

# Moderating Effects of Organizational Justice to Knowledge-based Psychological Ownership and Knowledge Sharing

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**Abstract:** On basis of literatures, this paper analyzes the relationship between knowledge-based psychological ownership and knowledge sharing, arguing knowledge-based psychological ownership could constrain Knowledge Sharing behavior. Then, Organizational Justice is introduced to discuss the moderating effects to the aforementioned relationship through modeling, concluding that the employee's positive perception of organizational justice could reduce the constraints of knowledge-based psychological ownership to knowledge sharing, on which solutions are suggested to relieve the conflict between individual knowledge protection and organizational knowledge sharing.

**Key Words:** Knowledge-based psychological ownership; Knowledge sharing; Organizational justice; Moderating effects

## 1 Introduction

Along with the advent of knowledge-economy era, knowledge is forming the core competitiveness for any enterprise. Knowledge Sharing has been regarded as a necessary way to obtain knowledge for an individual and to innovate new knowledge for an organization. Through the concept of Knowledge-based Psychological Ownership (KPO), this Paper attempts to analyze how to enforce Knowledge Sharing in an organization from the view of organizational justice.

Psychological Ownership was initiated by Pierce, Kostova & Dirks<sup>[1]</sup> in 2001, which emphasizes the feeling of possession to a target. Then, Van Dyne, Bao Shengxiang, etc. applied the concept to the field of organization (as the target) research, developing the explanation and prediction of employee's work behavior and performance by the Psychological Ownership for organization. In 2007, CAI Xinyu<sup>[2]</sup>, for the first time, extended the concept to the domain of the knowledge management. This Taiwanese scholar defined Knowledge-based Psychological Ownership (KPO) as a feeling of possession to the knowledge that an employee obtains and develops from his working experiences, and analyzed the impact of KPO to Knowledge Sharing by setting knowledge Sharing Perception as the interference variable. So, KPO, a fairly new area for study, deserves close attention.

As to the research of Knowledge Sharing, since the end of 1990's, some scholars have discussed the content and process of Knowledge Sharing (Nonaka & Takeuchi, 1995<sup>[3]</sup>; Hendriks, Cordey-Hayes, etc.), while Davenport & Prusak analyzed the influencing factors such as individual, environment and knowledge features to Knowledge Sharing. On the entire basis, the research of Knowledge Sharing has been further deepened into the motivation mechanism to Knowledge Sharing, the intermediary variables of the Knowledge Sharing process model and the relationship between Knowledge Sharing and organizational performance.

Organizational Justice is a traditional subject of the Organization Behavior research, mainly focusing on the employee's organizational behaviors in terms of the justice perception. Earlier research emphasized the distributive justice (Adams, 1965<sup>[4]</sup>), subsequently the researches on procedural justice (Thibaut & Walker, 1975<sup>[5]</sup>) and interactional justice (Bies & Moag, 1986<sup>[6]</sup>) refine the understanding of the structural dimensions of Organizational Justice. Both literatures and practices have confirmed that Organizational Justice could improve an employee's attitudes, behaviors and performances at work. Therefore a steady interest has been sustained in this field.

To simplify, since the theoretical framework of KPO has not yet been fully constructed at this stage, undoubtedly its impact on knowledge sharing would be a new topic; while integrating the topic with Organizational Justice could be an innovation to knowledge management and an enhance to the classical Organizational Justice theory.

## 2 The Relationship between KPO and Knowledge Sharing

### 2.1 The content and formation of KPO

KPO derived from the concept Psychological Ownership, defining the feeling of possession to the knowledge that the individual has learnt through the accumulation of working experience and that could

satisfy one's fundamental wants and that could also affect one's working performance. KPO makes the individual psychologically hook onto some specific knowledge and regard it as the extension of ego and then attain the senses of security, efficacy and esteem from it. For example, an employee could feel secure because he gain some techniques to be qualified for his position; again, a person would feel pleasant for his own capabilities when he could solve some working problems through controlling or manipulating his knowledge; furthermore, an employee could also make strong sense of superiority while he has been widely appreciated or respected in a group due to his specified knowledge.

The knowledge hooked up to KPO, normally is the tacit part based on rule of thumb and intuition judgment, such as experiences, insights and professional techniques and know-how. Hence KPO could be formed by the three ways:

(1) Input to Knowledge

In the process that one is learning then taking some knowledge, one has to input certain amount of money, time and energy at first place; then only through induction, conclusion and practice, would the knowledge be internalized as part of personal experience and know-how. The process makes one a strong sense of input to the knowledge, forming KPO generally.

(2) Familiarization of Knowledge

Some knowledge or techniques would be familiarized by an employee on constant repetition; this knowledge normally is associated with and also fundamentally important to one's working routines, forming KPO easily.

(3) Domination to Knowledge

If an employee has to frequently execute some specific knowledge in his working routine, he would independently dominate the knowledge through internalization and optimization. For instance, one might refine the generalized knowledge to the particular techniques or experiences to meet the organization's particular requirements, or one could adjust or optimize some management measures which are not able to adapt to the changing internal and external environments. The domination to the knowledge makes the sense that the knowledge is under one's control, producing KPO itself.

## 2.2 The definition and motivation of knowledge sharing

For an organization, Knowledge Sharing is a process to organize its members to exchange the job-related information and experience, accordingly increase the organization's knowledge through two-way exchange and feedback.

Knowledge Sharing normally is motivated either by physical reward or spiritual satisfaction. On one hand, an individual could share knowledge with other colleagues in the organization for such physical rewards as payments and benefits. In this case, he would compare the earning from knowledge sharing with its cost: it is obvious that the cost could be escalated if the organizational climate is filled with the information asymmetry, opportunistic practice and lack of trust, which in fact could deter the members from sharing knowledge; by contrast, remuneration and promotion could be borrowed to simulate employees to participate knowledge sharing once they feel that the earning overtake the cost, improving the overall benefits for the organization as well. On the other hand, an employee does not always try to maximize his physical rewards in the exchange, he is also willing to share knowledge with others for mutual developments, respects and recognitions on the basis of trusts as a matter of fact. In the process for spiritual satisfaction, the individual would be induced by the irrational thinking such as organizational commitment or organizational citizenship behavior, treating Knowledge Sharing as his responsibility for the corresponding organization. He might hardly take physical rewards into accounts, but expecting more intrinsic rewards, for example stronger sense of belongings, organizational trust, professional growth-up.

## 2.3 The negative effects of KPO on knowledge sharing

Once some employees have the feeling of KPO, Knowledge Sharing inside the organization would be impeded by the factors as follows:

Firstly, in the shadow of KPO, an employee would subjectively divide knowledge into sections, feeling some section is possessed by himself. The feeling of ownership to knowledge goes totally against to the nature of knowledge sharing which emphasizes knowledge can freely flow from the 'owner' to the demander who might create new knowledge through assimilation of the take-in knowledge as his own part. So, an individual with KPO would refuse to share core knowledge with others to avoid the decline of possession to the knowledge, instinctively rejecting knowledge sharing.

Secondly, the knowledge referring to KPO is not the normal kind, but some kind of 'tool' that could satisfy the employee with the demands of security, efficacy and esteem. Currently, in an organization,

usually an employee is not only evaluated but also rewarded (both physically and mentally) by his differentiated and specified knowledge. After formation of KPO, one would clearly feel that knowledge sharing could pose a threat to oneself so that he may lose competitive edge, security and esteem in the organization. To avoid and reduce the risk in knowledge sharing one might try every shift to protect the core knowledge (including experience and techniques), but not to share it without reservation.

Thirdly, as a feature, the knowledge forming KPO usually is tacit, highly individualized but difficult to be documented, it has been gradually produced through the individual's input, dominance, hardworking. Even though showing indifference to personal gains or loss, for knowledge sharing the 'owner' still should put quite a lot of time and energy to make feedback with the taker and to deliver the unutterable experience to the taker in the understandable and duplicated form. What's worse, the efficiency in the process could be discounted, consequently the 'owner' might easily lose his passion to Knowledge Sharing.

To sum up, KPO could constrain knowledge sharing, and the stronger sense of KPO, the less willing to share knowledge.

### **3 The Moderating Effects of Organizational Justice to KPO and Knowledge Sharing**

#### **3.1 The definition and dimensions of organizational justice**

The term Organizational Justice is defined as an individual's (or a group's) perception of fairness in an organization. The different components effecting the perception constitute the dimensions of Organizational Justice. Commonly, Organizational Justice is a three-dimensional structure: distributive justice, procedural justice, interactional justice. Distributive justice always attracts the most attention in Organizational Justice, which means that the outcomes of resource allocation give the employee an impression that his gains match his inputs, and also reasonably match when comparing his own ratio of input to outcome with other's ratio in the organization. Since resource distribution meets people's fundamental demands, distributive justice can not be substituted for other motivations. Procedural justice concerns the fairness of the decision processes that lead to outcomes, and involves whether the decision procedural, process control, dispute settlement mechanism is fair, open, consistent, reasonable or not, and whether the employees are provided any ways to participate the decision making or not. Interactional justice refers to the fairness of treatment an individual receives in distribution-related decision making and implementation. If the decision-makers could have positive responses to the employees with integrity, respect and consideration when delivering distribution decision, despite distributive injustice sometimes, organizational commitment from the staff could also be expected. In the culture background that Chinese people weigh more on social relationship than on physical rewards, the equal communication between the decision-makers and employees could play its role, which might overtake distributive justice itself.

#### **3.2 The moderating effects of organizational justice**

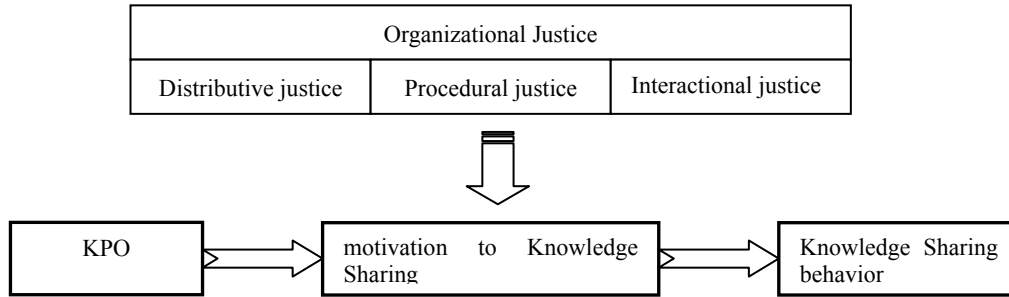
Psychologically, behavior is induced by motivation, thus in formation of Knowledge Sharing behavior, motivation to Knowledge Sharing should be the antecedent dependent variable of Knowledge Sharing behavior, where Organizational Justice between KPO and Knowledge Sharing plays its part by moderating the motivation intensity and then affecting the sharing behavior. Here Figure 1 is the model showing Moderating Effects of Organizational Justice to KPO and Knowledge Sharing.

Subject to the three-dimensional Organizational Justice, how the three dimensions respectively moderate the KPO and knowledge sharing is analyzed as below:

##### **(1) The moderating effects of distributive justice**

As mentioned above, KPO undermines Knowledge Sharing behavior in an organization, however, motivation to Knowledge Sharing could be triggered if the organization is able to ensure distributive justice through necessary measures. Since distribution outcome is to meet employees' basic demands for living and security, its very physical feature could be hooked up with the motivation to Knowledge Sharing for physical rewards. If the individual who has perceived KPO feels physical rewards of knowledge contribution to the organization outweigh the cost in the knowledge sharing, he will think it is worth and fair with respect to cost and outcome; furthermore, he may compare his own ratio of input to outcome in Knowledge Sharing with other's ratio, if still satisfy the comparison results, fairness could be concluded from the lateral comparison. Then, the individual would firmly trust that he could have reasonable compensations for his Knowledge Sharing, which would ease his anxiety and dissatisfaction resulted from the weakening security and gratification senses, in turn strengthen his willingness to take

the risk of Knowledge Sharing and enhance the counterpart of his motivation and behavior. It is to be noted that the perception of distributive justice not only has an immediate impact on one's present knowledge sharing behavior, but also exert continuing influence on one's expectation in next cycle of knowledge sharing.



**Figure 1 Moderating Effects of Organizational Justice to KPO and Knowledge Sharing**

(2) The moderating effects of procedural justice

Procedural justice is reflected in the organizational decision procedure, which involves not only physical reward such as how to formulate pay standard, but also intrinsic reward including how to assert the employees' participation rights. In other words, Procedural justice is related to both physical motivation and intrinsic motivation. As KPO being produced, suppose that a fair organization climate is created and maintained on basis of the common organizational rules during decision making, the employees' understanding could be achieved even there exists distributive injustice somewhat in the organization, whereupon the decision might be supported, which can promote Knowledge Sharing behavior. So, Procedural justice could moderate the negative effects of KPO to Knowledge Sharing with consistency.

(3) The moderating effects of interactional justice

Thanks to their perception of being regarded and respected through Interactional Justice, the employees might be motivated to surrender the personal owned knowledge to share with others as an exchange. Obviously, Interactional Justice meets one's motivation for intrinsic reward. As KPO being produced, Provided that the organization's management could show honest and friendly attitudes and explain the employees' inquires timely to correct a misapprehension, making employees perceiving the organizational kindness in knowledge sharing, both the harmony superior-subordinate relationship and the organization commitment could be fostered. In this sense, Knowledge Sharing becomes a kind behavior of emotion transaction. As to emotion, an employee would not maximize his benefits as the rule of conduct, on the contrary, he may devote himself to Knowledge Sharing with a strong sense of responsibility regardless of the input risks and the cost-earning ratio in Knowledge Sharing. The intrinsic rewards usually could result in much more stable and consistent Knowledge Sharing behavior.

In conclusion, Organizational Justice could moderate the relationship between KPO and Knowledge Sharing. When an employee experience a positive perception of Organizational Justice, the negative impact of KPO to Knowledge Sharing could be played down and Knowledge Sharing behavior would easily occur. Similarly, the three dimensions of Organizational Justice have their own moderating effects on the relationship between KPO and Knowledge Sharing but in different points of action: where distributive justice affects motivation for physical rewards, procedural justice involves both physical and intrinsic rewards, interactional justice mainly directs to motivation for intrinsic rewards in Knowledge Sharing.

**3.3 Management enlightenment from the moderating effects of organizational justice**

In the long run, the negative effects of KPO go against individual growth-up and organizational innovation, however the moderating effects of Organizational Justice can provide some solutions to relieve the conflict between individual knowledge protection and organizational knowledge sharing.

First of all, as to Knowledge Sharing, the reasonable performance evaluation and pay patterns and incentive programs should be built up. Only when the performance evaluation mechanism could accurately measure the individual intangible inputs and labors in Knowledge Sharing and the pay and incentive mechanism could be established on basis of performance evaluation, would the employees perceive the distributive justice. What's more, the compensation arrangement should guarantee that the

individual benefits could overtake the cost of the Knowledge Sharing; meanwhile the incentive rewards should be differentiated to activate the core employees to participate Knowledge Sharing.

Besides, the institution should be improved in knowledge sharing and further be enforced for implementation. To achieve procedural justice, an organization should formulate and improve the institution concerning knowledge sharing, ensuring that there are regulations to abide by regarding to distributive decision procedures, information openness, employees' participation, dispute solution mechanism and so on. In addition, the implementation of all the rules should be enforced to prevent from discriminatorily treating and breaking rules for somebody in knowledge sharing

Eventually, the leadership should upgrade the management levels to make the inter-organization communication better. Normally, the leadership in an organization would be viewed as the representative of the organizational will, therefore, in order to promote perception of the employees' interactional justice, the management should strengthen the capability of human-oriented management, particularly in internal communication. For instance, a number of formal channels could be employed, including suggestion box, discussion forum, hotline, internet message board, management reception and so on, to widely solicit the employees' suggestions on Knowledge Sharing and give timely reply; additionally the leadership should make efforts to consult and understand the technique barriers and mental anxieties related to Knowledge Sharing, take necessary measures to provide personalized supports and boost up the individual passions in Knowledge Sharing.

#### 4 Conclusion

KPO, as a personal feeling to some particular knowledge, could impede knowledge sharing and spreading, which in fact works as a prerequisite for organizational innovation. This Paper attempts to make researchers pay more attention to the above phenomenon through the initial research over the moderating effects of Organizational Justice between KPO and Knowledge Sharing, meanwhile, to make organizations survive longer in the time of knowledge economy by directing them to employ fair management measures, and igniting the employees' positive attitudes and behaviors to Knowledge Sharing.

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