

## EMPLOYEES' EXTRINSIC MOTIVES AND KNOWLEDGE SHARING: INTERVENING ROLE OF AN INTRINSIC MOTIVE

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**Abstract:** Drives of knowledge sharing in businesses not only arise extrinsically from employees but also intrinsically. Accordingly, this study focuses on examining the effect of employee's organizational identification (intrinsic motive) on the relationship between the organizational climate (extrinsic motive) and employee's knowledge sharing in family businesses in Sri Lanka. Measures of organizational climate, organizational identification, and knowledge sharing were collected by a questionnaire survey of 126 employees working in family businesses. Stratified random sampling technique selected respondents from diverse firms and jobs. While descriptive and correlation analysis elaborated the sample characteristics, the results of the hierarchical regression indicated that extrinsic motivational factors of organizational climate have strong positive relations to employees' knowledge sharing. Additionally, results confirmed that employees' intrinsic motivational factor of organizational identification mediates the relationship between organizational climate and employees' knowledge sharing. Theoretically, this study contributes to linking employees' extrinsic and intrinsic motives of knowledge sharing in family business context to expand the employees' behavioural theories. Practically, managers of family businesses would find new avenues to promote employees' knowledge sharing.

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### Introduction

Knowledge sharing behaviour of employees is vital for the creation of new knowledge and innovations to obtain long term competitive advantages (Krogh, et al., 2000). Employees' knowledge sharing is known as the gaining and offering of 'know-what' and 'know-how' among organizational members to make their task and duties easier in the firm (Foss et al., 2010). Further, empirical evidence are adequate to support the argument that knowledge sharing is a powerful determinant of organizational and individual member's productivity (Agrawal et al., 2006; Argote et al., 2003; Haas and Hansen, 2007; Reychav and Weisberg, 2009). As every firm competes to gain competitive advantages over other firms, the key practical problem for managers of firms is, how to motivate employees to share their knowledge inherited in their minds and hands. Studies on the individual, organizational, cultural and technological determinants of knowledge sharing (Ghobadi and Mathiassen, 2015; Stewart et al., 2015; Wang and Noe, 2010) have been conceptualized in the past recent studies. However, most of these studies have discussed about the direct relationship of predictor and outcome variables of knowledge sharing intentions of employees. The intervening influence on the direct relationships of determinants of knowledge sharing and employees' knowledge sharing intentions is a dearth.

Meanwhile, Self-determination Theory posits that human behaviour is a function of individual motives. This theory further reveals that individual behaviour is driven by people's motivation. Motivators to perform are two folds as intrinsic and extrinsic. Intrinsic motivation refers to the incentives based on which individuals perform certain behaviours that do not contribute to their core-self needs and benefits. Individuals feel autonomously motivated when they perceive self-determination in selecting their objectives freely based on self-interests, curiosity, care, or abiding values.

In contrast, extrinsic motivation refers to the incentives based on which individuals perform certain behaviours that explicitly contribute to their core-self needs and benefits. The external/controlled motivating factors include reward systems, formal or informal evaluations from others, and status within significant groups. According to previous studies, intrinsic motivation involves performing an

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activity and engaging in it for the sake of the activity itself rather than for external rewards (Yan and Davison, 2013). When employees of a firm are concerned, once they perceive the need for knowledge sharing by themselves, is identified as intrinsically motivated knowledge sharing. In contrast, extrinsic motivation is an activity reinforced by certain rewards and shows the lack of control over an individual's behaviour (Zuckerman et al., 1978). When knowledge sharing is tagged with rewards and recognition, is viewed as extrinsic motivation to share knowledge.

Meanwhile, knowledge transferring over generations has been identified as the well-equipped strength of family businesses (Chirico and Laurier, 2008). A business under fully or partly management of people who are recruited based on blood relationship or friendship is recognized as a family business (Kellemarrens et al., 2012). However, family businesses are generally suffering from surviving in the long-run, and are known as a business type which is less energetic in innovation, less dynamic in competitiveness and business change (Astrachan Binz, 2014; Allio, 2004). As the employees' knowledge sharing intentions can bring a solution to such issues, analysing determinants of employees' knowledge sharing intentions have become necessary. Previous studies have confirmed that organizational climate has been recognized as a critical influencing factor of the employee's knowledge sharing intentions in family businesses (Jaskiewicz et al., 2013). Organizational identification is also relevant and influential as far as employees' knowledge sharing intentions in family businesses are concerned (Chirico and Salvato, 2008). The study concentrates on family businesses in Sri Lanka. The current state of the country's economy reports an economic growth of 6.2 per cent, which it had maintained since 2009 when the civil war ended. This economic growth is sustained by sectors like construction, wholesale and retail trade, and finance-related services. Sri Lanka currently owns a number of establishments of around 1.02 million all around the country (Economics Census, Census and Statistical Department, 2014). However, as is the case with developing countries in general, Sri Lanka is dominated by SMEs more than large-scale business establishments (Gamage, 2004). Accordingly, the main question of this study is: Does organizational climate matter to influence employees' knowledge sharing intentions in family businesses in Sri Lanka?

Two objectives are intended to achieve by addressing the above question, namely, to identify the impact of organizational climate on employees' knowledge sharing and to review the impact of organizational identification on the relationship between organizational climate and employees' knowledge sharing in family businesses in Sri Lanka. Accordingly, a simple model of human capital of family businesses is expected to develop integrating employees' knowledge sharing behaviour in case of intrinsic and extrinsic motives. Specifically, the intervening role of intrinsic motives on the direct relationship between organizational climate and employees' knowledge sharing intentions analyses in this study. Further, this paper treats organizational identification which is defined as the perception of oneness with, or belongingness to an organization (Mael and Ashforth, 1992) as an intrinsic motive as such feeling arises intrinsically from employees. Similarly, an organizorizational climate which is defined as how members of an organization experience the culture of the firm (Schneider et al., 2011), is treated as an extrinsic motive as such feeling arises from outside of the employee. The remainder of this paper structure is with five parts. Part two briefly review empirical findings of employees' knowledge sharing. Part three describes the research methodology used in this study. Part four of the study is about the data analysis and discussion. The last part concludes the study.

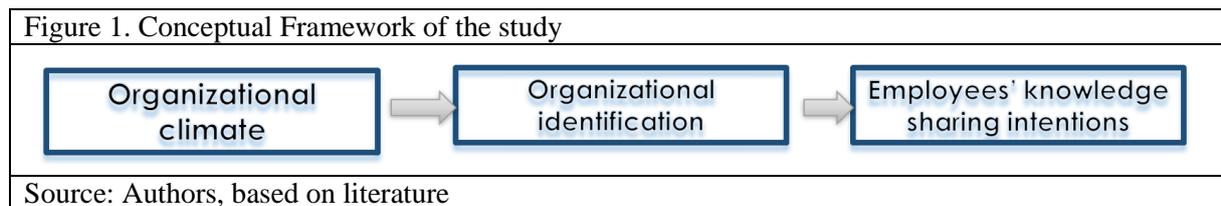
### **Literature Review**

The brief literature review of this article focuses on developing an argument to support the conceptual framework for the study. The argument that is developed in this article is that the organizational climate and identification are key determinants of employees' knowledge sharing intentions. In this regard, organizational identification intervenes the direct relationship between organizational climate and employees' knowledge sharing. Key determinants of employees' knowledge sharing intentions are discussed in detail in the literature review to support the argument.

The organizational climate has been recognized as a critical influencing factor of the employee's knowledge sharing intentions (Huber, 2001). Fairness, affiliation, and innovativeness are recognized as the main components of the organizational climate of a firm (Bock et al., 2005). However, the organizational climates of family businesses are recognized differently from those of non-family

businesses, as nepotism is a common feature of family businesses. In this context, it could be theorized that the organizational climate of a family business has an impact on an individual's knowledge sharing intentions. Yi (2009) points out those procedural and distributive organizational climates motivate employees to share their tacit knowledge. Similarly, encouragement and risk tolerance on the part of the management of a firm stimulate the knowledge sharing of the employees (Lopez et al., 2004). Chen et al. (2010) whose study is in line with the model provided by Bock et al. (2005) recognize innovative and supportive organizational climates as efficient predictors of knowledge sharing intentions in organizations. The organizational climate of family businesses holds unique characteristics in the area of knowledge sharing compared to their counterparts. Notwithstanding the rivalries, jealousies, and exclusion of non-family members from the management of family businesses, it has been observed that the employees' trust, attachment, engagement, affiliation, innovativeness, and commitment function as antecedents of tacit and explicit knowledge sharing intentions (Jaskiewicz et al., 2013).

A couple of earlier studies have conceptualized organizational identification as an antecedent of knowledge sharing (Zhu, 2016). However, according to Dyer (1988), the organizational climate of family businesses creates a strong sense of organizational identification among the employees, due to familial and cultural relations. Further, this study shows the unique organizational culture of family businesses, which develops over the years, sustain in organizational identification. Zhu (2016) argues that if the sense of organizational identification is strong, the employees may share their knowledge irrespective of the costs associated with such sharing. Such a setting renders the need to reward knowledge sharing initiatives irrelevant. Chirico and Salvato (2008) also conclude that organizational identification is both relevant and influential as far as knowledge sharing by individuals in family businesses is concerned. In the light of these research findings, the following conceptual framework in Figure 1, could be proposed for this study.



### Methodology

This study intends to analyze the influence of employees' intrinsic and extrinsic motives on knowledge sharing in family businesses in Sri Lanka. Family businesses are selected as the sample framework of this study due to a few reasons. According to Gamage (2004) around 80 per cent of business establishments remain as micro or small medium-sized enterprises in Sri Lanka. The majority of such firms is running as family-owned businesses. Accordingly, employees working in family businesses were treated as the population of this study.

This study is designed as explanatory research, located in the positivistic paradigm. Mainly, deductive methods were used in the development process of the study. Quantitative methodology guided to select a sample, sampling methods, data, and data analysis. A sample of 126 skilled employees who are designated as technicians, machine operators, IT officers, supervisors, designers, and pattern makers was selected using stratified sampling technique. The industries that the sample of employees represents are foods products, apparel, shoe and leather products, bakery products, jewelry, herbal and pharmaceutical products. The survey of employees from 14 diverse family firms from Western Province of Sri Lanka took place in 2017. A structured questionnaire containing validated ten items of organizational climate (Koys and Decotiis, 1991; Farver, Kim and Lee (1995), six items of organizational identification (Mael and Ashforth, 1992), and five items of knowledge sharing (Bock et al., 2005) were used to collect data. All items were measured by five-point Likert-scale ranging from 1 – strongly disagree – to 5 – strongly agree (Salanova et al., 2005). organizational climate was measured by ten items, for example, 'I can trust my boss' evaluation to be good', 'objectives which are given to me are reasonable, 'members in my department keep close ties with each other', 'my department encourages suggesting ideas for new opportunities' (Koys and Decotiis, 1991; Farver, Kim and Lee, 1995) were used. Organizational identification was represented by six items (Mael and

Ashforth, 1992). For example, items such as, ‘when someone criticizes your firm, it feels like a personal insult’, ‘I am very interested in what others think about my firm’. Knowledge sharing measurements were adapted from Bock et al. (2005). Seven items such as ‘I intend to share my experience or knowledge on how to form work with my organizational members more frequently in the future’, ‘I will always provide my knowledge on where or know-whom at the request of my organizational members’, were used. In addition to 21 items to measure the three main dimensions of the study, employees’ demographic and individual characteristics are included in the questionnaire.

The data were analyzed using descriptive statistics and hierarchical regression. Respondents’ demographic and individual job characteristics were analysed descriptively, while knowledge sharing intentions were regressed over the organizational climate and employees organizational identification using hierarchical regression to identify the direct and intervening relationships between predictor and outcome variables. In the model, as shown in Figure 1, organizational climate served as the predictor variable while employees’ organizational identification was intervening variable. The outcome variable was employees’ knowledge sharing intentions.

### Data Analysis

Before analyzing data, screening of respondents’ demographic and individual characteristics and responses was performed descriptively. As shown in Table 1, around 62 per cent of respondents were male. The average age of respondents indicates 28 years (SD = 7.2) while 18, 45 and 25 per cent of them have studied up to high school, diploma, and university levels respectively. The average education level of respondents is reported as 2.3 (SD = 0.9) which is equivalent to diploma level. When respondents’ experiences in the firm are concerned, 31 per cent have more than 13 years of experience, 55 per cent between 7 to 12 years and 13 per cent less than seven years.

Table 1: Descriptive statistics of dimensions

Dimension	Mean	SD
Male/female	.62	.488
Age of the employee	27.77	7.241
The education level of the employee	2.3492	.92362
Number of years in the position	1.58	.719
organizational climate	4.26	.850
organizational identification	4.50	.666
Knowledge sharing	4.6376	.45672

Source: Survey data, 2017

Table 2 shows the correlation among dimensions. Several correlations between dimensions have reported negative. For example, correlation between the age of the employee and gender. The highest correlation is reported between organizational climate and education level of the employee (0.878). The lowest is reported from the educational level of the employee and gender of the employee.

Table 2: correlation analysis of dimensions

	1	2	3	4	5	6
<b>1 Male/female</b>						
<b>2 Age of the employee</b>	-.092					
<b>3 The education level of the employee</b>	-.278	.405				
<b>4 Number of years in the position</b>	-.033	.262	.495			
<b>5 organizational climate</b>	-.178	.383	.878	.452		
<b>6 organizational identification</b>	.186	.204	.322	.127	.299	
<b>7 Knowledge sharing</b>	.756	.025	-.137	.091	-.042	.191

Source: Survey data, 2017

As explained in the methodology, the direct influence of the predictor variable on the outcome variable and the mediatory influence by organizational identification on the relationship between the predictor and outcome variables were tested using hierarchical regression. The results of hierarchical or step-wise regression in this study are used to test the intervening aspects (mediate) in the same process recommended by Baron and Kenny (1986). They have recommended four conditions or pre-requisites to confirm the mediation effect of a variable between two other variables. The existence of a

relationship between independent and dependent variables, independent and mediate variables, mediate and dependent variables and, when the mediate variable is added to the model, the relation between independent and dependent variables become non-existent or weak. In that case, if independent and dependent variables become non-existent, it is identified as full mediation, while if the relationship becomes weak, it is identified as partial mediation. Accordingly, a hierarchical regression was run to test the mediatory effect of the employees’ organizational identification towards the relationship between organizational climate and the employees’ knowledge sharing intentions. The results of the mediatory effect were interpreted after confirming the compatibility of the model-fit information.

Accordingly, as shown in Table 3, the mediatory influence of the organizational identification on the relationship between organizational climate and the employees’ knowledge sharing intentions was tested. In the model-fit information, the values of R<sup>2</sup> and the changing of R<sup>2</sup> of models have progressively improved in every step showing the volume of predictability. Following Baron and Kenny’s (1986) guidelines to test the mediatory effect, initially the organizational identification was regressed over organizational climate and indicated a significant and positive relationship ( $\beta = 0.191, p < 0.05$ ). As Table 3 further shows, climate ( $\beta = 0.310, p < 0.05$ ) and the organizational identification ( $\beta = 0.702, p < 0.05$ ) indicated a significant relationship to employees’ knowledge sharing intentions. Confirming the final condition of Baron and Kenny (1986), once the variable of the organizational identification was added to the model, organizational climate became weak ( $\beta = 0.310, p > 0.05$  to  $\beta = 0.128, p > 0.05$ ). The confirmation of all four conditions of Baron and Kenny about mediation in this study has led to the conclusion that organizational identification partially mediates the relationship between organizational climate and employees’ knowledge sharing intentions.

Table 3: Results of Hierarchical Regression

Construct	Employees’ knowledge sharing intentions								
	Model 1			Model 2			Model 3		
	$\beta$	t	Sig.	$\beta$	T	Sig.	$\beta$	t	Sig.
Male/female	.006	.061	.952	-.022	-.244	.808	-.055	-.886	.377
Age of the employee	-.591	-3.18	.002	-.670	-3.74	.000	-.242	-1.87	.064
Education level of the employee	.133	1.33	.184	.148	1.57	.120	.000	.007	.994
Number of years in the position	.280	1.55	.122	.259	1.51	.134	.047	.391	.697
organizational climate				.310	3.56	.001	.128	2.05	.043
organizational identification							.702	11.49	.000
R <sup>2</sup>	.110		.000	.195		.001	.618		.001
Overall F	3.73		.007	5.81		.000	32.1		.000
Change in R <sup>2</sup>	.110		.000	.085		.000	.423		.000
Change in F	3.73		.007	12.7		.001	131.8		.000

Source: Survey data, 2017

### Conclusion

Firstly, this study confirmed the direct influence of organizational climate on employees’ knowledge sharing intentions in family businesses in Sri Lanka. Secondly, the analysis concluded that employees’ organizational identification partially mediate the relationship between the organizational climate and employees’ knowledge sharing intentions. Thirdly, organizational climate emerged as a key determinant of employees’ knowledge sharing, as organizational climate is positively correlated with organizational identification and employees’ knowledge sharing. Such finding signals that employees’ knowledge sharing in family businesses can be promoted by developing fairness, affiliation, and innovativeness among employees. However, all these findings let to a conclusion that employees’ knowledge sharing intentions in family businesses are driven by extrinsic motives. These empirical findings have led to many theoretical and practical conclusions in family businesses as well. Theoretically, these findings will assist to enhance the human behaviour theories, specifically about knowledge sharing in family businesses. Practically, managers, owners and policy makers of family businesses would be able to develop their strategies to promote knowledge sharing among employees to make innovations in the business to gain competitive advantages.

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