

A Conceptual Model of Knowledge Sharing and Market Orientation in the Tourism Sector

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Abstract: Problem statement: Marketing scholars have emphasized the importance of market orientation. While a number of studies discover the positive influence of market orientation on a variety of organizations phenomena, the understanding of factors that facilitate market orientation is limited. This study develops a conceptual model in which knowledge sharing is proposed to be the antecedent to three perspectives of market orientation-customer orientation, competitor orientation and inter-functional coordination. With a knowledge sharing culture in place, tourism firms can encourage employees to exchange understanding of customers and competitors. It then enhances tourism firms' market positions. **Conclusion:** Future research can test these propositions to enrich our understanding of the interaction between knowledge management and market orientation in the tourism industry.

Key words: Knowledge sharing, market orientation, tourism firms, tourism industry, marketing scholars, organizations phenomena, inter-functional coordination, tourism sector

INTRODUCTION

Marketing scholars have argued that market-oriented firms can gain benefits from superior market performance (Amirkhani and Fard, 2009; Pulendran *et al.*, 2000). Market orientation refers to the extent to which firms implement a marketing concept (Kohli and Jaworski, 1990; Narver and Slater, 1990). Firms with market orientation perform better than its competitors because they are able to attract customers and satisfy customers (Narver and Slater, 1990; Homburg and Pflesser, 2000). Market-oriented firms consequently can gain desired profits (Jaworski and Kohli, 1993; Homburg and Pflesser, 2000). However, research examining the factors that determine market orientation is relatively limited in both the generic and tourism sectors (Harris, 2002; Qu *et al.*, 2005; Zhu and Nakata, 2007) while market orientation has been widely examined as a determination of a range of organizations phenomena, such as firm performance (Agarwal *et al.*, 2003; Greenly, 1995; Jaworski and Kohli, 1993; Sorensen, 2009; Tsiotsou, 2010), service quality (Agarwal *et al.*, 2003), firm reputation (Matear *et al.*, 2002), customer retention (McNaughton *et al.*, 2001) and customer value creation (Dobni and Luffman, 2000).

For tourism firms, knowledge is a key factor to success (Hu *et al.*, 2009). When tourism firms can make full use of their knowledge, they are more likely to reduce operating costs and in turn have better performance (Bouncken and Pyo, 2002). One critical issue of managing knowledge is to effectively share knowledge. With a knowledge sharing culture, firms enjoy better internal coordination (Yuan *et al.*, 2009), higher employee satisfaction (Ku and Fan, 2009) and better performance (Huang and Li, 2009).

Previous research on market orientation primarily examines consequences of market orientation. Little is to examine the factors that drive market orientation. The purpose of this study is to extend previous literature by proposing an interaction between knowledge sharing and market orientation for the tourism industry. In this way, this study provides new understanding which regards knowledge sharing as the antecedent of market orientation. If this proposition can be empirically proven, it informs tourism firms that knowledge sharing is one approach to enhance their market positions. It also responds to the call that there is a need to investigate direct impacts on market orientation (Zhu and Nakata, 2007; Tsiotsou, 2010). The following sections are organized as follows. It first provides reviews on literature of knowledge sharing and market

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orientation. Propositions are then developed. This is followed by discussions and conclusions.

Literature review:

Knowledge Sharing: Knowledge sharing is a process of interpersonal interaction in which knowledge exchanges (Fatt and Khin, 2010; Makela and Brewster, 2009; Okyere-Kwakye and Nor, 2011). Research efforts have been placed to understand the antecedents of knowledge sharing. For example, trust between individuals (Renzl, 2008), leadership styles (Liu and Phillips, 2011) and network ties (Makela and Brewster, 2009). On the other hand, a number of studies have demonstrated that knowledge sharing is of importance for a variety of organizational phenomena, such as service innovation (Cavusgil *et al.*, 2003), employee satisfaction (Ku and Fan, 2009) and new product development (Hansen, 1999).

In the tourism sector, research on knowledge management has been increasing in recent years. In particular, Yang and his colleagues have made great contributions to knowledge management. However, most are discussed in the context of individual attitudes, organizational culture, promotion of sharing and leadership (Yang, 2007, 2008, 2010; Yang and Wan, 2004). Despite the importance of marketing, little tourism research has been conducted to understand the impact of knowledge sharing on such a marketing issue as market orientation.

Market orientation: Market orientation includes three constructs: customer orientation, competitor orientation and inter-functional coordination (Narver and Slater, 1990). Customer orientation is the understanding of target customers in order to create superior value for them. Competitor orientation is to understand weakness, strength and capabilities of firms' principal and potential competitors. Inter-functional coordination means the employees understand their organizations from the viewpoints of customers and competitors and in turn coordinately use inter resources to create superior values for targeted customers.

The research of market orientation has emphasized on the consequences of being market-oriented. Among the few studies on the determinations of market orientation, several issues, such as top management, interdepartmental dynamics and organizational systems (Jaworski and Kohli, 1993), shared values and organizational artifacts (Homburg and Pflesser, 2000), external environment (Cadogan *et al.*, 2001), governance (Qu, *et al.*, 2005) and top management (Pulendran *et al.*, 2000) have been the focus of attention. If market orientation is a critical factor of

superior market performance, understanding the driving forces of market orientation is important. Without the understanding of these specific forces, firms can not utilize appropriate approaches to enhance their marketing positions. For firms, effective knowledge sharing fosters the exchange of understanding of customers and competitors (Tsai, 2002). This concept meets the notion of market orientation in which customers and competitors are the focus. However, it is surprising that no research attention is paid to the influence of knowledge sharing on market orientation.

Some empirical studies on market orientation are conducted in the tourism sector. Zhou *et al.* (2009) reported that customer values had positive impacts on both customer and competitor orientation and market orientation was significantly related to competitive advantage in the hotel industry. Dev *et al.* (2009) provide evidence in which the performance of both customer and competitor orientation of hotel businesses is dependent on external environments, such as economic development and business conditions.

Knowledge sharing and customer orientation: In a dynamic business environment, employees must have sufficient knowledge of target customers in order to satisfy customers (Desarbo *et al.*, 2001). With knowing customer needs, firms can deliver superior customer values (Zhou, *et al.*, 2009). It is argued that firms should encourage knowledge sharing among employees (McLean, 2005). Employees who obtain knowledge from their knowledgeable coworkers can become more competent to understand customer demands and in turn customize services to meet customer expectations (Chebat and Kollias, 2000; Plakoyiannaki *et al.*, 2008). In addition, with rich knowledge of markets, employees have better abilities to deal with customer needs (Reychav and Weisberg, 2009). It subsequently provides enhanced customer values (Larsson and Bowen, 1989). Based on the above argument, this study develops the following proposition: knowledge sharing has a positive effect on customer orientation.

Knowledge sharing and competitor orientation: Competitor orientation is a firm's strategic response to its competitors' activities. This response vehicle depends largely on the understanding of competitors (Jaworski and Kohli, 1993). The focus of competitor orientation is on processing and responding to competitors' activities (Kohli and Jaworski, 1990). Firms should encourage employees to share knowledge regarding the selling practices, strengths and weaknesses of their firms' competitors (Tsiotsou, 2010; Zhou *et al.*, 2009). Sharing this knowledge can help employees to develop appropriate products and services

to against competition (Sorensen, 2009). Based on the above argument, this study develops the following proposition: knowledge sharing has a positive effect on competitor orientation.

Knowledge sharing and inter-functional coordination: Sharing market knowledge within firms is necessary to respond effectively to customer needs (Kohli and Jaworski, 1990). In the firms, employees from different department may serve similar markets and customers. However, they compete with each other for the firms' resources. It thus makes inter-functional coordination become difficult (Eng, 2006; Tasi, 2002). To facilitate inter-functional coordination, the firms can encourage employees to share knowledge. Knowledge sharing behaviors are exchange interaction among employees (Tsai and Ghoshal, 1998). It is regarded as a synergy between employees (Maltz, 2000; Yuan *et al.*, 2009) and can make employees communicate. The boundaries between employees become blurred with a knowledge sharing culture. It then fosters the common goals that consequently contribute to cooperative allocation of the firms' resources (Eng, 2006; Reyach and Weisberg, 2009; Tsai and Ghoshal, 1998). Based on the above reasons, this study develops the following proposition: knowledge sharing has a positive effect on inter-functional coordination.

DISCUSSION

Market orientation emphasizes the understanding of customers and competitors. With proper understanding of target customers and competitors, tourism firms can enhance their market positions. Tourism firms with a knowledge sharing culture encourage employees to exchange such understanding with each other. The sharing behavior, therefore, can make tourism firms be more market-oriented.

CONCLUSION

This study reviews literature on knowledge sharing and market orientation as well as developing three propositions. Future research can test these propositions to enrich our understanding of the interaction between knowledge management and market orientation in the tourism industry. The practical results can inform tourism firms how to use knowledge sharing to build market orientation.

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