the interviewees were guided to respond within the ambit of the research, the questions were framed to be open-ended. The interview was permitted to progress as naturally as possible. For the purposes of this study, this approach was

believed to be more effective in reducing interviewer bias, and in establishing whether the questionnaire responses could in fact be confirmed without referring to them directly. Table 5.4 provides a breakdown of the institutions from which the sample was drawn, and their respective designations.

Table 5.4: Organisational affiliation and designation of the sample group

Name of institution	Number of individuals approached	Number of respondents	Designation
Nedbank	5	3	<ol style="list-style-type: none"> 1. Member of FSC Implementation committee 2. Senior Human Resources Manager 3. Member of Transformation committee
Absa	5	5	<ol style="list-style-type: none"> 1. Knowledge Management consultant 2. Knowledge Management consultant 3. Knowledge Management consultant 4. Organisational Development Director 5. Member of FSC Implementation committee
First National Bank	2	2	<ol style="list-style-type: none"> 1. Member of FSC Implementation committee 2. Human Resources Director
Standard Bank	4	1	<ol style="list-style-type: none"> 1. Human Resources Director
Investec	2	1	<ol style="list-style-type: none"> 1. Senior Human Resources Manager
African Bank	1	1	<ol style="list-style-type: none"> 1. Member of FSC Implementation committee
Total	19	13	

5.3 Presentation of findings

The findings from this study will be presented within the context of each research proposition. The responses from the questionnaire have been summarised in the form of descriptive statistics and in certain instances, where deemed necessary, confirmatory statistics were used. Graphs have been utilised where the statistical methods utilised do not clearly indicate the responses of the greater percentage. As explained in Section 4.4.4, the responses extrapolated from the interview phase of the research were analysed by initially extracting common themes from the data collected, and then categorising these in terms of the specific research propositions that they related to. Frequency analysis was utilised to determine whether perspectives were generally shared by the banking sector, or whether these were the isolated views of one individual. The findings are presented in the subsequent tables. With regards to the presentation of qualitative data, the term 'statement' was utilised where the direct responses of interviewees were cited. 'Construct' was used to indicate an interpreted response.

5.3.1 Research Proposition 1 – The Diversity Climate

The statements contained within the questionnaire have been clustered in terms of the specific factors that would impact on the climate for diversity. These factors came to the fore during the interview stage of the research. The interview responses related to each of the factors will be summarised in terms of firstly, the perceptions of the sample group, and secondly the current initiatives within the South African banking environment in respect of each. In aggregate, these factors

are considered indicative of the diversity climate within the South African banking sector.

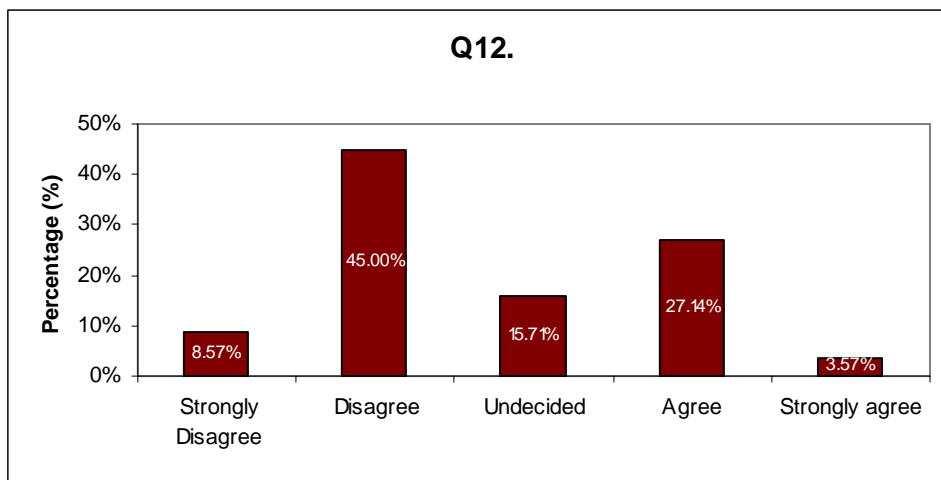
5.3.1.1 Individual-level experiences

Table 5.5: The diversity climate – Individual-level experiences

Statement	Mean	Mode	Median	Min	Max	Std Deviation	N
Q.9 I am treated with respect and dignity at work.	4.02	4	4	1	5	0.651	140
Q.11 I hear offensive race or gender-related jokes at work.	2.35	2	2	1	5	0.966	140
Q.12 I notice inappropriate behaviour based on people's differences.	2.72	2	2	1	5	1.067	140
Q.13 I personally experience discrimination from other employees.	2.14	2	2	1	5	0.990	140
Q.14 I feel positive about diversity in the workplace.	3.90	4	4	1	5	0.931	140

Table 5.5 indicates the findings based on the questionnaire research instrument. This illustrates that the sample group felt positive about diversity within the workplace. They also felt that they were treated with respect and dignity, as indicated by the means of 3.90 and 4.02 respectively. The responses to Questions 11, 12 and 13, which relate to discrimination, featured within a mean range of '2', showing that respondents generally disagreed with these statements. Figure 5.7 provides a detailed illustration of the responses to Question 12 in the questionnaire. The mean of 2.72 as shown in Table 5.5, does not explain whether the respondents were in agreement or not.

Figure 5.7: Responses to Q12: I notice inappropriate behaviour based on people’s differences



Although 27% of the sample group agreed with the above statement, and 15% were undecided, the greater proportion (45%) of individuals disagreed.

Table 5.6 reveals the statements recorded during the interviews which helped to confirm ‘Individual-level experiences’ as a factor that could impact on perceptions of the diversity climate.

Table 5.6: Factors that could improve the diversity climate – Individual experiences

Statements	Frequency recorded
1. By learning more about each other’s culture, it helps people understand behaviour in the workplace.	11
2. Diversity can be a barrier, therefore employees should be encouraged to interact more with diverse individuals.	8
3. Perceptions around diversity issues must be aligned to reality.	6

Table 5.7 denotes the current thinking around diversity issues, and particularly that of influencing individual behaviour, within banks in South Africa.

Table 5.7: Organisational effort/ initiatives

Statements	Frequency recorded
1. When employees start 'living the values', there are minimum rules of engagement, and discrimination on any level is not tolerated.	13
2. By incorporating 'values' into the performance measurement system, it has encouraged employees to put in more effort.	13
3. A mindset change is required to deal with diversity, and this is not an easy task.	7
4. Once credibility of the individual is established, this goes a long way towards being treated as equal.	5

5.3.1.2 Group dynamics

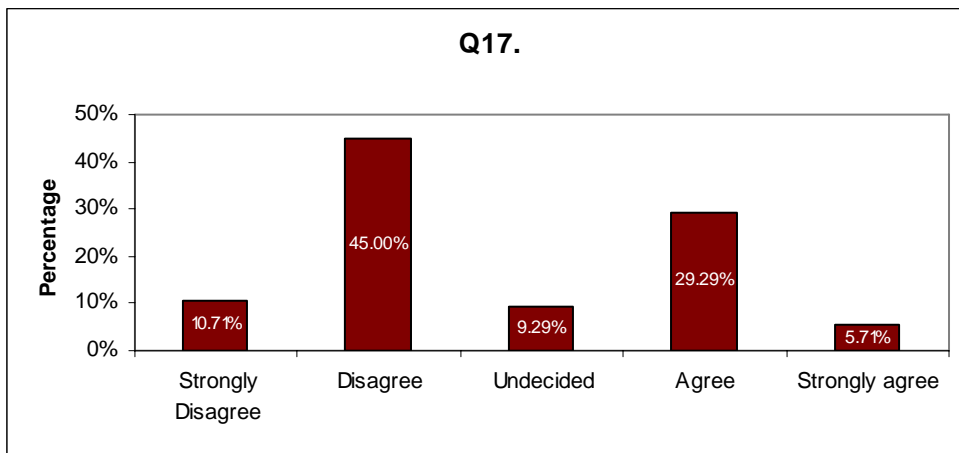
Table 5.8 indicates the findings based on the questionnaire research instrument.

Table 5.8: The diversity climate – Group dynamics

Statement	Mean	Mode	Median	Min	Max	Std Deviation	N
Q.17 My work team experiences conflict due to differences between people.	2.74	2	2	1	5	1.159	140
Q.19 I feel included by my work group.	3.89	4	4	1	5	0.866	140

In terms of Question 19, the mean of 3.89 indicates that respondents on average felt included by their work groups. However, the mean calculation of 2.74 in respect of Question 17 featured in between 'disagree' and 'undecided' on the Likert scale. Figure 5.8 provides the detail of how the sample group had responded to Question 17.

Figure 5.8: Responses to Q17: My work team experiences conflict due to differences between people



Almost 30% of respondents agreed with this statement, however a cumulative percentage of 55% of respondents had disagreed and strongly disagreed that differences between team members caused conflict.

The interview responses presented within Table 5.9 summarises the interview responses that relate to group dynamics. All 13 respondents indicated the need for a value system that underpins relations in the workplace, and that is embedded as a natural way of doing things.

Table 5.9: Factors that could improve the diversity climate – Group dynamics

Constructs	Frequency recorded
1. A value system is required that guides the way people behave towards one another.	13
2. The key values required in the work environment are tolerance and respect.	13
3. 'Living the values' should be embedded in the environment.	13
4. Each individual must be seen as an equal player.	11
5. Peer pressure is required when individuals deviate from the values.	3

Table 5.10 summarises current efforts within the South African financial sector aimed at improving group dynamics.

Table 5.10: Organisational effort/ initiatives

Statements recorded	Frequency
1. Most diversity initiatives have been aimed at groups rather than individuals	8
- these were underpinned by values such as respect and tolerance	13
- differences are becoming less pronounced	8
- storytelling has been key in seeing others as equal	6

Eight of the thirteen respondents stated that differences between individuals are becoming less of an issue, due to initiatives in this regard.

5.3.1.3 Management support

Table 5.11 indicates the findings based on the questionnaire research instrument.

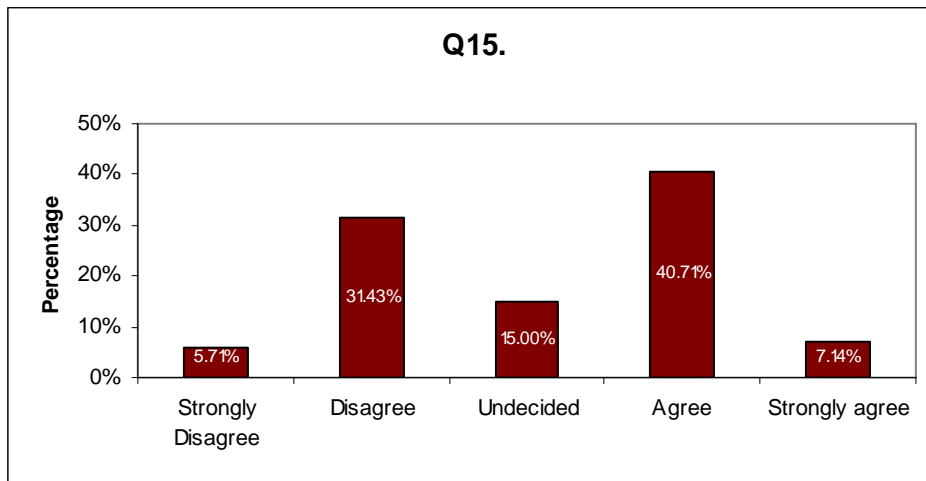
Table 5.11: The diversity climate – Management support

Statement	Mean	Mode	Median	Min	Max	Std Deviation	N
Q.15 Managers and supervisors include all team members in problem solving.	3.12	4	3	1	5	1.109	140
Q.20 My managers treat all employees with respect regardless of race & position.	3.64	4	4	1	5	1.011	140
Q.21 Senior management shows constant support for diversity programmes.	3.38	4	4	1	5	0.963	140
Q.22 I feel comfortable to speak to my managers about diversity issues.	3.51	4	4	1	5	0.971	140
Q.23 Managers visibly challenge any incidents of racism, sexism or discrimination.	3.14	4	4	1	5	1.015	140

The mean calculations for all statements within this cluster, feature between 3 (undecided) and 4 (agree). However, an aggregated view of the mean, mode and median as presented in Table 5.11 indicates that there is a stronger tendency towards respondents agreeing that management supports workplace diversity, and

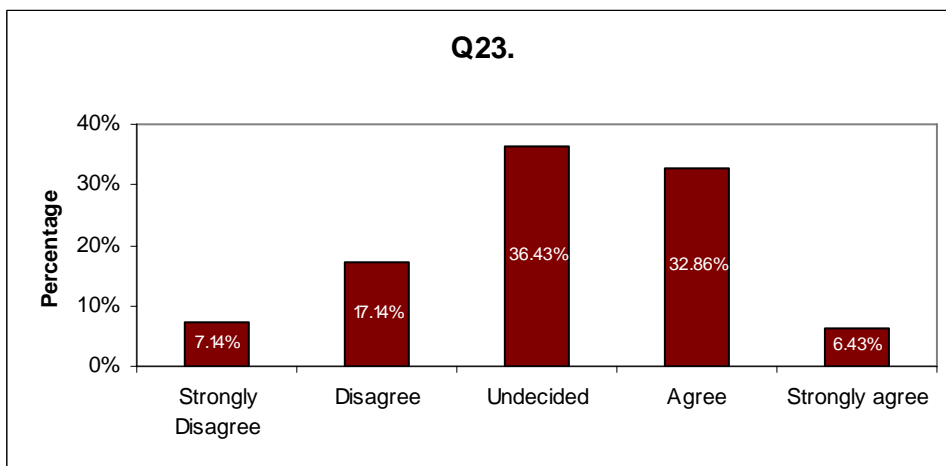
refrains from discriminating on the basis of racial or other differences. The responses to Statements 15 and 23 will be graphically depicted due to the mean values being located closer to the ‘undecided’ range.

Figure 5.9: Responses to Q15: Managers include all team members in problem solving



A large percentage of respondents disagreed with the statement (31.4%), however, a cumulative percentage of 48% agreed and strongly agreed that managers include all team members in problem solving.

Figure 5.10: Responses to Q23: Managers visibly challenge any incidents of racism, sexism or discrimination



This figure depicts that in terms of individual categories, the largest percentage of respondents were ‘undecided’. On a cumulative basis though, over 38% of the sample group ‘agreed’ and ‘strongly agreed’ with the above statement.

Table 5.12 presents the perspective of interview respondents, in terms of what was considered essential to managing the diversity climate. Management support emerged as the third factor.

Table 5.12: Factors that could improve the diversity climate – Management support

Constructs	Frequency recorded
1. Commitment from leadership, by ‘walking the talk’ is essential.	13
2. Management need to interact to a greater extent with employees, with the aim of understanding more about them as individuals.	6
3. The organisational strategy should be representative of the workforce.	4

Table 5.13 describes the current initiatives within the South African banking sector that have been introduced to garner greater support from senior levels in the organisation. All respondents indicated that there was commitment at an executive level, and that diversity training targeted at management had started the process of change.

Table 5.13: Organisational effort/ initiatives

Statements	Frequency recorded
1. There is commitment at the executive level which filters down to lower levels.	13
2. Diversity training workshops have been targeted at management.	13
- this helped in understanding each other’s culture	13
- once mindsets and behaviour started to change at higher levels, this began to influence other employees	

5.3.1.4 Training and development

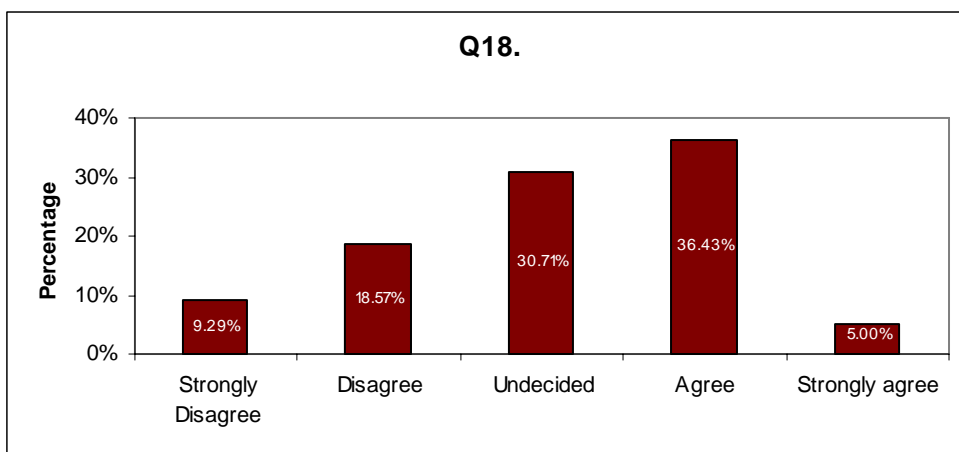
Table 5.14 indicates the findings based on the questionnaire research instrument.

Table 5.14: The diversity climate – Training and development

Statement	Mean	Mode	Median	Min	Max	Std Deviation	N
10. My organisation provides me with equal opportunities for training & development.	3.83	4	4	1	5	1.010	140
16. Our work reflects that we understand the different needs of our customers.	3.51	4	4	1	5	0.956	140
18. Training I receive at work helps me to deal with diversity of workforce & customers.	3.09	4	3	1	5	1.059	140

Table 5.14 confirms that respondents generally believed that they were provided with equal opportunities for training (mean of 3.83), and were comfortable that the needs of the diverse customer base are being considered (mean of 3.51). Question 18 will be examined further in Figure 5.11, as the mean of 3.09 reflects a tendency towards the ‘undecided’ option.

Figure 5.11: Responses to Q18: Training I receive at work helps me to deal with diversity of workforce and customers



Although 30% of respondents were ‘undecided’, over 41% collectively ‘agreed’ and ‘strongly agreed’ that the training received at work enables them to deal with a diverse workforce and customer base.

Table 5.15 indicates that respondents to the interviews considered Training and Development to be a factor that could impact on perceptions about the diversity climate. Ten respondents stated that employees need to accept the changing customer and workforce profile, and undergo training in terms of how processes could be reengineered to support this.

Table 5.15: Factors that could improve the diversity climate – Training and development

Constructs	Frequency recorded
1. There must be acceptance of the changing face of business, and the internal processes that need to support this.	10

Table 5.16 summarises the current position of the South African banking sector in terms of training and development.

Table 5.16: Organisational effort/ initiatives

Statements	Frequency recorded
1. The FSC has ensured that the training spend on previously disadvantaged employees be increased.	13
- therefore there is no visible discrimination in this regard	13
2. There is still work to be done in understanding needs of diverse customers.	6

All thirteen respondents stated that equal opportunities are being provided to employees in terms of Training and Development. However, six respondents felt that more time and effort is required in understanding the needs of the changing customer base.

5.3.1.5 Policies and Procedures

Table 5.17 indicates the findings based on the questionnaire research instrument. This reveals that the financial institutions investigated, on average, have Diversity Policies (mean of 3.73) and a Diversity Forum in place (mean of 3.84).

Table 5.17: The diversity climate – Policies and procedures

Statement	Mean	Mode	Median	Min	Max	Std Deviation	N
24. The organisation has EE/diversity policies in place that are widely distributed.	3.73	4	4	1	5	0.973	140
25. A diversity forum has been established in the organisation.	3.84	4	4	1	5	0.910	140

Table 5.18 denotes that eight respondents had during the interview process made reference to the importance of formal policies and initiatives, in managing the diversity climate.

Table 5.18: Factors that could improve the diversity climate – Policies and procedures

Statements	Frequency recorded
1. Formal policies and procedures are required to force certain issues related to the heart.	8
2. People are not on the same maturity levels, therefore formal initiatives help them work towards a common goal.	8

The current progress made within the South African banking sector in implementing formal policies and procedures have been summarised in Table 5.19. All respondents indicated the presence of diversity policies, forums, and programmes with their respective organisations. Of the six banks represented by the interview sample group, 4 of these had established a Transformation Committee.

Table 5.19: Organisational effort/ initiatives

Statements	Frequency recorded
1. Diversity policies and forums have been established to manage the process of integration.	13
2. Diversity programmes and workshops were introduced with attendance being compulsory.	13
2. Transformation committees specifically deal with FSC implementation.	11

5.3.2 Research Proposition 2 – The relationship between the diversity climate and the sharing of tacit knowledge

5.3.2.1 The level/extent of knowledge sharing

Table 5.20 presents the responses that were attained through the medium of the questionnaire. These pertain to the level of knowledge sharing that exists within the banking sector in South Africa, as perceived by the sample group.

Table 5.20: Knowledge sharing in the banking sector

Statement	Mean	Mode	Median	Min	Max	Std Deviation	N
Individual knowledge sharing							
27. I often impart my work knowledge to inexperienced employees	4.16	4	4	1	5	0.773	140
30. I feel comfortable to share my knowledge & experiences to assist peers.	4.31	4	4	1	5	0.669	140
32. Based on my experience, I suggest improvements to meet strategic goals.	3.90	4	4	2	5	0.807	140
35. I need to guard my knowledge to get ahead in the organisation.	1.94	2	2	1	5	0.983	140
Work environment							
28. Knowledge sharing & teamwork are formal measures in our performance contracts.	3.27	4	4	1	5	1.092	140
29. The work environment encourages people to share their views about the world & life.	3.31	4	4	1	5	1.011	140
31. I am frequently encouraged to share ideas with people I report to.	3.79	4	4	1	5	0.965	140
Team knowledge sharing							
26. When I joined the organisation, I received on-the-job training from fellow employees.	3.46	4	4	1	5	1.219	140
33. Employees have a vast amount of knowledge which they are willing to share.	3.48	4	4	1	5	1.076	140
34. Team members with specific skills proactively help others in learning the same.	3.34	4	4	1	5	0.964	140

In terms of individual knowledge-sharing, survey respondents commonly agree that they frequently impart their own knowledge (mean of 4.16), and feel comfortable to share knowledge to assist others (mean of 4.31). With reference to Question 35, the sample group did not feel the need to be territorial about their knowledge (mean of 1.94). The responses regarding the work environment, particularly concerning knowledge-sharing being included in performance contracts, and the environment being conducive to individuals sharing their world views, were dubious with means of 3.27 and 3.31 respectively. However, the median and mode calculations confirmed agreement to both these statements.

An aggregate view of the mean, mode and median reveals that the respondents agree that team members had knowledge and skills which they were willing to share with others.

In terms of Proposition 2, evidence of a correlation between each of the factors that impact on the diversity climate (as described in Section 5.3.1), and the level of knowledge-sharing (as exhibited in Table 5.20), needs to be provided. This will be presented in the subsequent tables.

The results that follow, clearly indicate the type of correlation (positive or negative) that exists between the diversity climate variables and the sharing of tacit knowledge. However, the strength of these relationships can in general be described as average to relatively low. This can be attributed to the fact that:

1. There are instances where the responses to one statement are largely on one side of the Likert scale (for example, Strongly agree and agree),

however this is being considered in terms of a second statement, where the responses are more evenly spread over the Likert scale. This can result in lower correlations.

2. The nature of the scale being used can result in lower correlations. For example, an individual may 'Strongly agree' with one statement, and only 'agree' with another. Although the respondent is technically in agreement with both statements, the correlation coefficient will consider these responses as quite different, and this will reflect a weaker relationship than is the case in reality.


To overcome this, the relationship between certain key statements will be examined in greater detail. Since it is not feasible to explore every relationship further, the focus will be on instances where the correlation coefficient is less than 0.05, or where the correlation should, in terms of the study be positive, but featured as negative and vice versa. These occurrences have been highlighted with a red circle .

Table 5.21: Correlation between individual experiences and knowledge sharing

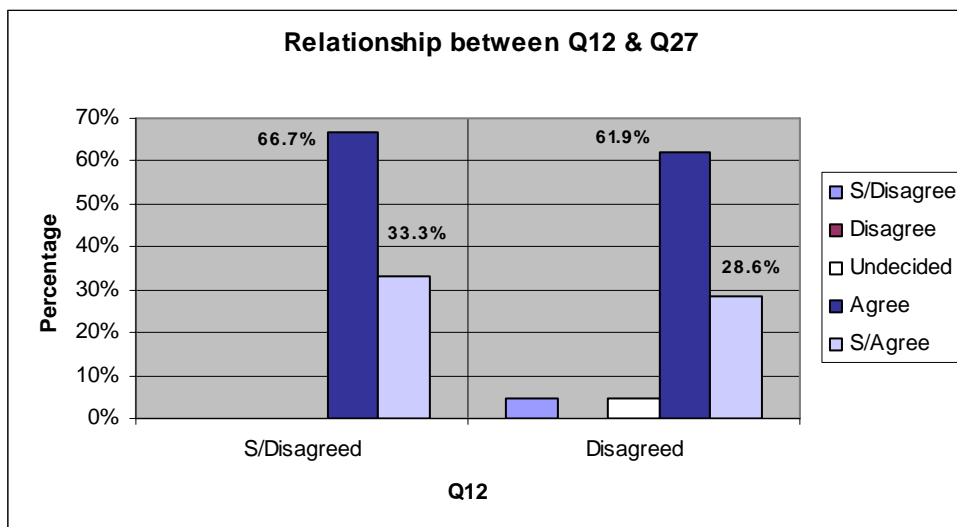
D/climate \ K/sharing	27	30	35
9	0.064	0.397	-0.447
11	-0.029	0.073	0.100
12	0.021	-0.129	0.120
13	0.036	-0.119	0.098
14	-0.037	0.316	-0.313
19	0.125	0.410	-0.397

Table 5.21 indicates that the experiences of individuals in terms of being treated with dignity and respect (Q9), feeling positive about diversity within the workplace

(Q14), and being included by their work group (Q19), is positively correlated to these individuals frequently imparting their knowledge to inexperienced employees (Q27), and feeling comfortable to assist peers (Q30), but negatively correlated to the need to guard their knowledge in order to get ahead (Q35).

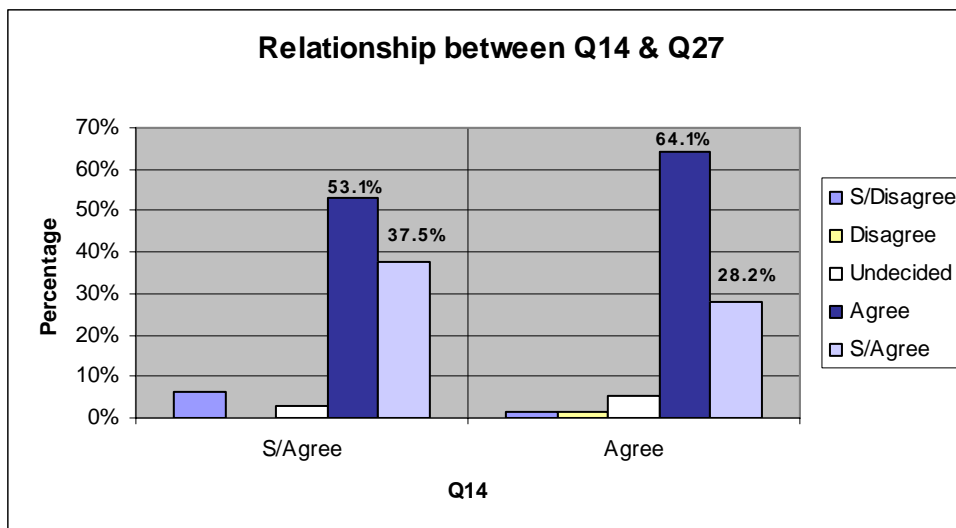
Statements 11, 12 and 13 were negatively phrased, and the data showed that those who experienced discrimination within the workplace, did not impart knowledge frequently, and were not generally comfortable doing so. However, these employees felt the need to hold onto their knowledge. The anomalies here were between statements 11 and 27, 12 and 27, 13 and 27, 14 and 27, and 11 and 30. In terms of this study, statements 11, 12 and 13 which are related to the diversity climate should be negatively correlated, and statement 14 should be positively correlated to the willingness to pass on knowledge. These relationships will be examined next.

Figure 5.12: Relationship between Q12 and Q27



The aim was to isolate those individuals who responded to statement 12 (*I notice inappropriate behaviour based on people’s differences*) with a ‘strongly disagree’ and ‘disagree’, and look at how they had responded to statement 27 (*I often impart my work knowledge to inexperienced employees*). The figure indicates that of all those that ‘strongly disagree’ with statement 12, 33.35% ‘strongly agree’ and 66.7% ‘agree’ with statement 27. In terms of respondents that ‘disagree’ with statement 12, 61.9% had also ‘agree’, and 28.6% had ‘strongly agree’ with statement 27. This denotes that the greater percentage of respondents that ‘strongly disagree’ and ‘disagree’ with statement 12, had ‘strongly agree’ and ‘agree’ with statement 27, hence there is a strong, negative relationship between these two statements which was not reflected by the correlation coefficient of 0.021.

Figure 5.13: Relationship between Q14 and Q27



Respondents who ‘strongly agree’ and ‘agree’ to statement 14 (*I feel positive about diversity in the workplace*), have been considered in terms of how they had

responded to statement 27 (*I often impart my work knowledge to inexperienced employees*). The figure indicates that of all those that ‘strongly agree’ with statement 14, 37.5% ‘strongly agree’ and 53.1% ‘agree’ with statement 27. In terms of respondents that ‘agree’ with statement 14, 64.1% also ‘agree’, and 28.2% ‘strongly agree’ with statement 27. This denotes that the greater percentage of respondents that ‘strongly agree’ and ‘agree’ with statement 14, also ‘strongly agree’ and ‘agree’ with statement 27, hence there is a stronger relationship between these two statements than was indicated by the correlation coefficient of -0.037.

The results were similar in respect of Statements 11 and 27, 11 and 30 and 13 and 27. A strong, negative relationship has been established between each of these pairs of statements.

Table 5.22: Correlation between group dynamics and knowledge sharing

	K/sharing	33	34
D/climate	17	-0.206	-0.212

Table 5.22 shows that where employees do not experience conflict in their work groups as a result of inherent differences, they are willing to share knowledge (Q33), and proactively assist others in learning specific skills (Q34). These are reflected in the negative correlations of -0.206 and -0.212 respectively.

Table 5.23: Correlation between management support and knowledge sharing

D/climate \ K/sharing	27	30	33	34	35
	15	0.052	0.239	0.313	0.372
20	0.094	0.305	0.304	0.367	-0.226
21	0.022	0.205	0.372	0.342	-0.194
22	0.097	0.292	0.190	0.283	-0.267
23	0.062	0.251	0.299	0.318	-0.113

Table 5.23 reveals that management including all team members, in problem solving (Q15), treating all with respect regardless of differences (Q20), showing support for diversity related issues (Q21 and Q22), and having an intolerance for discrimination (Q23), is positively correlated to employees being comfortable and willing to impart their knowledge (Q27 and Q30). The data also reflects that the existence of management support for diversity is negatively correlated with employees needing to guard their knowledge (Q35).

Table 5.24: Correlation between training and knowledge sharing

D/climate \ K/sharing	27	30	33	34	35
	10	0.193	0.336	0.347	0.296
18	0.060	0.162	0.314	0.265	-0.139

Where employees have equal opportunities for training and development (Q10), and are equipped to deal with a diverse workforce and customer base (Q18), this is positively linked to the proactive sharing of knowledge. The responses show that holding onto knowledge to get ahead in the organisation (Q35) is however negatively associated with these conditions.

Table 5.25: Correlation between formal initiatives and knowledge sharing

D/climate \ K/sharing	27	30	33	34	35
	24	0.050	0.231	0.125	0.289
25	0.151	0.251	0.220	0.153	-0.245

The existence of Diversity Policies and a Diversity Forum (Q24 and Q25), was positively associated with employees transferring their tacit knowledge, but negatively related to the need to keep knowledge in order to advance in the organisation.

The sample group that participated in the interviews were questioned as to what were the perceived barriers and enablers to knowledge-sharing. The aim was to establish if the diversity climate would feature as a barrier and/or an enabler, if it was not explicitly mentioned as such. The results are tabulated below:

Table 5.26: Barriers to Knowledge sharing

Statements	Frequency recorded
Barriers to knowledge sharing include both individual-specific and environmental factors, namely:	
- insecurity about job	13
- a lack of trust	13
- the belief that 'knowledge is power'	13
- people behave in accordance with preconceived notions of race and gender	13
- lack of incentives	12
- decreased power base	9
- silo-mentality	9
- inability to relate knowledge sharing to something tangible	9
- fear of abuse	8
- rewarding individual performance rather than teams	8
- lack of understanding that knowledge can grow after being shared	7
- inadequate time to share knowledge	6
- ego-driven personalities	5

In terms of this study, the diversity climate was not explicitly mentioned, however all thirteen respondents believed that ‘people behaving in accordance with preconceived notions of race and gender’ did feature as a barrier to knowledge sharing. The latter is inextricably linked to managing the climate for diversity.

Table 5.27 summarises the factors that were considered to be enablers of knowledge sharing.

Table 5.27: Enablers of knowledge sharing

Statements	Frequency recorded
Greater levels of knowledge sharing are driven by several factors, namely:	
- Must be minimum rules of engagement in terms of how diverse groups interact with each other	13
- Knowledge sharing must be part of a performance measurement system	13
- Essential to build trust	13
- Leaders and managers must model the behaviour they desire of employees	13
- People need to move past their preconceived mental models	13
- The value system must advocate respect and fairness	13
- Extrinsic incentives are useful in initiating the process, but is not sustainable	12
- Need to overcome the diversity barrier and see people for who they are	11
- Important to share stories about your life, culture and background	9
- The psychological contract between both parties is important	8
- All individuals must be seen as equal players.	8
- Need to build informal networks	8
- Must be a balance between formal and informal knowledge processes	8
- Diversity initiatives can be an enabling tool	7
- The mutual benefit of knowledge sharing must be visible	6
- Perceptions need to be effectively managed.	5
- Career development plans must be in place for key employees	5
- Increase channels through which knowledge can be shared	5

The enablers that specifically relate to the diversity climate have been highlighted in blue. Table 5.27 indicates that more than 50% of the respondents believed that diversity initiatives can be an enabling tool for knowledge-sharing. All respondents stated that there needs to be minimum rules of engagement to govern the manner in which diverse individuals interact, and greater knowledge sharing can be encouraged by moving past preconceived notions of who people are.

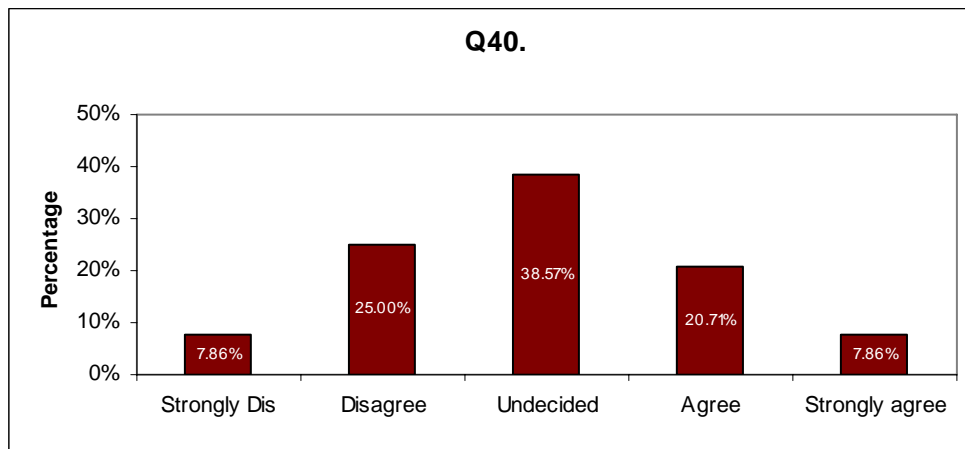
5.3.3 Research Proposition 3 – The impact of a positive diversity climate and knowledge sharing on individual career outcomes

Table 5.28: Personal career outcomes

Statement	Mean	Mode	Median	Min	Max	Std Dev	N
37. My duties have increased as a result of colleagues assisting me to be more efficient	3.36	4	4	1	5	1.094	140
38. I feel more satisfied with my job when I learn from others	4.01	4	4	1	5	0.809	140
39. As a result of what I learnt from others, I have moved up the ranks (now/previously)	3.37	4	4	1	5	1.201	140
40. My performance bonuses increased with my team sharing best practices with me.	2.96	3	3	1	5	1.045	140

Table 5.28 presents the perspectives of respondents relating to outcomes that have been experienced as a result of the sharing of tacit knowledge. The sample group responding to the questionnaire, felt that they had become more efficient (mean of 3.36, mode of 4), were more satisfied with their jobs (mean of 4.01), and had been promoted at some stage (mean of 3.37, mode of 4), as a result of learning from others. Question 40 will be viewed in greater detail as the calculations revealed that on average, the respondents were undecided about being rewarded through performance bonuses as a result of knowledge sharing.

Figure 5.14: Responses to Q40: My performance bonuses increased with my team sharing best practices with me



The majority of respondents (38.5%) were undecided about this statement. Considering the proportion who agreed versus those who disagreed, the figure reveals that a higher percentage of respondents disagreed that their performance bonuses had increased due to learning from their team members.

Table 5.29 is a summary of responses recorded during the interview process.

The table indicates that the career outcomes from the sharing of tacit knowledge are generally perceived as positive. In terms of the frequency of responses recorded, there is evidence to confirm that the intrinsic benefits were believed to feature more prominently than extrinsic outcomes, as a consequence of knowledge-sharing.

Table 5.29: Interview results: Personal Career outcomes

Statements	Frequency recorded
Intrinsic outcomes	
1. Due to knowledge sharing, employees have more job satisfaction	13
2. Knowing that they have the support of others, employees are more motivated to pursue more challenging tasks.	12
3. Learning from others can fulfil the growth needs of individuals, as it forms part of a career development plan, and talent management strategy.	11
4. Through knowledge sharing, a camaraderie is formed with one another	7
Extrinsic outcomes	
5. It is important that employees, who have been part of a learning relationship, make their contributions more visible in order to benefit on an extrinsic level.	9
6. Knowledge sharing does have a positive correlation to job effectiveness, which in turn could lead to greater extrinsic reward.	6
Quality of relationship	
7. The resultant career outcomes will depend on the individuals involved, but in most instances, it will be positive.	8
8. The quality of the person sharing the knowledge impacts on the resultant efficiency and motivation levels of the individual learning.	8

5.3.5 Research Proposition 4 – Tangible and intangible benefits to the organisation

The data collected in terms of this proposition is largely qualitative in nature, as it was difficult to probe into the multi-faceted benefits to the organisation within the constraints of closed questions presented in a questionnaire format. The interview approach was found to be more insightful in this regard. In terms of the benefits proposed, the respondents did not only consider the impact of positive career outcomes in isolation, but also took into account that this is positively linked to knowledge-sharing. A summary of interview responses will be tabulated below, and considered from an intangible and a tangible perspective, since the greater proportion of respondents to the interviews referred to the ‘bottom-line’ effect of employees being more motivated as a consequence of knowledge sharing. In this

regard, examples were provided by the sample group, however, diagrams and figures have been used to more effectively illustrate the logic that was applied.

The qualitative and quantitative data (where available), related to this proposition will be presented concurrently.

5.3.5.1. Compliance to legislation

Table 5.30: Compliance to legislation: Human Resource Development

Statements	Questionnaire Frequency	Interview Frequency
Motivated employees begin a cycle of knowledge sharing. This drives several legislative-related initiatives, in particular, achieving the targets as set by the FSC. The benefits include:		
- mentorship programmes for rapid career development	128	11
- skills development in strategic and operational roles	124	13
- equipping leaders with knowledge & resources to drive further transformation	116	11
- career development for high potential individuals	112	10
- increasing the representation of previously disadvantaged employees at management level	107	12
- promotion of a diverse work environment	92	9

Table 5.30 summarises the data collected by means of the survey and the interview methods, which relate to the benefits associated with compliance to the Financial Sector Charter. The focus here, was on the Human Resource Development dimension of the charter. The benefits that featured strongly (above 76% response rate) in both sample groups include, skills development in strategic and operational roles, equipping leaders with knowledge for further transformation, the introduction of mentorship programmes for career development, and

increasing the representation of previously disadvantaged employees at a management level.

In terms of the financial implications, the benefit of leaders having access to knowledge and resources as cited in Table 5.30, was regarded by the sample group as critical to making profitable decisions. Leaders rely on their employees to provide them with accurate information, but the expertise and skills required to provide this needs to be retained within the organisation. According to the interview respondents, positive career outcomes will ensure that the necessary knowledge and skills are available when required. A flow diagram depicting this concept has been included within Appendix 5, Figure 1.

5.3.5.2. Skills and competency transfer

Table 5.31: Skills and competency transfer

Constructs	Interview Frequency
Positive career outcomes that result from knowledge sharing is an essential part of a development and retention strategy.	10
Rapid integration of new employees is dependent on the transfer of job-related skills & competencies from experienced employees. The benefits include: <ul style="list-style-type: none"> - faster execution of work - access to the right resources and information - the ability to increase the knowledge base of others - the unique skills required in the banking sector is learnt quicker - motivated employees up-skill others in the organisation, resulting in a more diverse workforce at all levels - where employees see their value-adding contribution, retaining them is simpler 	13 13 13 13 10 10
Leaders that are technically competent but lack emotional maturity, learn by observing others in terms of psychological competency	8

These benefits have been established by means of the interview process. Ten of the thirteen respondents considered positive career outcomes as a necessary element of any development and retention strategy. All thirteen respondents commented on the rapid integration of new employees and its associated benefits.

The integration of new employees into the mainstream business, was also cited in terms of how this directly impacts on profitability. Appendix 5, Figure 2 provides an indication of the loss that could be experienced by the organisation, assuming that it takes on average 4 months for a new recruit to be productive.

5.3.5.3. Process efficiency

Table 5.32: Process efficiency

Constructs	Interview Frequency
Transformation in the organisation is quicker and easier when there are efficient processes that could be learnt from.	8
Processes are driven by individuals, and more motivated individuals seek new ways to improve efficiencies. The results include:	
- fewer errors in processing, which saves time and cost	13
- faster resolution of common problems	13
- quicker response times to the customer	11
- more time to focus on innovation	10

In terms of process efficiency, 62% of respondents referred to this as facilitating quicker transformation in the organisation. The associated benefits such as fewer processing errors, resulting in time and cost savings, and faster resolution to common problems, were suggested by all respondents. The respondents indicated that given the highly competitive nature of the banking environment, slow response times to the customer and processing errors often result in the customer

being lost to a competitor. An indication of the loss to the organisation has been illustrated in Appendix 5, Figure 3.

5.3.5.4. Increased competitiveness

Table 5.33: Increased competitiveness

Constructs	Interview Frequency
Transformation is about enhancing the ability to compete.	10
Individuals that feel positive about their careers in a position to contribute to the competitiveness of the organisation, in terms of :	
- Expertise within the organisation can be used on a cross-functional basis so that all divisions benefit from best practices learnt	12
- they align themselves to the strategic goals of the organisation	11
- if the time to search for information & knowledge is reduced, then time to launch new products & services in the market is reduced.	11
- With a changing customer base, diverse employees can assist each other in understanding these customer needs.	10
- knowledge is not held onto, but shared for mutual benefit	8

85% of the sample group felt that the benefits to individuals experiencing more positive career outcomes, were that they tended to align themselves more closely to the strategic objectives of the organisation. If there are teams of employees working towards a common goal. This reduces the time-to-market new products and services. Twelve respondents proposed that expertise and best practices would be more frequently shared across functional areas, where employees feel more secure about their careers.

The profit gained in terms of every new customer, is also illustrated by Appendix 5, Figure 3. Although profitability will differ across the various products and services, the benefit to the organisation is augmented by the opportunity to cross-sell other

products to the customer. This contributes to the ‘Customer Lifetime Value’, which has a direct bearing on the net profitability of the institution.

5.3.5.5. Work environment

Table 5.34: Work environment

Constructs	Interview Frequency
Transformation is successful when it happens in the hearts of employees	9
Employees that have benefited extrinsically and intrinsically from the organisation through shared experiences, benefit the work environment by:	
- projecting a positive attitude to change	11
- stimulating greater integration of all into the work environment	8
- being in a position to break down barriers formed through preconceptions of people	8
- becoming natural change agents in the organisation	7
- being supportive of others, and interested in them succeeding	5

Eleven respondents referred to the benefit of motivated employees projecting a positive attitude into the work environment. Eight members of the sample group advocated that where employees were positive about their own careers, they would be in a position to break down barriers formed through preconceptions, and in the process, facilitate effective integration of all individuals into the mainstream business. The diagram contained within Appendix 5, Figure 4, demonstrates the fact that change within the organisation is usually introduced to generate profit in alternate ways. However, it is employees that drive change. The environment plays a key role in determining whether employees feel sufficiently positive about their positions to project this to the benefit of the organisation.

CHAPTER 6

DISCUSSION OF FINDINGS

6.1 Introduction

This chapter considers each of the research propositions as discussed in Chapter 3, within the context of the body of literature presented in Chapter 2, and the data summarised in Chapter 5. The aim is to find evidence that confirms or refutes the research propositions, and in so doing, indicate the linkages between the key variables being explored.

Within the chapter, phrases that have been enclosed within quotation marks, indicate verbatim comments made by interviewees.

6.2 Research Proposition 1 – Nature of the diversity climate

Research Proposition 1 sought to ascertain whether employees within the South African banking sector will perceive their climate for diversity as being positive. In determining the nature of the diversity climate, the following contributory factors were examined:

- individual level experiences
- group dynamics
- management support
- training and development
- formal policies and procedures

Although these factors were not explicitly mentioned during the interview process, the responses corroborated that these were critical in assessing the diversity climate. The factors, 'individual level experiences' and 'group dynamics' are in direct support of Cox (1993), who proposes that there are three levels of factors that need to be managed to improve the diversity climate namely, individual, group and organisational level factors. This is depicted within Figure 2.5. The work of Kossek and Zonia (1993) was supported, as they advocate that if individuals are to alleviate themselves of prejudices, it is necessary to 'break down the barriers between groups'. The factor of 'group dynamics' is congruent with Ely and Thomas (2001). Within the context of their model relating cultural identity diversity and work group functioning, they suggest that depending on the work group diversity perspective, members of culturally diverse work groups can relate to each other such that members feel valued and respected. This influences the group's capacity to learn and adapt to change.

The factor of 'Management support' was alluded to by Hicks-Clarke and Iles (2000), who in Figure 2.2 – Climate for Diversity Model, referred to 'support for diversity' as a variable that impacts on perceptions of the diversity climate.

Kossek and Zonia (1993) further propose that equal opportunity policies, the access to resources and opportunities in the workplace, and importantly how these efforts are viewed by employees, can positively or negatively impact on the prevailing climate. This is aligned to the factors of 'Formal Policies and Procedures', and that of 'Training and Development'. Hicks-Clarke and Iles (2000)

were later proponents of the significance of diversity policies and procedures in developing a positive climate for diversity.

In terms of Proposition 1, and the need to determine whether employees within the South African banking sector will perceive their diversity climates as positive, several conclusions can be drawn.

Table 5.5 portrays that the individual-level experiences within the South African banking sector have generally been positive, where the greater proportion of individuals did not experience discrimination at the workplace, and felt optimistic about diversity. The responses obtained during the qualitative phase of the research, indicate that the organisational values have been underpinning all attempts to influence individual behaviour and the manner in which employees relate to one another. Employees are being 'coerced' into treating all with at least a minimum level of respect, by incorporating 'living the values' as a component within the performance measurement system. The majority of interview respondents agree that progress is being made in this regard.

In terms of Group dynamics, as presented in Table 5.8 and depicted in Figure 5.8, the questionnaire respondents were comfortable with the notion that the inter-group relations were not negatively impacted by diversity. The interview responses showed that initiatives such as storytelling have impacted positively on individuals seeing others as equals. Although the transformation process in terms of workforce diversity will not be achieved in the short-term, South African financial institutions are, according to representative sample group, generally moving in the

direction of differences becoming less pronounced. This conclusion can also be inferred from the South African Banking Survey 2004, where the banking sector reiterated their commitment to meeting the Employment Equity targets of the Financial Sector Charter, and were comfortable with the progress made in this regard (KPMG, 2004). Although this primarily makes reference to the recruitment aspect of diversity, it is the point at which the process begins.

With reference to Table 5.11, the questionnaire responses related to management support appear tenuous. However, the breakdown of responses indicate a stronger tendency towards the sample group agreeing that there is adequate support for diversity from management, and management's behaviour models what is expected of all within the organisation. Table 5.12, which summarises the interview responses, confirms that practically every banking institution that was represented by the sample group, had commitment to diversity at an executive level. In addition, the efforts expended in assisting management 'break down their barriers' related to diversity is progressive, in that other levels of employees are emulating their management in this regard.

Table 5.14 indicates that equal opportunities for training are afforded to all, however the type of training, particularly in terms of dealing with a diverse workforce and customer base, is not adequate. The responses on a holistic basis show evidence that Training and Development within South African financial institutions can be viewed in positive terms. These results were corroborated during the interview process, as depicted in Table 5.16, where although the training spend in respect of previously disadvantaged individuals have increased,

specific training to better understand the needs of a diverse customer base is required.

The survey responses related to policies and procedures, which are presented within Table 5.17, indicate that all financial institutions represented by the sample group, have Diversity Policies and a Diversity Forum in place. This has been confirmed by the interview respondents, who indicated that organisations have also established Transformation Committees to deal with the implementation of the Financial Sector Charter. It can be deduced that South African financial institutions are proactive in respect of formal diversity initiatives.

In conclusion, it is apparent that in terms of the factors that influence the diversity climate, the responses related to management support are fragmented. This indicates that managers within the banking institutions could increase their visibility in terms of managing diversity, and 'walk the talk', as was alluded to by a large percentage of interview respondents. However, based on the aggregate data obtained from the questionnaire and interview research instruments, it can be concluded that employees within the South African banking sector, as represented by the sample group, do perceive their diversity climates as positive.

6.3 Research Proposition 2 – The relationship between the diversity climate and the sharing of tacit knowledge

The objective of Research Proposition 2 is to establish whether a positive diversity climate could be a mediating factor in ensuring more effective transfer of tacit knowledge in South African financial institutions.

Before examining the relationship between these two variables, the extent of knowledge-sharing currently prevalent within the banking sector will be considered. In terms of Table 5.20 survey respondents were comfortable with the notion of imparting their knowledge and skills to less experienced individuals, and colleagues. There was also a general sentiment that the work environment was conducive to them sharing ideas and suggesting improvements to higher level individuals in the organisation. From an individual perspective, there was strong disagreement that knowledge needed to be guarded in order to advance in terms of career. The respondents indicated that other team members also assisted in transferring skills and competencies to those who required it. However, in terms of the descriptive statistics provided in Table 5.20, the willingness of others to share did not come through as strongly as the respondent's own drive in imparting knowledge.

The interview responses confirmed that although knowledge-sharing is prevalent within the respective organisations, there is a tendency for this to happen in 'pockets', and it is more prevalent through informal networks rather than the formal channels. There was a further suggestion that greater proliferation of knowledge-

sharing in the organisation, should not be forced through formal means, but rather it should be allowed or enabled to develop naturally within informal channels. To this end, the respondents felt strongly that employees need to expend more effort in building, or in joining existing networks.

In determining whether there is a causal relationship between the diversity climate and knowledge, each of the climate factors namely, individual-level experiences, group dynamics, management support, training and development and formal policies and procedures were considered in terms of their level of association to the knowledge sharing factors. This was based on the survey responses.

The results indicate that in terms of individual level experiences, respondents who were positive about diversity and felt respected and valued by their work group, also indicated that they imparted knowledge to their peers frequently. They were not insecure about their positions to an extent where they needed to be territorial about their personal skills and competencies. However, the opposite was true where there was evidence of discrimination in the workplace. Within this context, the interview respondents also alluded to the fact that the psychological contract between diverse individuals and the organisation is important, in that it does influence how positively these employees perceive their work environments.

With regards to Intergroup relations, the findings showed that individuals were willing and even proactive in helping others learn specific skills, when they belonged to a team that did not experience conflict due to inherent differences. Interview respondents suggested that although the dynamics within a group

impacts on knowledge-sharing activity, organisations must take into consideration the fact that the business culture in South Africa has historically been individualistic, where individual performance was rewarded. As a result, the work environment itself is highly competitive, and undermines initiatives designed for groups. Respondents reiterated that these mechanisms are changing particularly within the banking environment, where as a starting point, individuals are now being rated on assistance rendered to others.

With reference to Tables 5.23, 5.24 and 5.25, managers showing support for diversity, employees having equal access to training and development opportunities, and the existence of diversity policies and procedures, are each positively correlated to a greater level of tacit knowledge sharing within the organisation. In terms of the diversity climate factors, management support did empirically have the strongest, positive correlation to knowledge sharing both on an individual and on a group level.

Given that each of the above factors are, in terms of the quantitative research causally linked to greater sharing of tacit knowledge, it can be concluded that a positive diversity climate (which for the purposes of this research, comprises the above factors), is a mediating factor in ensuring more effective transfer of tacit knowledge.

This conclusion is corroborated by the responses obtained during the interview process. These responses have been clustered within the broad themes of barriers and enablers of knowledge sharing, and is summarised within Tables 5.26

and 5.27. The fact that 'people behave in accordance with preconceived notions of gender and race' was considered to constitute a barrier to greater knowledge-sharing. Breaking down the 'diversity barrier' and 'preconceived mental models' that may exist, and governing the interaction between diverse individuals was believed to enable knowledge sharing to become embedded within daily work activities.

This was aligned to Syed-Ikhsan and Rowland (2004) who propose that knowledge sharing can only occur within an environment where there is a level of co-operation and collaboration. Stoddart (2001) and Ahmed (2002) also advocate that the right cultural norms need to exist within the organisation, in order to promote knowledge transfer to a greater extent. Their works did, however, refer to the broader context of organisational culture.

Barriers to knowledge-sharing identified within this study, particularly that of individual behaviour being governed by preconceived ideas of other gender and race groups, supported the findings of Riege (2005). He contends that the underlying values and beliefs associated with differences in culture and ethnicity, is an individual barrier to knowledge-sharing.

The findings related to this proposition, confirm the assertion of Finestone and Snyman (2005), in terms of it being necessary that employees and knowledge managers understand the culture and values of others and ensure a level of respect for each other, before voluntary knowledge sharing could occur. A point of

departure, however, is that their study was purely qualitative, and the 'diversity climate' as an enabler, was not explored on any level.

In conclusion, it can be construed, based on both the qualitative and quantitative results, that a positive diversity climate does mediate in proliferating greater levels of knowledge sharing in South African financial institutions.

6.4 Research Proposition 3 – Individual career outcomes

Research Proposition 3 sought to establish whether individuals, as a result of the causal link between a positive diversity climate and knowledge sharing, will experience positive career outcomes, both intrinsically and extrinsically.

As an aside, nine of the interview respondents were of the opinion that knowledge-sharing should become embedded as a natural way of doing things in order for benefits to be sustainable. This was contradictory to the study of Bontis (2002), who concluded that knowledge management initiatives support business performance only when enforced by Human Resource policies.

Within the realm of career outcomes, a distinction is made between affective and achievement outcomes. The former refers to job satisfaction, and greater job involvement, whereas the latter, is extrinsic in nature and deals with compensation and promotion rewards (Cox, 1993). With reference to Table 5.28, the greater percentage of survey respondents confirmed that their work responsibilities have

increased and their jobs are more satisfying, as a result of learning and being supported by others in the organisation.

The interview responses were congruent with these findings, as all thirteen respondents agreed that employee's intrinsic motivation or affective outcomes will increase if they are able to rely on others where necessary, to assist them will job-related knowledge and skills. On a higher developmental level, individuals are stimulated sufficiently to remain in the organisation, and engage in more challenging activity that may fall outside the scope of their positions. This is usually the type of activity that serves as a precursor to innovation.

In terms of achievement outcomes or extrinsic motivation, the survey responses as described in Table 5.28, revealed that promotion opportunities featured prominently as a result of knowledge being shared by others, however the effect on compensation was not positive. Figure 5.14 depicts that the majority of respondents were either undecided or disagreed that their performance-related income had increased as a result of what was learnt from their team. The qualitative results indicated that although learning from others can lead to increased job effectiveness, employees need to 'make their contributions more visible in order to benefit on an extrinsic level'. In terms of these insights, and the fact that respondents believe extrinsic motivation to be 'useful in initiating knowledge-sharing, but not sustainable', it seems that although more effort is required to obtain extrinsic benefits, the impact on employee motivation and behaviour, is perceived as being short-term effect.

Hicks-Clarke and Iles (2000), in their Climate for Diversity model, showed that the climate for diversity does impact on individual-level outcomes. However, this model did not consider the variable of knowledge-sharing, and it was essentially only affective rewards that were investigated. Although Cox (1993) included achievement outcomes within his study, the relationship between the sharing of tacit knowledge and career outcomes was not explored.

The work of Osterloh and Frey (2000), Bontis (2002), Remedios and Boreham (2004) and Burgess (2005), investigated the relationship between knowledge sharing and individual career outcomes. These researchers propose that employee motivation, whether intrinsic or extrinsic, is a precursor to greater knowledge-sharing. Rijamampianina and Maxwell (2002) also make reference to the 'motivational process' which refers to the motivational forces acting on individuals that impact on their thinking and actions under different circumstances. Career outcomes that follow the shared-learning experience, were not explored.

According to Section 2.5, researchers declare that motivated employees tend to share more knowledge. The findings of this study indicate that the experience of being in a learning relationship, confers increased career benefits, particularly on an intrinsic level. Based on the body of literature cited and the research findings, it can, therefore be inferred that knowledge-sharing and positive career outcomes are part of a virtuous cycle.

6.5 Research Proposition 4 – Tangible and intangible organisational benefits

The objective of Proposition 4 is to establish whether the causal relationship between a positive diversity climate, greater knowledge sharing and positive career outcomes for the individual, could result in both intangible and tangible benefits for the organisation.

The greater proportion of the sample group stated that although extrinsic incentives may be required to trigger behavioural change, a longer-term change, particularly in terms of mindset adjustment, could only be possible where employees are inherently satisfied and optimistic about their jobs and career advancement. This supports Maxwell (2006) who proposes that the motivational process can bring behavioural change, whereas the manner in which individuals interact with one another, impacts on 'cognitive' or mindset change. The difference here, is that interview respondents have acknowledged the value of motivation, in its different forms, in driving both cognitive and behavioural change. This point is relevant within the context of Research Proposition 4, however the assertion of Maxwell (2006) is completely aligned to Proposition 2, which assessed the relationship between the diversity climate and greater knowledge sharing.

Given that increased levels of knowledge sharing within the work environment, results in more motivated employees, the research respondents had proposed the following benefits that could emanate from this correlation:

1. Compliance to legislation
2. Skills and competency transfer
3. Process efficiency

4. Increased competitiveness
5. Enhanced work environment

Section 5.3.5.1 expounds on each of these benefits, and therefore only those benefits that were unexpected, will be discussed. Unexpected benefits refer to outcomes that were not explicitly the focus of the interview, but were brought to the fore by the respondents. Compliance to legislation, particularly in terms of the Human Resource Development pillar of the Financial Sector Charter, is in itself an area that is not directly related to employee motivation, and the transfer of knowledge. The respondents, however, associated these with organisations changing the landscape of their workforce, through ‘promotion of a diverse work environment’, and increasing the representation of previously disadvantaged employees at senior levels. The benefit of preparing leaders in the organisation to drive transformation initiatives was unexpected, in that the study focused primarily on the average employee. It is this impact at all levels, including the executive level, that strengthens the business case of proliferating knowledge sharing as a motivational tool.

In terms of skills and competency transfer, which is described in Table 5.31, the sample group have acknowledged the link between knowledge sharing, positive career outcomes and employee retention. This link had been proposed by Bontis (2002) where a positive correlation was found between employee motivation and knowledge sharing, and a negative association between knowledge sharing and human capital depletion. Human capital depletion refers to the involuntary and voluntary employee turnover.

Within the ambit of skills and competency transfer, the benefit to leaders within the organisation is again commented on, in terms of equipping them to be both technically and emotionally competent to be effective. Respondents felt strongly about the benefit of rapid integration of new employees into the business. Examples were used in this regard, to illustrate the extent to which unproductive, new employees impact on the bottom line. This is depicted in Appendix 5, Figure 2, and indicates the magnitude of existing employees being unwilling or unable to socialise newer employees with the tacit knowledge required to complete their work tasks efficiently. The loss to the organisation is also applicable to existing employees who have not become sufficiently competent to be considered productive.

Table 5.33 details the benefits of increased competitiveness, where, the sample group have alluded to the fact employees who feel more positive about their careers, tend to act for mutual rather than only individual benefit. In addition, there is greater alignment to the vision of the organisation, which Rijamampianina and Maxwell (2002) refer to as the 'visioning process'. Given the competitive nature of the South African banking sector: being in a position where the organisation is able to better understand the needs of its increasingly diverse customer base, and reduce the time-to-market of new products and services, would impact positively on profitability. Although new products and services offered by one financial institution are soon replicated by competitors, there is a period when the 'fast-mover' advantage could be capitalised. The majority of respondents considered this time as critical, as it is usually when the 'early adopters' from the market, who may even be customers of other institutions, who would take on the new offering.

The financial benefit to the organisation in terms of every customer gained is magnified if the 'Customer Life-Time Value' is taken into account. The interview respondents concur that the relationship between knowledge transfer and employee motivation is key in this regard.

The success of any change within the organisation, be it, a process or a business model change, is largely dependent on how employees interpret and translate these into daily operational activity. This leads to the fifth benefit drawn from the sample group, that of an enhanced work environment. The assertion is that in order for employees to be sufficiently motivated to drive efficient processes and change within the organisation, the nature of the work environment would need to be conducive, in terms of the type of interaction between employees, and the support structure that is provided when required. Appendix 5, Figure 4, conceptually depicts this flow. Considering this within the context of this study, the need for a positive climate, which stimulates greater knowledge sharing activity between employees, would constitute the enabling environment which would increase employee motivation, and promote the cognitive and behavioural change required. The impact on profitability is denoted within Appendix 5, Figure 4, where any change in business model is essentially designed to create more wealth and opportunities for the business. As such, if the change is successful, these primary objectives will also be met. In terms of quantifying the impact on profitability, the sample group suggested using measures such as, the net resultant increase in customers, the new business generated from a strategic alliance, or the profit increase of diversifying into a new market with new product offerings.

The common theme that encompasses each of these benefits is that of transformation. This can be inferred from the responses presented within Section 5.3.5. The respondents directly refer to, or in some instances allude to the fact that given an enabling knowledge-sharing environment that results in positive career outcomes for the individual, these benefits have the potential to be realised. This contributes to organisations having the internal capability to transform more effectively. This inference is supported by the literature cited within Section 2.1.2, regarding challenges that are driving transformation in the South African financial sector. The challenges referred to include legislation, the skills shortage and resultant loss in productivity, legislation, and failure to effectively manage organisational knowledge. Although these drive transformation in the industry, in many instances, they are impediments to the transformation process. The benefits established as a result of this study, contribute to overcoming the challenges being experienced by the sector, and therefore, it can be deduced that achieving these benefits would aid in the transformation process.

The conclusion that can be drawn from these responses is that the causal link between a positive diversity climate, knowledge-sharing and positive career outcomes for individuals result in tangible and intangible benefits for South African banking institutions.

This chapter considered each of the research propositions, in terms of the theories presented in the literature and the key findings of this research. Based on the conclusions drawn from this chapter, a model that indicates the linkages between the variables discussed, will be proposed in Chapter 7.

CHAPTER 7

CONCLUSION

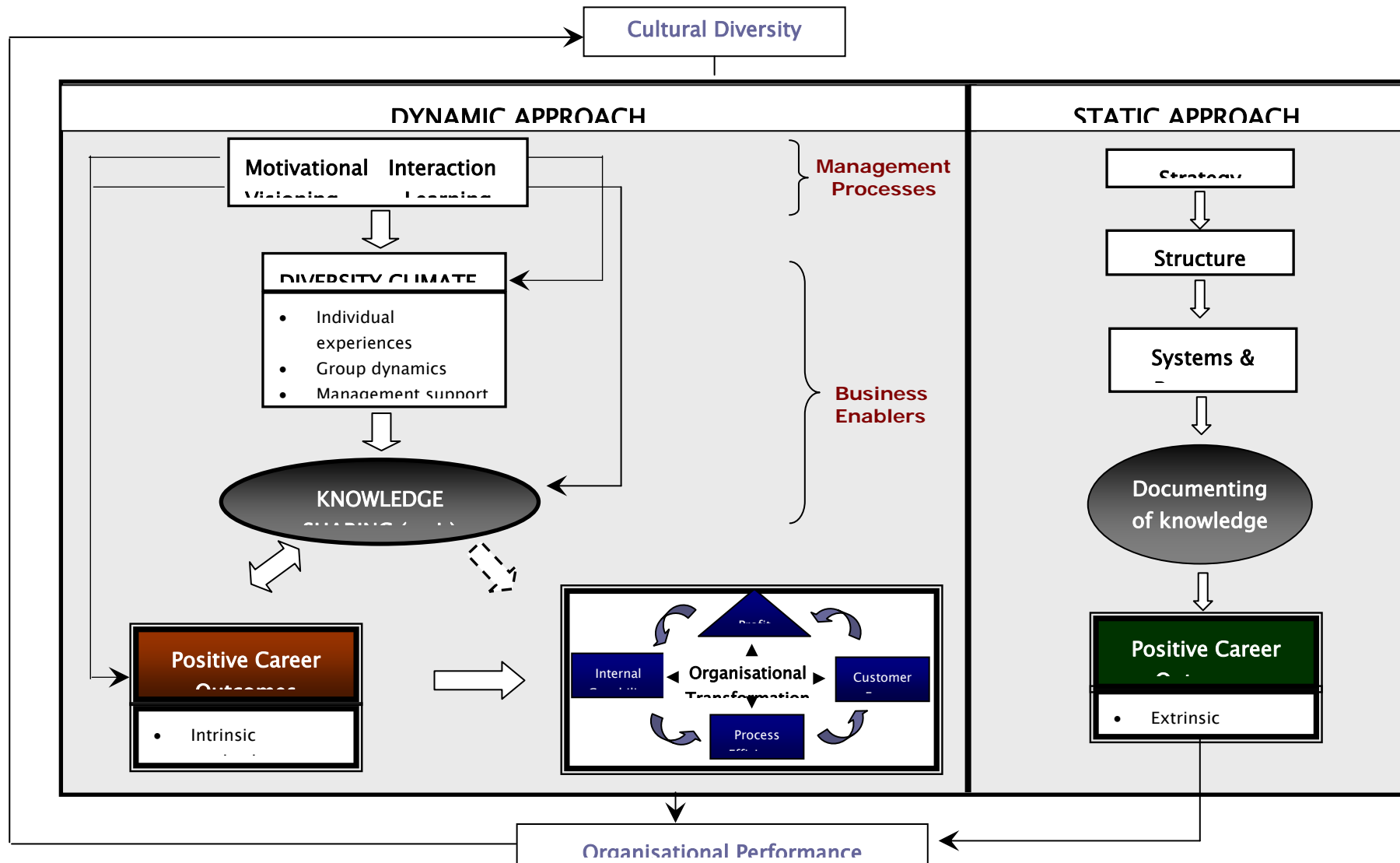
The preceding chapters have examined the diversity climate and the sharing of tacit knowledge as key business enablers. These have been considered in terms of the relationship to each other, and to business outcomes namely, positive career outcomes for the individual and more effective organisational transformation. Based on the findings of this research, a conceptual framework, which will be discussed next, has been developed to indicate these linkages.

7.1 Conceptual model

This model (see Figure 7.1) draws on models presented within the literature, and incorporates key research findings in an integrative manner. In particular, the model builds on Rijamampianina and Maxwell (2002), who derived the 'Influences of Cultural Diversity on Management' model, and on the 'Interactional model of Cultural Diversity' of Cox (1993). Reference is also made to Higgins (2005) and the 'Eight S Model'. The proposed model could be explained as follows:

- **Cultural diversity** has been depicted as an operating reality that has necessitated the need for organisations to consider alternate means of driving their employees towards personal and organisational effectiveness.
- In terms of improving **Organisational Performance**, two separate but parallel approaches have been suggested.
 - The static approach
 - The dynamic approach

Figure 7.1: Model depicting the linkages between business enablers and business outcomes



- These two approaches have been depicted in this manner to emphasize the fact that each cannot be considered in isolation. There is an interplay between the static and dynamic approaches, where, they do inform each other.
- The **static approach** refers to the formulation of a Strategy and Purpose to support organisational goals.
 - This leads to the need to decide on Structure, in terms of division of responsibilities and reporting lines. Operating policies and procedures fall within this realm.
 - Systems and processes serve as tools required to ensure that tasks are completed efficiently and effectively.
 - Given that this is a systematized approach to influencing Organisational Performance, the knowledge shared is usually that which has already been tried-and-tested, and therefore, documented as sound business practice.
 - Employees that are inclined to conform to this methodology are rewarded by the organisation, as their efforts would be more visible. The rewards are primarily extrinsic in nature, as individuals are seen to be adhering to the formal organisational policies and procedures.
- The **dynamic approach** is named as such because it essentially deals with people, and bringing about cognitive and behavioural change for the benefit of all. In such instances, fixed rules cannot be applied, and at best guidelines can be used to attain the required objectives. It is a process that needs to be adaptive to the individuals and circumstances that is being confronted.

- This approach incorporates at the outset, the four inter-related Management Processes namely, Interaction, Motivation, Visioning and Learning, as proposed by Rijamampianina and Maxwell (2002). These were found to be key to managing cultural diversity. These four processes in aggregate serve as an interface to the Diversity Climate.
- In terms of the research findings, the **Diversity Climate** is impacted on by:
 - Individual-level experiences
 - Group dynamics
 - Management Support
 - Training and development
 - Diversity policies and procedures
- Each of these factors results in a greater proliferation of **knowledge-sharing**, but in this instance, the knowledge is more personal, gained from experience, that is embedded within the heads of employees. The tenet here, is that given a positive diversity climate, employees feel more comfortable to share more about themselves, which may include knowledge that is personally acquired.
- The diversity climate and knowledge sharing are referred to as **Business Enablers**, as these are the tools required to derive individual and organisational benefits.
- The resultant outcomes include more promising **career outcomes** for individuals. This primarily relates to **intrinsic** benefits such as job satisfaction and a feeling of being included and supported by colleagues at work.

- **Extrinsic** motivation is also a consequence particularly in terms of upward mobility potential.
- The model depicts linkages between these elements and the Management Processes. The Interaction Process is directly associated with the Diversity Climate. The Motivational Process and the Visioning Process impacts on Positive Career Outcomes, where visioning is an activity that employees will engage in when they feel positive about their jobs. The Learning Process can be linked to Knowledge-Sharing.
- Given employees that are experiencing these positive career outcomes, these translate into organisational effects.
- Based on the benefits that were suggested by the research respondents, it was deemed appropriate to portray organisational benefits as follows:
- **Organisational Transformation** – The organisational benefits cited by respondents were found to be embedded in transformation on some level. Therefore transformation is depicted as the core benefit to be realised from knowledge sharing and employees being more motivated. However, the benefits that impact on the transformation process, cannot be ignored. These have been clustered into four main benefits, which include:
 - Internal Capability – This refers to human resources, and how their potential could be built on through knowledge sharing and a conducive climate. The benefits of complying with legislation, skills transfer, increased competitiveness, and an enhanced work environment have been clustered as an ‘Internal capability’.

- Process efficiency – This was explicitly mentioned during this research process as a derived benefit. Having a strong, internal capability lends itself to process efficiencies and transformation that is quicker and easier.
- Customer focus – A changing customer profile does drive transformation, but with an internal capability that supports process efficiency and customer-centricity, this contributes positively to the transformation process.
- Profitability – each of the above benefits has an impact on profitability, and the need to transform although driven by many factors, does have a profit incentive. But, to transform also requires financial resources, to firstly implement the initiatives in line with the changing strategy, and secondly, to counter the fact that a return on investment may not be realised in the short term. In many instances, organisations do not transform as they do not have the financial means to embark on this process.
- Although these have been contextualised within the ambit of transformation, each one of these benefits can be viewed as an end in itself, as the value to be derived from each, is significant.
- Both the static and the dynamic methodologies contribute to organisational performance, albeit the related mechanisms do differ.
- Although this research focused primarily on the people-oriented, dynamic approach, it is advocated that both approaches are completely necessary within an organisational context. Each should ideally support the other in sustaining long-term organisational benefits.

7.2 Recommendations

Based on the model depicted in Figure 7.1, there are several recommendations that can be made in terms of organisations effectively managing cultural diversity. These will be proposed in terms of each of the key stakeholders.

▪ Executive Management

In accepting cultural diversity as an organisational operating reality, and in engendering support from the rest of the organisation in this regard, it is imperative that there is unquestionable commitment from executive management. The research findings indicate that leaders being able to ‘walk the talk’, was viewed as a key factor in improving the climate for diversity. As such, leaders in the organisation should model the behaviour that is required of other employees. In addition, at present the support rendered to knowledge management initiatives is not encouraging. In many instances, it was suggested that the benefits of knowledge transfer needs to be tangible in order to gain the required recognition. This research has proven in a few examples, the impact that knowledge sharing has on profitability. Executive management are in a position to approve the resources necessary to build a tangible, business case for the sharing of tacit knowledge. If this is not forthcoming, then such activity will remain in its current status, ‘a nice to have but not very important’.

▪ Middle and line management

This level of management is essentially responsible for operationalising the strategy. As such, as with the executive management, it is vital that these managers display visible commitment to increasing the productivity of a transforming workforce, and practice what is necessary in this regard. In addition,

it is important that the minimum rules of engagement such as tolerance and respect needs to be inculcated in the work environment. The value system that underpins the organisation has to be evident in the manner in which employees interact with one another on a daily basis. This applies to knowledge-sharing as well. The latter, cannot be isolated, ad-hoc activities that are solely the responsibility of Human Resource or Knowledge Management experts. It is an activity that should be embedded in daily work tasks, be encouraged at every opportunity, and importantly, be incorporated within performance measurement systems.

- **Employees**

The organisation as represented by management can provide the tools required to assist employees improve their work climate, in terms of diversity and knowledge transfer. However, the cognitive and behavioural change, and the benefits to be realised from such initiatives, can only emanate from the individual. As such, individuals need to align themselves to the broader organisational goals in order to realise the desired career outcomes. In terms of knowledge-sharing specifically, employees can be proactive in building or joining informal networks.

- **Human Resource practitioners**

Human Resource specialists should ensure that knowledge harvesting is conducted in respect of individuals leaving the organisation. This forms part of the knowledge-sharing drive, as personal knowledge that such individuals have gained in the organisation, can be used for the benefit of others. From a Human Resource perspective, it is important that all incidents reported that indicate discrimination on any level, need to be dealt with in a manner that discourages this type of interaction.

- **Knowledge Management consultants**

Knowledge Management consultants need to raise organisational awareness of the benefits to be realised from retaining, harvesting and sharing knowledge. This sphere is being viewed as one of the 'softer' aspects of business, and this perception can be distilled by demonstrating associated benefits in a more tangible form, in terms of how it can drive profitability.

7.3 Future Research

The recommendations for future research include:

- The study should be extended to other sectors within the South African economy, to establish whether the model presented in Figure 7.1 can be applied in a generic manner.
- Explore the value of knowledge sharing within an organisation, to the extent that this could be depicted as an organisational asset on the balance sheet.
- The sustainability of the organisational benefits depicted in Figure 7.1 should be investigated.
- Technology-enabled knowledge sharing can be explored to determine if it is impacted by the diversity climate, and if its consequent benefits are sustainable.
- Explore the relationship between the sharing of tacit knowledge and employee motivation, and its impact on organisational citizenship behaviour.
- The relationship between knowledge sharing and extrinsic motivation could be further examined, to establish the key variables that would impact on the relationship.

7.4 Conclusion

Chapter 1 made reference to Thomas and Bendixen (2000) who stated that the one of the challenges facing South African managers is being able to ‘harness the richness of many ethnic groups so as to enhance productivity’. Although there is extensive literature indicating that businesses are sensitised to the fact that a diverse workforce can extend their capabilities in terms of innovation and sustained competitiveness (Ng and Tung, 1998; Norris and Lofton, 1995; Lockwood, 2005), the differences in culture or ethnic background was found by Riege (2005) to still be a barrier to the sharing of tacit knowledge. Given that at least 42% of knowledge is housed solely in the brains of employees (Kothuri, 2002), this research proposes a model that organisations could utilise to effectively engender more knowledge sharing activity within an increasingly diverse workforce. The model takes cognisance of the fact that organisations are driven by a profit incentive and as such, require a return on investment on all initiatives. It illustrates how tangible benefits could be derived from the business enablers depicted. Individuals can only be held accountable for their contribution to organisational performance, if they have the required ability, and are enabled with effective tools to engage in value-adding activity. It is these tools that form the core from which this research has been built.

It is apt to conclude in the words of Professor Lovemore Mbigi, Executive Director of African Intellectual Resources, who says,

“In Africa, you cannot initiate change through a memo; you must capture the hearts and minds of people”.

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APPENDIX 1

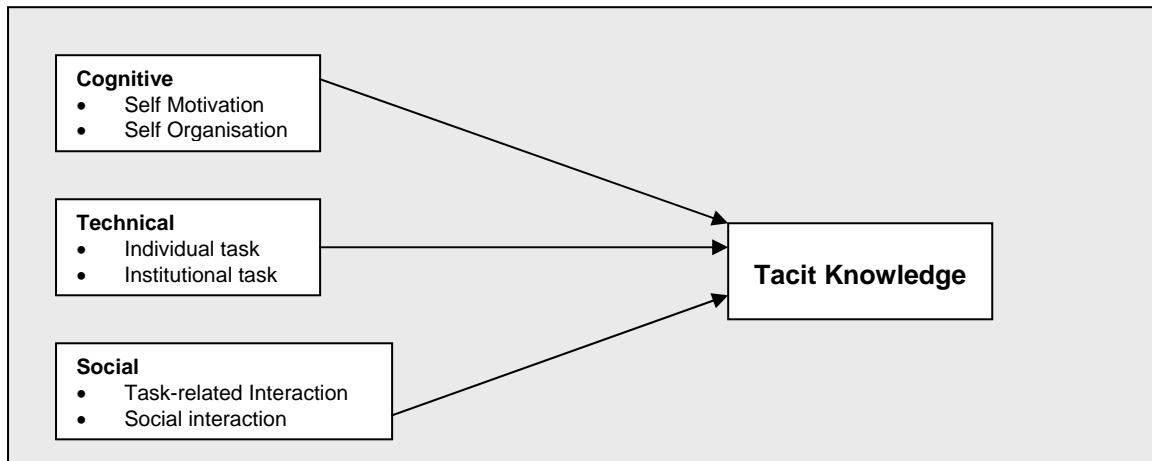
HIERARCHY OF INDICATORS FOR TRANSFORMATION

LEVEL	DESCRIPTION
Household level	Government support in providing a basic income to the unemployed and aged, and initiating developments to provide shelter to the masses.
Community level	This looks at people indicators, including participation in decision making and organisational capability
Provincial level	A positive trend in basic needs provision for the majority of the population.
National level	Human Development indicators, including improved infrastructure and stable economic indicators.
International Comparability	Being competitive, innovative, and in a position to forge strong trade relationships with other global players.

Source: United Nations Development Programme, 2000

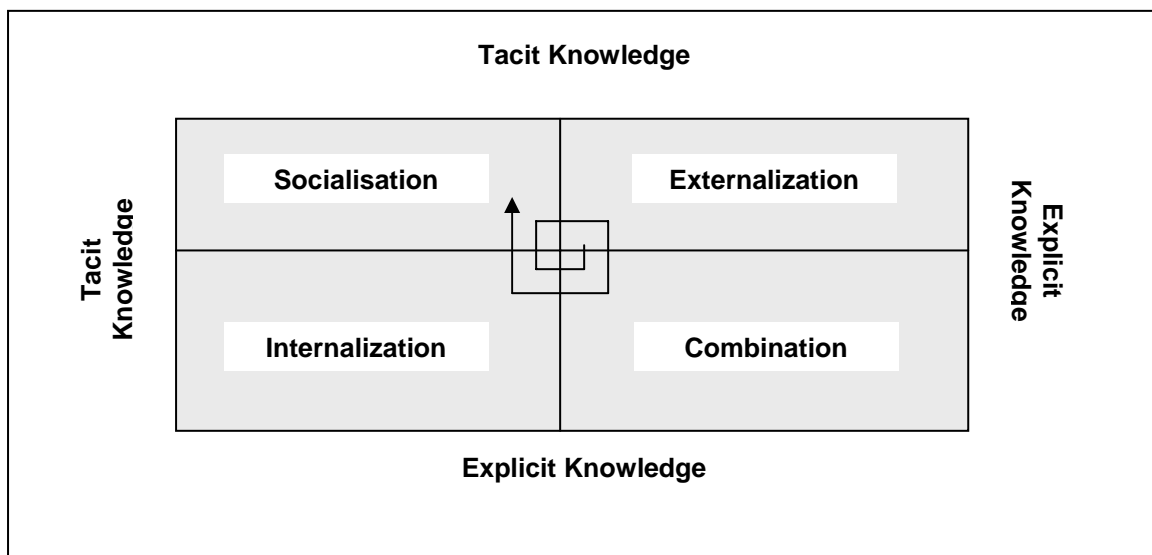
APPENDIX 2
MODELS FROM LITERATURE

Figure 1: Multidimensional Structure of Tacit Knowledge



Source: Leonard and Insch (2005)

Figure 2: SECI Model



Source: Li and Gao, 2003

APPENDIX 3

INTERVIEW SCHEDULE

1. Do you think that creating an environment where employees of differing cultural backgrounds can work together harmoniously, is over-rated? By this I mean, should there be less focus on this 'softer' aspect of business, and rather concentrate on improving individual performance, bottom line contribution?
2. In dealing with a diverse workforce, what do you think is key to more effectively managing this environment, from an organisational and management point of view? What is being done in your organisation?
3. What role does knowledge sharing play in your organisation?
4. What is your perspective on the tacit aspect of knowledge?
5. What are some of the barriers to knowledge sharing? Why do some people hold on to their knowledge?
6. What are some of the enablers of knowledge sharing?
7. What knowledge sharing instruments are currently being used in the organisation?
8. In your opinion, what channels/systems/processes can be implemented to improve the level of knowledge sharing?
9. Those employees that learn from others, in your experience can this lead to greater levels of motivation?
10. How do you think the organisation is progressing in terms of achieving the targets of the Financial Sector Charter?
11. What are the organisational benefits that you would say, could be derived from knowledge sharing and employees feeling more positive about their careers?

APPENDIX 4

RESEARCH QUESTIONNAIRE

GORDON INSTITUTE OF BUSINESS SCIENCE
RESEARCH QUESTIONNAIRE



Thank you for taking the time to respond to this research questionnaire. The questionnaire will not take you longer than 10 minutes to complete. Please be assured that your responses will be strictly confidential and is only being used for this research.

SECTION 1: PERSONAL PROFILE

- | | | | |
|---------------------------------|----------------------|-------------------|----------------------|
| 1. Position in the organisation | <input type="text"/> | 2. Gender | <input type="text"/> |
| 3. Employment conditions | <input type="text"/> | 4. Age group | <input type="text"/> |
| 5. Years in organisation | <input type="text"/> | 6. Race group | <input type="text"/> |
| 7. Highest education level | <input type="text"/> | 8. First language | <input type="text"/> |

SECTION 2: WORK ENVIRONMENT

- | | |
|--|----------------------|
| 9. I am treated with respect and dignity at work | <input type="text"/> |
| 10. The organisation provides me with equal opportunities for training & development | <input type="text"/> |
| 11. I often hear offensive race or gender-related jokes at work | <input type="text"/> |
| 12. I notice inappropriate behaviour based on people's differences | <input type="text"/> |
| 13. I personally experience discrimination from other employees | <input type="text"/> |
| 14. I feel positive about diversity in the workplace | <input type="text"/> |
| 15. Managers and supervisors include all team members in problem solving | <input type="text"/> |
| 16. Our work reflects that we understand the different needs of our customers | <input type="text"/> |
| 17. My work team experiences conflict due to differences between people | <input type="text"/> |
| 18. The training I receive at work helps me deal with diversity of workforce & customers | <input type="text"/> |
| 19. I feel included by my work group | <input type="text"/> |
| 20. My managers treat all employees with respect regardless of differences/positions | <input type="text"/> |
| 21. Senior management shows constant support for diversity programmes | <input type="text"/> |
| 22. I feel comfortable to speak to my managers about diversity issues | <input type="text"/> |
| 23. Managers visibly challenge any incidents of racism, sexism or discrimination | <input type="text"/> |
| 24. The organisation has EE/diversity policies in place that are widely distributed | <input type="text"/> |
| 25. A diversity forum has been established in the organisation | <input type="text"/> |

SECTION 3: KNOWLEDGE SHARING

- | | |
|--|----------------------|
| 26. When I joined the organisation, I received on-the-job training from fellow employees | <input type="text"/> |
| 27. I often impart my work knowledge to inexperienced employees | <input type="text"/> |
| 28. Knowledge sharing & teamwork are formal measures in our performance contracts | <input type="text"/> |
| 29. The work environment encourages people to share their views about the world & life | <input type="text"/> |
| 30. I feel comfortable to share my knowledge and experiences to assist peers | <input type="text"/> |
| 31. I frequently am encouraged to share ideas with people I report to | <input type="text"/> |

APPENDIX 4

RESEARCH QUESTIONNAIRE

- | | |
|--|---|
| 32. Based on my experience, I suggest improvements to meet strategic goals | ▼ |
| 33. Employees have a vast amount of knowledge which they are willing to share | ▼ |
| 34. Team members with specific skills proactively help others in learning the same | ▼ |
| 35. I need to guard my knowledge to get ahead in the organisation | ▼ |

36. Please tick the check box if the corresponding knowledge sharing instrument is found in your organisation. Next to each of the 'ticked boxes', please indicate the impact that this instrument has.

- | | |
|---|---|
| <input type="checkbox"/> Mentoring programmes | ▼ |
| <input type="checkbox"/> Communities of Practice | ▼ |
| <input type="checkbox"/> E-mail accounts for all employees | ▼ |
| <input type="checkbox"/> Project teams comprising multi-functional team members | ▼ |
| <input type="checkbox"/> Brainstorming sessions | ▼ |
| <input type="checkbox"/> Workshops to discuss key learnings | ▼ |
| <input type="checkbox"/> Social events for employees | ▼ |

SECTION 4: PERSONAL AND ORGANISATIONAL OUTCOMES

- | | |
|--|---|
| 37. My duties have increased with colleagues assisting me to become more efficient | ▼ |
| 38. I feel more satisfied with my job when I learn from others | ▼ |
| 39. As a result of what I learnt from others, I have moved up the ranks (now/previously) | ▼ |
| 40. My performance bonuses increased with my team sharing best practices with me | ▼ |

41. Which of the following transformation initiatives as required by the Financial Sector Charter, do you believe has been, or could be more effective as a result of knowledge sharing, and more motivated employees. Please tick the applicable check boxes

- Promoting of a diverse work environment
- Developing skills, particularly in strategic & operational job roles
- Ensuring that current/future leaders in the organisation have the knowledge and resources to drive transformation
- Increased representation of previously disadvantaged employees at senior, middle & junior management level by 2008
- Greater representation of women at senior, middle and junior management level by 2008
- Increased emphasis on compliance to legislation and regulation
- Career development plans for high potential individuals
- Appropriate mentorship programmes to assist in rapid career development
- Cultural diversity & gender sensitivity programmes at various levels of the organisation

42. In your opinion, what channels/processes/systems can be instituted in your organisation, that would result in greater sharing of employee's personal knowledge and job-related experiences, for the benefit of teams and the organisation?

APPENDIX 5

ORGANISATIONAL BENEFITS – IMPACT ON PROFITABILITY

Figure1. Compliance to legislation: Human Resource Development

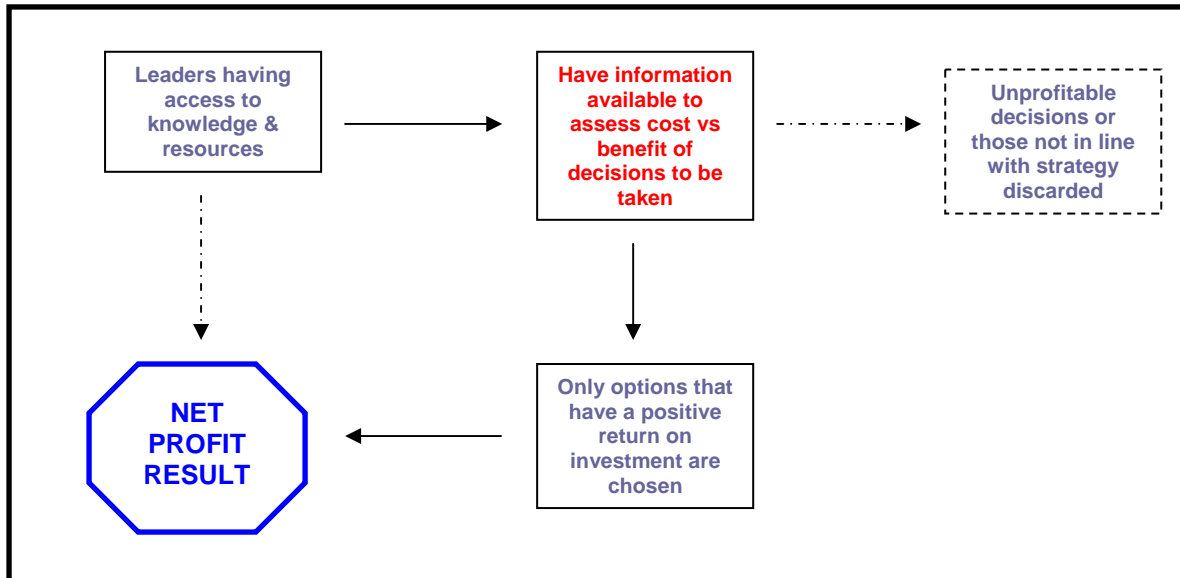


Figure 2: Skills and Competency Transfer

Average compensation for 'Professional' job category per annum	= R360 000
Average compensation per month	= R30 000
<i>If employee is unproductive for 4 months</i>	
Average loss to the organisation (per new employee)	= R120 000
<i>This only relates to the remuneration cost, and excludes the opportunity cost of not engaging in value-adding activity.</i>	

APPENDIX 5

Figure 3: Process Efficiency

<i>If the customer applied for a:</i>	
Home loan	= R500 000
At an interest rate	= 12%
Term of loan	= 240 months
Monthly instalment	= R5 500
Total amount paid by client	= R1 320 000
Profit to the bank	= R820 000 (R1320 000 – R500 000)
Loss due to lost client	= R820 000

This loss to the organisation excludes the opportunity cost of not being able to cross-sell other products and services to the customer, and the resultant cost of staff re-work has also not been taken into account.

Figure 4: Enhanced work environment

