

# What separates a temporary organization from permanent management essay



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This chapter consists of the theoretical framework in which the variables that have been introduced in the previous section will be introduced. This elaboration of the concepts will be used to draw the hypotheses of the thesis. But first, an overview of temporary organizations and the consequences it has considering the research' variables will be presented.

## **2. 1 Temporary Organizations**

Temporary organizations, projects and teams represent an important part of economic and social life today. In some industries, like the Dutch shipbuilding industry, a temporary organization is the regular method of doing business. Cambré, Bakker & Keith (2009) define temporary organizations as “ groups of permanent organizations collaborating towards the accomplishment of a joint task with the duration of the collaboration explicitly and ex ante fixed, either by a specific date or by the attainment of a pre-defined state of condition”.

Temporary organizations are usually working on non-routine, skilled projects, such as developing a new product or information system. A requirement of a temporary organization for being legislated as an independent entity is that the same task is not being attended to by someone else in the same way at the same time. During this unique assignment the members usually have other “ homes” which means that the team is dependent on other organized contexts besides the current temporary organization.

## **2. 1. 1 What separates a temporary organization from a permanent one?**

According to Saunders and Ahuja (2000), ongoing organizations are different from temporary organizations in two ways. First, members are aware that the teamwork itself will be recurrent and interaction with team members will be of an enduring nature. Second, permanent organizations are concerned with long-term efficiency of the processes and with accomplishing an effective durable outcome. Temporary organizations, on the other hand, are primarily concerned with accomplishing the goal of the current task.

Although there is time pressure in completing these tasks, there is no expectation of future interactions with the same team.

Lundin and Söderholm (1995) identified four concepts – time, task, team and transition – that separated a temporary organization from a permanent one.

In short, temporary settings have a time limitation, they are assigned to a project specific task in which several organizations bring their own expertise and members, it has a certain level of complexity and has the aim to develop or change the current situation. The time, task, team and transition aspects of the temporary organization are related to each other. This is of course obvious. The definition of a task may put limits to time. Likewise, time limits may impede certain tasks. Task definition also implies expectations about transition and team size etcetera. The one influences the other and the other way around. Therefore it can be said that every temporary organization is a complex entity.

Within this research context, only the time aspect of temporary organizations is likely to have a different influence on the knowledge transfer outcomes compared to the other characteristics of temporary organizations.

## Time

Time is the most important concept that differentiates a temporary organization from a permanent one. Time is therefore fundamental to understand the temporary organization. Crucial problems of time within a temporary setting include uncertainty, trust issues, conflict resolution and weak ties among members. It is not within the aim of this research to deepen into each single aspect of these problems. Only the characteristics of time on the concepts of this research will be relevant. Therefore, first the influence of time in temporary organizations on the group interaction will be discussed, and second the influence of time on knowledge transfer will be introduced.

### **2. 1. 2 The influence of time pressure on group interaction**

As been said, the most important feature of a temporary setting is the time pressure. It is therefore interesting to see what the literature says about the effect of this pressure on group interaction and performance. The Attention Focus Model of Kelly & Loving (2004) integrates the prior research on time pressures with recent research on group interaction and performance. The basic principle of this model is that time limits connected with a certain task influence the focus of the group: when a group experiences time pressure, they will focus on different elements of the environment than they would have if such time pressure was not present. This result in a different

perspective of the goals, which in turn changes the way people interact with each other and process information. The main effect of time limits is an increase in the focus to task completion. In absence of such time pressure, significantly more focus is placed on interpersonal interaction. Thus, it can be said that temporary organizations have less interpersonal interaction and are more concerned with efficiency. This leads to certain communication issues with regard to knowledge transfer. The next section will elaborate on these difficulties.

### **2. 1. 3 Knowledge transfer in temporary organizations**

First of all there has been explained what a temporary organization is characterized, second there has been outlined how time pressure negatively affects group interactions. Next, it becomes interesting to look at the possible influence a temporary setting can have on knowledge transfer between partners within the Dutch shipbuilding industry. The following section will therefore outline factors that can block or make it difficult to transfer knowledge in temporary organizations.

As mentioned earlier, permanent work practices and temporary work practices have different characteristics. Hence, it can be expected differences in how knowledge is transferred and integrated. Regarding this, Ajmal & Koskinen (2008) identified the following three road blocks to knowledge transfer in temporary settings:

1. The existence of significant social and cultural barriers to knowledge transfer. These are things such as: lack of openness and trust, no tolerance of failure, blame culture etc.

2. Lack of motivation (or incentives) to undertake project reviews.
3. Lack of leadership that accords enough importance to developing the organization's knowledge base.

Tell & Söderlund (2001) identified two more factors that make knowledge transfer more difficult in temporary settings as compared to permanent ones. First, the strong focus on project tasks leads to a learning that is primarily local and thus the intention of sharing slinks. Second, the difficulty in establishing deeper relationships makes knowledge integration complex since the project duration is limited, which in turn affects the willingness and possibilities to knowledge transfer between individuals.

Because of the fact that permanent teams do provide an opportunity to develop social relationships through the repeated exchanges over time, they are likely to be more fulfilling than temporary teams (Saunders & Ahuja, 2000). Temporary teams focus their attention on the task-related interaction rather than social interaction (Kelly & Loving, 2004), which explains why they are less fulfilling than permanent teams. In the long run, development of trust based on interaction and experience is necessary. In essence, it is suggested that ongoing teams have the time needed to develop roles and norms, establish deeper trust, develop communication patterns, and resolve sources of deep-lying conflict. Therefore it is questionable whether knowledge transfer can be successful in the temporary organizations of the Dutch shipbuilding industry.

Relationship distance refers to the duration and quality of the experience that the source and recipient have working together. In different kinds of <https://assignbuster.com/what-separates-a-temporary-organization-from-permanent-management-essay/>

studies (Byrne, 1971; Lane & Lubatkin, 1998; Dinur et al., 1998) this is showed to be an important parameter for the amount of knowledge that people are willing to transfer. Relationship distance is likely to negatively affect the knowledge transfer process. Besides relationship distance, lack of experience between collaborative partners can also impact the knowledge transfer flow (Lei and Slocum, 1992). Simonin (1997) found supporting empirical evidence which proved that when parties have worked together before, and have knowledge transfer experience with each other, the working competences grow stronger and future knowledge transfer is more likely to happen. The argument is that when partners have exchanged knowledge in previous assignments, they develop social bonds that allow them to better access the tacit knowledge that may only become accessible through the use of experiential interactions between the parties (Hansen, 1999). Thus, the depth of experience of the parties in transferring knowledge is critical to the knowledge transfer success. It is ofcourse possible that partners within temporary organizations do have working experience with each other, or that the relationship distance between partners shows to be small, but overall it is more likely that within a temporary organization, working experience and organizational distance between individuals are less developed then in permanent organizations and thus, knowledge transfer is less likely to occur.

There are more factors that do make it more difficult to transfer knowledge in temporary organizations. For example, temporary organizations are dispersed when a project ends which makes it difficult to develop steady routines that maximize knowledge flow and capture learning. Creating,

transferring, and sharing knowledge is therefore a central challenge in temporary settings (Karlsen & Terjen, 2004). Knowledge that is generated in the course of a temporary organization is at risk of being forgotten as soon as the organization is dissolved and members are assigned to a different task (DeFillippi and Arthur 1998). Also because of the focus on deadlines, the culture of temporary organizations leaves almost no time to reflect and evaluate on previous assignments (Hobday 2000; Brady and Davies 2003). Add to this that members of temporary organizations within the Dutch shipbuilding industry have most likely (1) different skills, (2) other corporate cultures, and (3) diverse skills and expertise, it is safe to say that these settings do not provide the optimal environment for knowledge transfer between individuals. Therefore, it can be acknowledged that it is more difficult to develop knowledge transfer flows and reach knowledge transfer outcomes in the temporary organizations of the Dutch shipbuilding industry.

This chapter tried to give a preliminary introduction on temporary organizations and the influence of time pressure on knowledge transfer. The next chapter will elaborate on the variables that will be used in this research; the effect of knowledge transfer on knowledge transfer outcomes. The concept knowledge transfer will be measured by the variables media richness and frequency of communication. There has been chosen to integrate the influence of temporariness on the variables of this research together with the introduction of these variables.

## **2. 2 Variables**

The concepts and variables that will be used in this research are outlined and elaborated upon during the following section.

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## **2. 2. 1 The concept Knowledge Transfer**

This research will be measuring the effect of knowledge transfer on the outcomes it produces for the individuals within the temporary organization of the Dutch shipbuilding industry. Knowledge transfer will be seen as an information process; the extent to which people share knowledge by communicating with each other and use this knowledge. This section will focus on knowledge transfer to get more insight and depth about what exactly is meant by knowledge transfer in the context of this research. First of all, an introduction about knowledge is presented.

### Knowledge

Knowledge can make the difference for creating a sustainable competitive advantage. Knowledge is important in the sense that it has the ability to gain competences which have the potential to become a dynamic capability. Dynamic capabilities are an organization's abilities to develop and change competences to meet the needs of rapidly changing environments (Eisenhardt & Martin, 2000). Knowledge is in that sense a principle resource in creating value. Therefore, the possession of knowledge is one of the most important resources a firm can own which makes the issue of transferability of that knowledge critically important (Grant, 1996).

But before we will make the jump to the transferability of knowledge, a bit more body will be given to the knowledge concept. Knowledge is a fuzzy and abstract definition that keeps the philosophers and scholars busy for several decades now. Maybe the earliest definition of knowledge is the one of Plato: "knowledge is a justified true belief." Another definition of knowledge is "

information in action” (O’Dell and Grayson, 1998). Information is indeed the fundament of knowledge, but also clearly distinct from each other. According to Nonaka and Takeuchi (1995), information is the “ flow of messages”, and knowledge is created when this flow of messages interacts with the beliefs and commitments of its holders. Knowledge can therefore be seen as ‘ information combined with experience, context, interpretation, reflection, intuition, and creativity’ (Chew and Gottschalk, 2009).

The following definition of knowledge will be used in this research: “

knowledge can be seen as the capacity, embodied in the brains of people and embedded in social practices, to interpret information, transforming it into fresh knowledge” (Davenport and Prusak, 1998).

This means that knowledge can be communicated through social interactions. The dissemination and interpretation of this information is the important process. Thus, knowledge enables people to interpret meaning from data which makes it individually and transferable by communication processes. Therefore, knowledge and its transferability will be seen as a communication process between individuals.

### Knowledge transfer

In today’s business environment, competitive advantage increasingly requires the open sharing of knowledge by organizational members (Villadsen, 1995). Knowledge is recently more and more seen as the most important resource a firm can own. But knowledge on itself is quite fuzzy, abstract and hard to capture. The management of knowledge has therefore become an important process to deal with. But the question rises, to what <https://assignbuster.com/what-separates-a-temporary-organization-from-permanent-management-essay/>

extent can knowledge be managed? Because in the above section it is argued that knowledge transfer is seen as a communication process. But it is considered to be more than just that. If it were merely a communication issue, then a simple telephone call or meeting would accomplish the successful transfer of knowledge. But knowledge transfer is more complex because knowledge resides in organizational members, tools, tasks, and their sub networks (Argote & Ingram, 2000) and much knowledge in organizations is tacit or hard to articulate (Nonaka & Takeuchi, 1995). Individuals even often don't know which knowledge they possess and to what extent they are able to communicate certain capabilities and skills. This makes the transferability and management of knowledge an extremely complex - but important - process which explains the recent attention it receives in the literature.

A very general definition of knowledge transfer can be defined as " how knowledge acquired in one situation applies to another" (Singley and Anderson, 1989). When looking at knowledge in the organizational field however, it can be argued that knowledge exists at multiple levels within organizations. De Long and Fahey (2000) divided them into individual, group, and organizational levels:

On the organizational level, knowledge transfer is the extent to which knowledge can be harnessed, shared, and integrated among different parts of an organization (Grant 1996). Such internal sharing of firm-specific knowledge, though difficult for others to imitate, is an important source of competitive advantage (Tsai, 2002).

On the group level knowledge transfer can be seen as “ the process through which one unit (e. g., group, department, or division) is affected by the experience of another” (Argote and Ingram 2000).

This research will focus at knowledge transfer on the individual level. Lam (2000) defined individual knowledge as “ that part of an organization’s knowledge which resides in the brains and bodily skills of the individual”. It consists of all the knowledge owned by the individual that can be applied independently to specific types of tasks and problems. “ Because individuals have cognitive limits in terms of storing and processing information, individual knowledge tends to be specialized and domain specific in nature” (Lam, 2000).

The literature often uses knowledge transfer and sharing simultaneously from each other. There has to be noted though, that there is a difference in knowledge transfer and knowledge sharing. Knowledge sharing is basically the act of making knowledge available to others within the organization. Knowledge transfer between individuals is the process by which knowledge held by an individual is converted into a form that can be understood, absorbed, and used by other individuals (Ipe, 2003). This will be the focus of the research. Not only must knowledge be made available, an individual must also implement the available knowledge into its own skills and capabilities.

Since the literature suggests that key aspects of knowledge transfer are knowledge movement and the application of knowledge, this study captures both of these ideas by defining knowledge transfer as:

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## **The communication of knowledge from a source so that it is learned and applied by a recipient**

**(Ko et al., 2005).**

This definition captures the most important concepts of knowledge transfer which are applicable to this research; a communication process between individuals that consists of both learning and application. Knowledge transfer as a communication process will be measured by two variables, namely the how and frequency of communication. The how is the level of media richness possessed by communication modes during interactions between individuals and the frequency is the frequency of interaction between the individuals within the temporary organization. Before these two independent variables will be introduced, there will be continued with the dependent variable of this research, knowledge transfer outcomes.

### **2. 2. 2 Dependent variable: Knowledge transfer outcomes**

What exactly is meant by knowledge transfer outcomes in this research? In this research, knowledge transfer refers to the knowledge from an individual that is being communicated and implemented into the knowledge base from another individual. Knowledge transfer outcomes are in that sense new knowledge outcomes (skills, capabilities, competences) that an individual gains through interaction with partners within the temporary organizations of the Dutch shipbuilding industry. Therefore it can be argued that knowledge transfer outcomes have much to do with innovation on the individual level. Therefore, literature from the innovation field is borrowed in the upcoming theoretical framework on knowledge transfer outcomes.

There have been conducted several empirical studies that measure the effect of collaborations among firms on the innovation success. For example, Powell et al. (1996) found that the antecedent of innovation in the biotechnology industry was the network, not the individual firm. Patents were typically filed by a large number of individuals working for a number of different organizations, including biotech firms, pharmaceutical companies, and universities. Other empirical studies found direct benefits for firms that participate in a knowledge transfer network (Bond et al., 2008). These benefits include increased patent rates among biotech firms (Owen-Smith & Powell, 2004) and improved innovation output among chemical firms (Ahuja, 2000). These evidences support the argument that inter-organizational alliances do benefit knowledge transfer outcomes. It is therefore argued that firms that are not able to position themselves in a network, are having a disadvantage in innovative capabilities (Powell, 1996). Following this line of reasoning, it can be acknowledged that temporary organizations have a great potential in innovative outcomes because they do provide members of different organizations collaborating with each other. This is in line with Dyer & Sing (1998) who argue that the firm's alliance partners are the most important source of new ideas and information that can result in innovation.

When measuring innovation outcomes, or in this research, knowledge transfer outcomes, there are multiple ways of doing so. There are short-term measurements available like for example revenue growth, profit or mission impact, and long-term measurements such as increase in competitive position or market share, or even the ability to influence consumer perceptions and market behavior. These measurements however, are all

focused on the organizational level of innovation which is not the focus of this study. This study will measure the knowledge transfer outcomes for individuals within the temporary organization. Information is the fundament of knowledge and that it is a resource that is possessed by individuals. Thus, interaction between individuals is the critical process in creating new knowledge. This leads to Nonaka (1994) who argues that interaction between individuals within groups, can contribute to the development of new knowledge. Thus organizations cannot create knowledge without individuals, and unless individual knowledge is shared with other individuals and groups, the knowledge is likely to have limited impact on organizational effectiveness. The interaction of knowledge among individuals is thus the instrument for knowledge transfer (Pierce 2002) to gain some sort of innovative outcome.

Following the line of reasoning of Nonaka, it can be argued that the success of knowledge transfer is dependent on the relationships of the participants within the temporary organizations of the Dutch shipbuilding industry. Argote (1999) and Darr & Kurtzberg (2000) both argue that on the individual level, knowledge is taken to be transferred when learning takes place and when the recipient understands the mechanism and implications associated with that knowledge so that he or she can apply it. Therefore, knowledge transfer outcomes refer to the creation or improvement of practices, knowledge, skills and procedures till the point that the receiver is able to implement the received knowledge in their own knowledge base for future usage.

At the individual level of knowledge value creation, Lowendahl et al. (2001) identified three types that can be distinguished from each other: know-how, <https://assignbuster.com/what-separates-a-temporary-organization-from-permanent-management-essay/>

know-what, and dispositional knowledge. Know-how included experienced-based knowledge that is subjective and tacit, know-what included task-related knowledge that is objective in nature and dispositional knowledge was defined as personal knowledge that included talents, aptitude, and abilities. So individuals can gain experienced-based, task-related and personal knowledge.

In the field of knowledge transfer several approaches are used to define knowledge transfer outcomes. Grant (1996) defines knowledge transfer outcomes as " the creation of new knowledge, the acquisition of existing knowledge, and storage of knowledge." Bond et al. (2008) puts knowledge transfer outcomes in a wider scope by involving " the entire range of technology knowledge innovation, from basic science knowledge to specific processes, skills and product solutions." Bartol and Srivastava (2002) refer to knowledge transfer outcomes as ' new results that are derived from individuals sharing organizationally relevant information, ideas, suggestions and expertise with one another'. Cummings (2003) defines knowledge transfer outcomes as the degree to which a recipient obtains ownership of, commitment to, and satisfaction with the transferred knowledge. Another approach focuses on the degree to which knowledge is re-created within the receiving actor (Nelson, 1993).

In line with the former definitions and literature overview, the following individually focused definition on knowledge transfer outcomes will be used in this research:



**New or improved, practices, procedures, knowledge, competences and skills that are acquired by an individual which he/she is able to apply.**

### **2. 2. 3 Independent variable one: Media richness**

Now that the concept knowledge transfer has been outlined together with knowledge transfer outcomes, it is time to introduce the two independent variables that measure knowledge transfer. This section will introduce the first independent variable, media richness. As been said, knowledge transfer is seen as a communication process which is measured by the how (media richness) and the frequency (frequency of interaction) of communication. This section will evaluate the how, the level of media richness used in communication between the participants of the temporary organization. The Media Richness Theory is a frequently used concept in the communication literature. In this section will be explained why this communication feature is important when considering knowledge transfer and its outcomes. Thus, the theoretical relationship between media richness and knowledge transfer outcomes will be discussed. Also the connection of media richness in the context of temporary organizations will be made.

#### Media richness and knowledge transfer

Technology allows individuals to communicate with others in other ways besides the traditional face-to-face contacts. However, the chosen communication mode does not always show to be the most appropriate for the receiver or the message. The media choice by the sender is likely to affect the manner in which the receiver processes the message (Freitag & Picherit-Duthler, 2008). According to Daft and Lengel (1984), in order to have

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efficient communication, one must beware of the medium that is being used to transfer knowledge because every communication mode has a different level of media richness. The level of media richness is important when considering knowledge transfer because it decides to what extent a communication mode has the ability to reproduce the information that is being sent over (Daft and Lengel, 1986). This ability is one of the crucial factors that explain the outcomes of knowledge transfer.

Media richness relates to the amount and variety of information flowing through specific communication media. The goal of knowledge transfer is to shape mutual understanding between sender and receiver. Information richness relates to this principle and is the basic belief of media richness theory. It is defined by Daft and Lengel as “ the ability of information to change understanding within a time interval” (Daft & Lengel, 1986). Creating understanding through communication is the essential process for knowledge transfer outcomes. Therefore, the Media Richness Theory is useful in the context of knowledge transfer and will be explained in the next paragraph.

### The theory

Daft and Lengel were the pioneers in researching the media richness concept and proposed a first theory, the Media Richness Theory. Four criteria define the media richness of communication modes: (1) speed or immediateness of feedback, (2) the number of cues and channels that are available, (3) personalness of source (the extent to which the intention to communicate is focused at the receiver), and (4) richness of language.

Modes of communication that are able to transfer and clarify issues that are multiple interpretable (ambiguous issues) in a relatively short time range are considered rich and have the ability to transfer tacit knowledge. Tacit knowledge is difficult to transfer to another person by means of writing it down or verbalizing it. Therefore, rich communication modes are better suitable for transferring tacit knowledge. Communications that take a longer time to create understanding to the receiver are less rich. These communication modes are on the other hand suitable in transferring codified knowledge. For example, an email will not be able to reproduce visual social cues to transfer tacit knowledge, but is able to transfer codified knowledge because codified knowledge is easily transferable information and can be transmitted through information technologies. In this perspective, face-to-face meetings contain high media richness and email contacts contain low media richness. Pape (1997) supports this in his research by observing that participants in organizations use fax, e-mail or memos over their organization for disseminating information, but use face-to-face meetings or videoconferencing for decision-making tasks.

The basic idea of the theory is that task performance will be improved when task needs are matched to a medium's ability to convey information (Daft & Lengel, 1986). Lean media, such as fax and e-mail, are appropriate for tasks that are low in ambiguity (it cannot be interpreted in more than one way), but that richer media, such as face-to-face meetings and video conferencing, are needed for communications where there are ambiguities and subtleties of meaning. In short, the theory states that the more ambiguous and uncertain a task is, the richer format of media suits it. In general this means

that the greater social presence of a medium creates a greater immediacy and warmth of the communication. Therefore, richer media will have significantly positive impacts on dyad and group communication that are based on complex tasks like the Dutch shipbuilding industry.

Daft and Lengel (1986) also argue that when participants' task-relevant knowledge is high in complex situations, richer media will be more appropriate than lean media. It can be assumed that participants of the temporary organizations in the Dutch shipbuilding industry have high task-relevant knowledge. Therefore it can be assumed that high levels of media richness in the communication between the participants of the temporary organizations will lead to high levels of communication outcomes.

However, it would be too simplistic to argue that when only rich media is used between partners, knowledge transfer outcomes will always be higher. To gain knowledge transfer outcomes, it would be more logical that communication modes need to transfer both tacit and explicit knowledge when aiming for knowledge transfer outcomes. Therefore it would be better when communication between individuals contains both rich and lean communication modes so that tacit, as well as codified knowledge is being send over. When communication consists of communication modes that are only able to transfer tacit, or only codified knowledge, this would limit the knowledge transfer outcomes. Thus, when considering that knowledge transfer between individuals of the temporary organizations need both tacit and explicit knowledge transfer, the following hypothesis arises:

## **Hypothesis 1:**

**The more variance in the level of media richness of the communication modes is used during interactions between individuals of the Dutch shipbuilding industry, the higher the level of knowledge transfer outcomes.**

Practical constraints in media selection

This paragraph will present an overview of certain constraints that create criticism on the media richness theory. As been said, richness theory is about communication effectiveness that is influenced by matching the media capabilities to the characteristics of a task. The media richness theory also suggests th