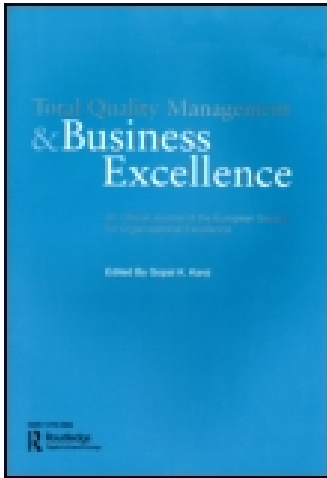


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## Effect of internal marketing on knowledge sharing and organisational effectiveness in the hotel industry

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The purpose of this empirical study was to examine and justify the concept that knowledge management needs to be brought into the internal marketing (IM) field, and to investigate how communication media affect knowledge sharing (KS) and organisational effectiveness (OE). This empirical research concerns 499 usable questionnaires from employees of globally managed or franchised hotels in Taiwan. Structural equation modelling results show that the communication media of IM campaigns – conversation – significantly affected KS. This enables front-line employees to provide the right company offerings to external customers at their first encounter. Furthermore, it contributes to the reinforcement of employee competencies and enhances the quality of customer service during the service encounter and, thus, can provide a sustained advantage in market competitiveness and OE.

**Keywords:** internal marketing; knowledge sharing; organisational effectiveness; communication media

### Introduction

Brooks, Lings, and Botschen (1999) suggested that internal marketing (IM) should emphasise the management of relationships and interactions between internal customers and internal suppliers. Chen and Cheng (2011) and Jun and Cai (2010) also claimed that cooperation between internal suppliers and customers is essential because the former provide products and services to the latter. Rafiq and Ahmed (2000) examined IM from the perspective of its conceptual development, which consists of employee motivation and satisfaction, customer orientation and strategy implementation, and change management.

Chen and Cheng (2011) and Yang and Wan (2004) also emphasised that communication media as a promotional aspect of the IM concept should be encapsulated into the organisational setting. These media facilitate interaction between internal customers and suppliers. In some cases, service providers do not realise what promotions are occurring because of a lack of communication between the marketing and the operational departments. This will cause a Gap 4 problem in the quality Gap model (Zeithaml, Berry, & Parasuraman, 1988), and will lead to customer dissatisfaction. If there is effective communication between and within departments, this problem may be avoided. As Grönroos (1981) and Rafiq and Ahmed (2000) claimed, IM practices provide effective coordination between and within departments and between contact personnel and supporting employees. Hazlett, McAdam, and Beggs (2008) imply that a lack of internal communication between and within departments suggests knowledge hoarding may occur, regardless of intention. Importantly,

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this bridge is a foundational concept of knowledge management (KM), which has emerged as an important part of IM development, especially with regard to communication and social interaction components. By means of knowledge sharing (KS), acquisition, and retention, the ultimate outcomes constitute enhanced customer service encounters.

This study seeks to justify the concept that KM, in particular the KS concept, needs to be brought into the IM field in today's knowledge era. The purpose of this study is to investigate how communication media (people- or document-centred techniques) affect KS and organisational effectiveness (OE). This study attempts to fill three gaps in research: first, it attempts to supplement the original proposition of Halal (2000), which stated that 'Internal markets are the foundation for a knowledge economy' (p. 3). Second, it attempts to take into consideration Yang and Wan's (2004) qualitative study, which calls for a further exploration of what technique(s) contribute to KS, and how they do so, and, thus, examines OE. Third, this study attempts to extend Chen and Cheng's (2011) research, examining the extent to which types of internal communication associated with the IM concept affect KS. To bridge these concepts, empirical research was conducted to explore approaches to applying IM and to investigate how communication media – consisting of conversation, organisational documentation, and networking – affect KS and OE. This study also contributes to service marketing and hospitality management literature, which suffer from a paucity of empirical research on this subject area.

## Literature review

### *Studies in IM*

Berry (1984) defined IM as 'Applying the philosophy and practices of marketing to the people that serve the external customers so that (1) the best possible people can be employed and retained, and (2) they will do the best possible work' (p. 32). Additionally, as Flipio (1986) claimed, IM strategies can be developed corresponding to the traditional 4Ps marketing mix: the product as the job, the price as the opportunity cost of engaging in the job, the place as a location where jobs are offered near the living places of internal customers, and promotion, such as reward policies and communications. This study focuses on the *communication* component.

Employee behaviour may influence customer satisfaction and determine whether customers come back. Front-line employees in service organisations are providers of value to external customers. Consequently, appearance, behaviour, and customer-related skills of service providers are evaluated by customers, in addition to tangible items, such as facilities and equipment. That is, customers not only expect to obtain what they receive in terms of products and services but they also expect to experience how the products and services are delivered (Ferguson & Brown, 1991).

### *IM and KM*

Berry and Parasuraman (1991) stated that IM campaigns that satisfy staff needs can be conducted through *job* products. Critically, from the human resource (HR) management perspective, many practitioners and scholars have planned various programmes to minimise the loss of intangible human assets; however, it seems that a considerable employee turnover still occurs. In this context, a KS system that has been established enables an organisation not only to acquire new knowledge but also to advance customer service.

Through implementing such a system, the transfer of knowledge provides an opportunity for mutual learning and sharing among sharers and sharees. Rowley (2000) described this acquisition, sharing and retention as the concept of KM.

Cahill (1995) proposed that an application of the learning organisation (LO) concept, as a tool, can be incorporated into the implementation of IM. The concept of an LO is closely relevant to KM notions of sharing vision, continuous learning, and organisation learning. Additionally, Cahill (1995) incorporated the organisational memory concept into the LO concept. He described organisational memory as the retention of information about decision-making, problem-solving, and eliminating the duplication of information within an organisation, to avoid silo operations. Learning and retaining, as tools for IM, are two of the key components of KM. As an organisation develops motivational programmes to encourage KS, this is expected to result in improved overall quality of services. In addition to this gain, such programmes could prevent an effect of outgoing individual knowledge.

### **KS**

KS can be defined as a practice in which employees mutually transmit job-related competencies among themselves (Bartol & Srivastava, 2002). A goal of KS practice is to enable employees to enhance their capabilities and incorporate new knowledge into organisational memory (Chen & Huang, 2011).

Given the people-centred nature of the hotel business, Armistead and Meakins (2002) noted that employees possess strong feelings of autonomy and want to find their own solutions while tackling new situations. Indeed, if people have not experienced a situation, they would not necessarily be able to respond to it naturally. In such circumstances, knowledge provides individuals with ideas and principles with which to deal with new situations; however, in a practical situation, there may be blocks to applying such knowledge. If there is the possibility of creating new knowledge from the situation, sharing opportunities need to be provided in the workplace. In this regard, this can constitute a synergistic effect (Mrinalini & Nath, 2000).

### ***IM and KS implementations***

Ballantyne (2003) proposed that IM implementation definitely reinforced KS. This study emphasises the *communication* aspect of the IM concept. Yang and Wan's (2004) qualitative study shows people- and documentation-oriented communication media could contribute to KS. Additionally, Chen and Cheng's (2011) study indicates that social interaction is a complementary part of IM. In implementing both IM and KS, this study emphasises the approaches of conversation, networking and documentation.

### ***Conversations***

Conversations are a means of enabling organisation members to discover what they know and to share it with others (Webber, 1993). Conversations can be used for accelerating learning and KS. According to Palmer (1998), conversations enable those who take part in them to come out with a collective set of thoughts and meanings, which may stimulate new methods of individual behaviours.

Arguably, there is a tautological connection between *conversation* and *sharing*. Conversation implies exchange of information and such exchange entails KS. However, much

literature (e.g. McAdam & Reid, 2001; Jun & Cai, 2010; Yang, 2010) shows that conversation is a key enabler of KS mechanisms. In the study, conversation is one approach to KS. However, conversation does not, in fact, always involve KS. Some involves what is called, in linguistic studies, phatic communication. That is, conversations can be conducted consciously or unconsciously just to develop or strengthen a relationship, rather than to share knowledge. On the basis of these explanations, the following hypothesis is proposed:

*H1: Conversation contributes to KS.*

### *Networking*

Many authors (e.g. Nahapiet & Ghoshal, 1998; Tsai & Ghoshal, 1998; Davenport & Völpe, 2001) have proposed that social capital can be used to achieve the effects of KS practices. Social capital involves the interconnection of individuals recruited to pursue organisational goals by a variety of social interaction techniques. These techniques can hasten the process of knowledge acquisition, sharing, and retention. Additionally, this social process can be efficacious as a channel for sharing and acquiring *tacit knowledge*. This is supported by much literature (e.g. Nonaka & Takeuchi, 1995; Yang, 2010) where it is claimed that tacit knowledge cannot be comprehensively delivered through in-class learning, internal documentations, or in databases.

Networking practices include formal and informal meetings and social activities. Formal training programmes are also an effective approach to individual KS and individual learning. Such programmes can include in-class training sessions, mentoring programmes, staff rotation, and cross-training (Ingram, Biermann, Cannon, Neil, & Waddle, 2000; Wickert & Herschel, 2001; Tsai & Tang, 2008). All of these initiatives can be implemented by those within and outside an organisation. Accordingly, the following hypotheses are proposed:

*H2: Hotel Arranged Activities contribute to KS.*

*H3: Outside Arranged Activities contribute to KS.*

### *Documentation*

Yang and Wan's (2004) qualitative study indicated that a documentation system contributed to KS and knowledge storing. Such a system includes standard operating procedures (SOPs), logbooks, and the like. Also Ku and Fan (2009) and Chong, Ooi, Lin, and Teh (2010) empirically suggested that information systems (IS) provide an effective mechanism for implementation of a KS process. However, the research showed that IS was seldom used for sharing and retaining knowledge. No matter what type(s) of knowledge repository system is employed, employees should be able to access the system at all times. Thus, the following hypothesis is proposed:

*H4: Documentation contributes to KS.*

### **OE**

KM can be described as the process by which employees are encouraged to collect knowledge from internal and external sources, to transfer what they know to others, to apply this to routines, to create new operational methods and products, and to retain them in organisations. These practices will enable marketers to be more accurate in their marketing analyses, with a view to enriching internal customers' competences in dealing with their customers. This will result in strengthening customer satisfaction and loyalty, and stimulating repeat business, leading to OE (Chang & Huang, 2010).

An effective KS practice enables individuals to strengthen interpersonal connectedness and allows organisations to establish a structure for their network systems; furthermore, such a practice can prevent a phenomenon that Burt (1997) described as *structural holes* in networks. With fewer such holes, employees can reinforce social ties and have better access to organisational resources. This sharing can ultimately advance OE.

Much literature in the study of hospitality management (Yang, 2007a, 2007b) and business (Argote & Ingram, 2000; Ahmed, Raffia, & Saad, 2003; Ballantyne, 2003) has shown that KS enables employees to enrich their competences and allows organisations to create new knowledge of operational methods and products offerings. This can result in advancement of individual job performance and OE. In this regard, the stronger the KS climate, the greater the degree of sustainable competitive advantage that an organisation can achieve. Thus, the following hypothesis is proposed:

H5: KS contributes to OE.

According to the hypotheses developed above, a research framework is presented in Figure 1. It demonstrates that conversation, networking – including activities organised by hotels and outside bodies – and documentation can affect KS and, thus, OE.

## Research design

### Sampling

The Tourism Bureau, Taiwan ([www.taiwan.net.tw](http://www.taiwan.net.tw)), describes three levels in the hotel industry: international tourist, tourist, and ordinary hotels. This study focused on the nine globally managed or franchised hotels (such as Hyatt International, Shangri-La, Sheraton and Westin) in Taiwan. This sampling frame can provide an important indication of outcomes of KS practices because these international groups would, presumably, take

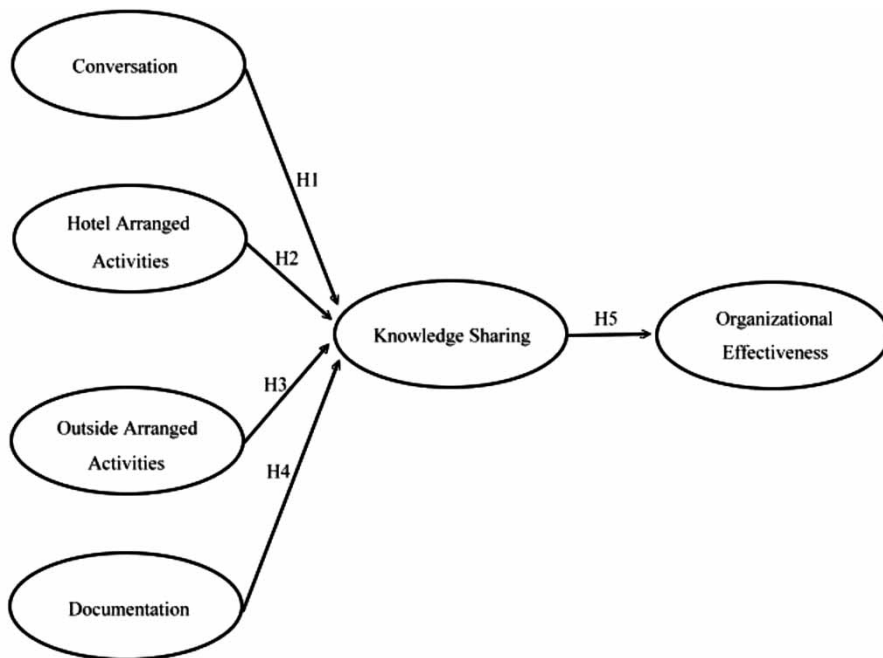


Figure 1. Hypothesised research model.

special care to nurture a sharing climate in their workplace in order to offer a consistent standard of quality services to international travellers. In fact, it may be said that if they do not promote KS practices, their entire hotel chain could be adversely affected.

With respect to data collection, 1200 sets of questionnaire surveys were mailed to HR managers. The managers then appointed a staff member to distribute questionnaires to departmental heads and trainers, and then deliver them to potential respondents. Although the questionnaires could not be delivered directly to the respondents, random sampling was assured by the HR managers. The appointed staff member in the HR department of each hotel then collected the questionnaires and sent them back to the authors anonymously. The authors attempted to minimise systematic variance and sampling errors. The HR managers were encouraged to invite all hierarchical levels of employees in front- and back-office departments to take part in the study. Of the distributed surveys, 546 were returned and 47 were not fully completed. Thus, 499 were used for data analysis, yielding a 41.6% response rate.

### *Measures*

The questionnaire was developed to explore the extent to which KS practices contribute to OE, from the perspective of social capital and documentation in the hospitality industry. Development of the instrument was based primarily on a literature review. Brislin's (1976) back-translation technique was used for translating the original instrument in English to Mandarin. The final questionnaire contained three sections: respondent information, KS practical communication media, and OE.

The first section of the questionnaire concerned the personal details of the respondents. Nominal scales used numbers to determine categories. These included gender, age group, employment status (full-time/part-time), work experience (number of years in the industry), present position, and the length of employment with the current hotel.

The second section, from the employee perspective, explored the extent to which participating hotels employed communication media for KS practices. This exploration was developed on the basis of the qualitative study of Yang and Wan (2004). Respondents were asked the question: 'How often do you share job-related knowledge using the following communication media?' Yang and Wan (2004) identified 21 media. The measurement was specifically elaborated as 'What is the AVERAGE extent to which these media are used in a YEAR?'. A seven-point scale was employed with defined anchors ranging from '1: never', '2: very low' (about half yearly), '3: low' (about quarterly), '4: moderate' (about bimonthly), '5: high' (about monthly), '6: very high' (about weekly), and '7: extremely high' (about more than once per week).

The third section examined organisational outcomes of the KS and OE (Table 1). The first part, investigating the KS, was measured using a five-item scale from Sveiby and Simmons (2002). Cameron and Quinn (1999) six-item instrument was used for measuring OE. The seven-point Likert scale was '1: strongly disagree', '2: disagree', '3: slightly disagree', '4: moderate', '5: slightly agree', '6: agree', and '7: strongly agree'.

### *Data analysis*

After data entry, the SPSS software, data screening, and a descriptive statistics report provided the first overview of the data set. Then, according to a system used by Churchill (1979), the data were randomly split into two subgroups for further analysis. One was



Table 1. Measures for KS and OE.

Survey questions
<i>KS</i>
You learn a lot from other staff in this hotel
In this hotel, information sharing has increased your knowledge
Most of your knowledge has developed as a result of working together with colleagues in this hotel
Sharing information translates to deeper knowledge in this hotel
Combining the knowledge among staff has resulted in many new ideas and solutions for this hotel
<i>OE</i>
Ambitious goals of your department have been set, that challenge you to try to perform at levels above the standards of the hotel in general
Employee efficiency and productivity in your department have been continuously enhanced
The desired goals of your hotel are always achieved
Your hotel is made more competitive by encouraging its members to offer services and products that surprise and delight
Your hotel ensures collaboration and positive conflict resolution among its members
Your loyal customers always come back for further services

used for exploratory factor analysis (EFA) and the other for confirmatory factor analysis (CFA) and a structural equation model (SEM).

## Results

### *Demographic information*

The total number of respondents in the main study was 499, of which 57.5% were females and 42.5% males. There were five discrete age groups, the age range 19–25 (26.5% of respondents), 26–30 (29.1%), 31–40 (28.5%), 41–50 (14%), and 51–60 and above (2%). With respect to work experience in the hotel industry, 26.1% of the respondents had worked for 1–3 years, and others had 3–5, 5–10, 10–15, and 15–20 years of work experience (20.0%, 23.4%, 12.2%, and 6%, respectively). In the organisational hierarchy, the portion of each level was matched almost as planned. The ratio of the sample of top, middle, and rank-and-file levels was 22:36:42.

### *Communication media for KS*

Referring to Table 2, the most preferred communication media for sharing knowledge was ‘conversation with people’, followed by ‘departmental logbook/sales reports’ and ‘bulletin boards’. The mean score for both items showed that respondents normally used that medium more than once per week. The results show that employees usually shared job-related knowledge by way of the *conversation* approach. The mean scores of the ‘conversation with co-workers’ show that the respondents normally used that medium to share knowledge more than once per week. This indicated that ‘conversation with co-workers’ was the most important medium for implementing sharing.

Training programmes arranged by the respondents’ own hotels (mean = 4.31) and workshops and discussion forums (mean = 3.23) were run every 2 or 3 months. The least-used media for sharing were attending trade shows and training sessions, and social activities arranged by organisations outside hotels. The latter, especially, was not common in these hotels.

Table 2. Media for KS.

Communication media	Mean	Standard deviation
Conversation with co-workers	6.22	1.23
Conversation with superiors	5.90	1.47
Conversation with customers	5.77	1.63
Departmental logbooks	5.72	1.65
Your hotel/department bulletins	5.65	1.49
Conversation with junior colleagues	5.62	1.88
Any kinds of meetings	5.45	1.76
SOPs	4.98	1.69
Reading materials (newsletters, magazines, etc.)	4.86	1.70
Conversation with staff who work for other hotels	4.85	1.91
Internet facilities, e-mails	4.69	2.08
The hotel computer system (e.g. Delphi, etc.)	4.58	2.03
Training programmes arranged by your own hotel	4.31	1.72
Workshops and discussion forums	3.23	1.76
Social activities arranged by the hotel and/or superiors	2.94	1.67
Skill competitions	2.86	1.75
Attending industry gatherings	2.68	1.79
Site inspection of other hotels	2.56	1.49
Training programmes arranged by outside organisers	2.40	1.47
Attending trade shows	2.30	1.49
Social activities arranged by outside organisers	2.09	1.40

Note:  $N = 499$ ; seven-point scale was used with '1: never', '2: very low', '3: low', '4: moderate', '5: high', '6: very high', '7: extremely high'.

For the means of *attending trade shows* and *social activities*, the standard deviations were relatively high. This indicates that these responses were widely spread, which, in turn, shows the respondents had diverse behaviours and preferences in using media for KS.

### EFA – media for KS

The entire set of collected data was split into two subgroups. One ( $n = 198$ ) was used for an EFA, conducted to discover any higher order factor structure that might summarise the items. The factorability of items was demonstrated in Table 3. The four factors together explained 57% of the total variance. All factors had an acceptable Cronbach's alpha. The media for pursuing KS can be summarised by four broad categories.

Factor 1 was labelled *Conversation* because it covered conversation with people, including internal customers – consisting of co-workers, superiors, and junior staff members – and external customers. It also included communication channels, such as meetings, bulletins, and logbooks. Conversation was most important to KS, explaining 19% of the variance. Factor loadings for the eight items ranged from 0.52 to 0.82. The second discernible factor was termed *Outside Arrangements*. This consisted of attending social activities, trade shows, industry gatherings, and training sessions organised by outside organisations. The third factor, *Hotel Arrangements*, covered workshops and discussion forums, skill competitions, and training programmes arranged by the employees' own hotels. The last factor was termed *Documentation*. This incorporated three media used primarily for storing knowledge: hotel computer systems, e-mails, and reading materials. Such storage media enable individuals to retrieve and transfer organisational knowledge.

Table 3. Results of factor analysis: communication media for KS ( $n = 198$ ).

Items	Factor 1	Factor 2	Factor 3	Factor 4	$\alpha$
<i>Factor 1: Conversation</i>					
Conversation with co-workers	0.823				
Conversation with superiors	0.801				
Your hotel/department bulletins	0.677				
Conversation with customers	0.674				
Conversation with junior staff	0.665				0.843
Any kinds of meetings	0.600				
Conversation with staff who work for other hotels	0.579				
Departmental logbooks	0.517				
<i>Factor 2: Outside Arrangements</i>					
Attending trade shows		0.778			
Social activities arranged by outside organisers		0.760			
Attending industry gatherings		0.759			0.832
Training programmes arranged by outside organisers		0.702			
Site inspection of other hotels		0.670			
<i>Factor 3: Hotel Arrangements</i>					
Workshops, discussion forums			0.729		
Social activities arranged by the hotel			0.629		
Training programmes arranged by your own hotel			0.560		0.722
SOPs			0.531		
Skill competitions			0.506		
<i>Factor 4: Documentation</i>					
The hotel IS				0.823	
Internet facilities, e-mails				0.790	0.728
Reading materials				0.527	
Initial eigenvalues	5.725	3.381	1.609	1.252	
% of variance	19.054	16.238	11.096	10.598	
Cumulative % of variance			56.986		
Kaiser-Meyer-Olkin measure of sampling adequacy			0.823		
Bartlett's test of sphericity					1650.76 ( $\sigma < 0.001$ )

Notes: Extraction method: principal axis factoring. Rotation method: oblimin with Kaiser normalisation.

### *The fits of the structure model*

The second subgroup ( $n = 301$ ) of the original data set was used for analyses of CFA and SEM.

### *Prior assessment*

Cronbach's alpha was calculated to examine reliability: for the entire questionnaire, alpha value was 0.91. Fornell and Larcker (1981) confirmed that an appropriate level of construct reliability is greater than 0.7, and 0.6 for exploratory studies. Cronbach's alpha values for the individual factors (see Table 4) were all higher than 0.7. This prior assessment of construct reliability achieved an acceptable level. The correlation matrix in Table 4 shows that four factors of communication media were moderately associated with KS and OE. To explore the simultaneous interrelationship among the above constructs within the SEM, the linear structure relationship programme was used.

Table 4. Reliability and correlation matrix.

	Mean	Standard deviation	$\alpha$	X1	X2	X3	X4	Y1	Y2
X1 Conversation	5.64	1.10	0.82	–					
X2 Outside Arrangements	2.34	1.16	0.82	0.26**	–				
X3 Documentation	4.70	1.56	0.73	0.33**	0.27**	–			
X4 Hotel Arrangements	3.65	1.18	0.74	0.33**	0.57**	0.21**	–		
Y1 KS	5.03	1.31	0.96	0.36**	0.29**	0.20**	0.28**	–	
Y2 OE	5.12	0.99	0.90	0.45**	0.33**	0.26**	0.40**	0.76**	–

Note:  $n = 301$ .

\*\*Significant at the 0.01 level.

### Evaluating the SEM

According to some diagnostic indices (Hair, Black, Babin, Anderson, & Tatham, 2006) of normed chi-squared ( $\chi^2/\text{degrees of freedom (df)}$ ), goodness-of-fit index (GFI), root-mean-square error of approximation (RMSEA), normed fit index (NFI), non-NFI (NNFI), and comparative fit index (CFI), the indices of the structural model ( $\chi^2/\text{df} = 2.337$ ; GFI = 0.82; RMSEA = 0.067; NFI = 0.93; NNFI = 0.95; CFI = 0.96) achieved a suggestive and adequate level of overall model fit, leading to an acceptable model (Browne & Cudeck, 1993; Chin & Todd, 1995; Baumgartner & Homburg, 1996). Standardised path coefficients are illustrated in Figure 2.

### Testing hypotheses

In Figure 2, the linear relationship between *Conversation* was statistically significantly related to the exogenous variable of *KS*. Gamma scores of *Conversation* with *KS* were 0.36; *t*-values were then examined and indicated a significant level. Thus, *H1* was confirmed. An examination of gamma coefficients showed a positive relationship between *Hotel Arrangements* and *KS*, at a non-significant level. Thus, *H2* was rejected. The SEM also indicated that *Other Arrangements* and *Documentation* did not contribute to the prediction of *KS* at a significant level, leading to rejection of *H3* and *H4*.

Overall, the *Conversation* type of communication media explained 23% of the variance in *KS*. *H5* predicted that *KS* positively contributed to *OE*, explaining 64% of variability, and was thus confirmed by the statistical analysis.

## Discussion

### Communication media for *KS*

Respondents were asked to report on how often they used each of a large number of possible media for sharing knowledge. A factor analysis (Table 3) showed that these media can

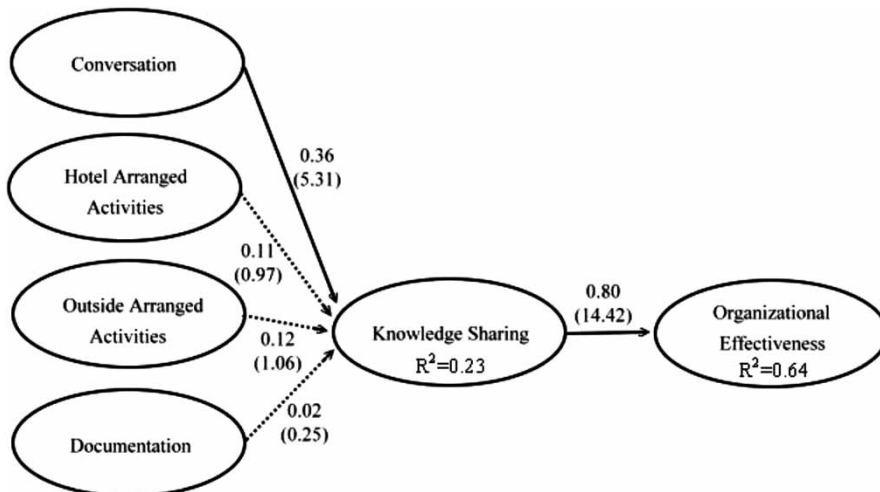


Figure 2. The SEM results.

Notes:  $n = 301$ . *t* values for standardised path coefficients are described in parentheses. Solid line: significant relationship; dashed line; non-significant relationship.

be grouped into four: *Conversation*, *Outside Arrangements*, *Documentation*, and *Hotel Arrangements*.

The *Conversation* factor showed that the most commonly used media involved conversations with co-workers, subordinates, superiors, staff working for other hotels, and customers (see Tables 3 and 4). These results were consistent with those of Hu and Racherla (2008), who found that people effectively using social techniques to conduct KS often spent a lot of time in conversation. McAdam and Reid (2001) also indicated that informal discussion was a favoured medium for sharing tacit knowledge. Similarly, Nonaka and Takeuchi (1995) indicated that social interactions are the most useful way to transfer knowledge from tacit to explicit forms. Conversations are likely to be a good way to do this; as noted earlier, employees believe that sharing should happen spontaneously. The present results indicate that managers should foster a workplace environment where friendly, open communication and trust stimulate and facilitate colleagues and subordinates to spontaneously share knowledge in conversation.

Conversation with *co-workers* was the most popular medium (Hung, Li, Pan, & Petrick, 2010; Jun & Cai, 2010; Chen & Cheng, 2011). In reality, many hotel managers focus on collecting information from customers, including food and beverage patrons, room guests and company suppliers, and may be prone to ignoring information and knowledge from internal customers. Many employees have extensive guest knowledge and/or prior employment with other hotels, a body of experience that is often overlooked. Managers should ensure appropriate opportunities for conversations with front-line employees. An informal discussion forum refers to an organisational mechanism that connects members with structures and systems. This mechanism should be easy for members to access in any circumstance. It may include physical approaches (e.g. networking, an opportunity for group members to brainstorm) and electronic devices (e.g. online chats, intranet). Such a forum aims to provide opportunities and equipment for members to access resources.

Activities organised by outside bodies, such as training sessions or social activities, may require participants to pay for themselves. Hotels normally do not finance attendance unless the event is considered particularly useful for organisational advancement. Consequently, employees may seldom take part in these events. The *Outside Arrangements* factor had the least use. Despite this, managers should encourage attending industry gatherings, trade shows, and site inspections of other hotels as these support KS across the industry.

Table 4 also illustrates that a less frequently used medium involved documentation, such as intranet and reading materials. SOPs were not included in this factor, because most of the hotels write SOPs in manuals.

Activities arranged by hotels were, as expected, used less, being conducted approximately quarterly or bimonthly. In particular, workshops, skills competitions, and training programmes were typically scheduled quarterly in these hotels, although departmental managers and supervisors ran on-the-job training once every week or 2 weeks, as noted by Yang and Wan (2004).

Some previous studies (e.g. Tsai & Ghoshal, 1998; Davenport & Völpe, 2001; Hu & Racherla, 2008) have indicated that social interaction may be preferred over more formal training programmes because it can effectively enable people to acquire and transfer not only explicit but also tacit knowledge. However, this study shows that the two social activities listed in the questionnaire had low mean scores, covering events arranged by hotels (3.65, see Table 4) or outside organisers (2.34). This indicates that social activities were less important than expected. The study of Yang and Wan (2004) showed that

employees may be wary of KS reducing the pleasure of social activities. Managers need to be careful about the use of social events for creating *communities of practice* (Yang & Wei, 2010). Informal and conversational opportunities appear to be sought more by employees. Such opportunities allow sharing of both tacit and explicit knowledge.

### **Structural model**

An important part of the theory of KM and IM, described in Figure 2, is the relationship among communication media, KS, and OE. Previous studies (Hung et al., 2010; Jun & Cai, 2010; Chen & Cheng, 2011) have proposed that *conversation* is an important medium for enabling people to share. This study supports those studies and demonstrates that *conversation* facilitated KS. Such sharing would reinforce OE, thence forth conducive to the delivery of quality as proposed by Stewart and Waddell (2008).

KS is generally an important practice in daily operations and, in particular, in the hotel industry, because a high employee turnover rate has been a serious issue around the world. This phenomenon has a negative impact: so-called *knowledge depreciation* or *organisational forgetting* (Argote, 1999). An organisation needs to build effective communication media or channels for employees to share what they know, and what they have learned from past experiences, for use in their present hotel and in other properties. This should result in improved individual job performance, enrichment of employee job capabilities, enhanced service quality, and the appropriateness of managerial decision-making, thus enabling hotels to develop an uncontested marketplace for their future success. This suggests that an organisation should nurture a free and creative atmosphere within a work group, allowing knowledge to be conveyed through every conversation.

Contrary to the developed hypotheses and much literature in business and management studies, networking activities arranged by hotels and outside organisations did not significantly predict KS. One possible explanation for this is that employees working in hotels prefer spontaneous sharing, rather than pre-organised activities, according to Yang's (2009) empirical research. Other reasons to be considered include whether employees are educated about the importance of KS, are encouraged to share, have sharing skills, have spare time during work to conduct such sharing, and recognise that sharing has already taken place. These issues may suggest that hoteliers should develop appropriate training programmes, whereby people could learn how to use social techniques to conduct KS. The programmes would result in OE (Hazlett et al., 2008; Chang & Huang, 2010).

Training programmes may present a similar problem, and social occasions may not be conducive to sharing task information. If this were the case in the present study, it might be because hotel-arranged activities in this population were not seen as particularly enjoyable, did not happen often enough for effective sharing, or because the nature of these events did not facilitate sharing of task information. It is important that researchers examine in more detail the varieties of social encounters that support KS, and consider whether differences in industry practices and national cultures may account for perceived differences.

The results of this study were somewhat inconsistent with the existing literature. For example, Yang and Wan (2004) in their qualitative study found that a documentation system was an effective practice in KS. Also Ku and Fan (2009) and Chong et al. (2010) proposed that IS could be effective in the KS process, but this study demonstrated that documentation did not contribute significantly to KS. It may be that the researched hotels did not sufficiently incorporate a sharing function in the hotel IS. Other possible

explanations include the idea that the system was too sophisticated for the respondents to use. Another is that, due to the *seasonality and variability in demand* nature of the hotel business, the respondents may have lacked spare time to use the system. Additionally, the respondents might be in favour of KS with a more social and interactive approach. Given these possible explanations, hoteliers might have concerns about whether establishing an appropriate documentation system is necessary, or would allow organisational members to apply it readily to KS.

### Implications

In the context of IM, transferring individual knowledge to organisations is an important but difficult task for organisations; after all, individual knowledge dwells in individual heads. Moreover, internal communication, one of the *promotion* components in IM, becomes more important than usual. This said, a company should open its organisational communication channels and provide someone who is able to show employees how to take part in solving the company's problems and customer-associated situations. This would satisfy customer needs and interests, and thus help to achieve customer satisfaction and repeat business.

In hotel operations, although this study showed that networking was not favoured by the respondents, organisations still need to establish networks by planning social interaction opportunities and simultaneously nurturing a supportive climate – with loyalty (upward tie) and trust (downward tie) – in the workplace. Because everyone is different, superiors should address the belongingness needs of the Maslow hierarchical model to motivate subordinates in KS. This would help to avoid the occurrence of *structural holes* in networks within the organisations.

With respect to training programmes arranged by hotels and/or outside the properties, employees should be invited to share what they have learned. Managers could organise training sharing opportunities, such as presentations in employee monthly gatherings, briefings between shifts, and the like. Additionally, to maximise KS, managers could motivate employees to present all materials given from the training programmes and/or workshops and then update internal documentation accordingly.

This study also indicates that hoteliers should build more efficient and effective communication approaches that take into consideration organisational routines and employee duties, and that motivate employees to gather job-associated knowledge from disparate locations and sources within the workplace and industry generally.

### Conclusions

This study statistically concludes that the more the conversation medium is used for KS, the greater the organisational competitiveness. This strongly emphasises that the promotion component of the IM concept plays a dominant role in organisational KS. Despite findings showing that the respondents were less keen to apply the networking technique for such sharing, the study still proposes that, first, when an organisation arranges social activities, it should aim to foster interpersonal relationships among employees. Second, formal training sessions should be conducted more frequently, thereby facilitating a rapid sharing process. Finally, the study indicates that further in-house education to build an awareness of sharing behaviour is definitely required.

In the context of IM theory, this study proposes that the departments of marketing, HR, and operations have to cooperate (the *service management trinity*) to develop IM



campaigns that nurture individual sharing behaviour. The findings indicate that the campaigns could associate conversation with social interactive opportunities. The effective KS implementations enable employees to access the job-related knowledge they require to provide high-quality customer service. These sharing behaviours should ensure that marketing plans and strategies are effectively carried out within organisations. That is, management executives have to concentrate on the internal market as well as the external market.

This study reinforces previous studies by demonstrating that KS contributes significantly to OE. Additionally, the conversation component is confirmed as an approach to KS, which is itself an outcome of OE. Finally, with respect to academic knowledge, this study presents some points that contradict the existing literature by revealing that organised networking activities were less favoured for KS in this Chinese setting, perhaps because the respondents preferred to share spontaneously.

Finally, under the IM umbrella, how marketers incorporate KM into the marketing concept is important. With the study of marketing discipline, how the concept of KM can be integrated into the IM notion is an empirical, perhaps a critical, research question; after all, the former concepts are derived from the field of management. Future study will also need to give greater attention to potential IM problems and difficulties for service industries as they compete with other firms in the knowledge era.

It should be acknowledged that this study has some limitations. First, because a convenience sampling methodology was used for data collection, this may lead to concern regarding generalisability of the study. Second, because of the cross-sectional study of a sample of hotel employees, participant self-reporting bias needs to be acknowledged.

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