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# When employees and external consultants work together on projects: Challenges of knowledge sharing



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#### Abstract

In project settings, personnel with different employment arrangements often work together and interact closely. Here, we study knowledge sharing when employees of the focal firm cooperate with external consultants. We differentiate between "in-group" (inside an employment category) and "out-group" (between employment categories) knowledge sharing and analyze the antecedents of knowledge sharing behavior. In an empirical study of 117 employees and external consultants, we find strong support for the main hypotheses: Internal employees tend to engage in more knowledge sharing than external consultants, in their relation to employees. Employees tend to engage in less knowledge sharing than external consultants, in relation to a specific category of employment was also found to be statistically related to knowledge sharing behavior toward personnel in the category.

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## 1. Introduction

The core of project management is the management of a temporary *task* with a definite start-up and end-point in time. In a project setting where people work together and interact closely, issues of knowledge sharing are considered important. Flows of information and exchange of ideas and methods should enable innovative solutions, improve the quality of work inside the project and enhance the ability to learn and accumulate projects across different projects in time. In a review article on knowledge sharing, Wang and Noe (2010) identify five groups of factors that influence knowledge sharing; national culture, organizational context, interpersonal and team characteristics, individual characteristics and motivational factors. Here, we will analyze how a key HRM variable – employment arrangement – influences knowledge

\* Corresponding author. *E-mail address:* Torstein.Nesheim@snf.no (T. Nesheim). sharing in a project context. A project-oriented firm has several alternative staffing options, including the combination of employees and external contributors, such as external consultants (Modig, 2007; Søderlund, 2000). In the latter case, a share of the personnel who work for the firm on a temporary *task* is connected to the firm on short-term *contract*, without being employed by the focal firm.

While Nesheim et al. (2014) observed that there are particular challenges related to these external consultants, a study by Smith and Nesheim (2015) found no differences in knowledge sharing behavior between employees and consultants. The approach taken in this paper is that we differentiate between "in-group" and "out-group" knowledge sharing; i.e. between employees' knowledge sharing behavior (KSB) toward other employees *and* toward external consultants, and vice versa. Thus, we analyze antecedents of KSB toward a) employees and b) external consultants, with a particular emphasis on the impact of employment arrangement on KSB. The main hypotheses are that there will be a higher level of knowledge sharing among those in a similar employment

arrangement than between people in different employment arrangements. We also include other variables – project attachment, trust, motivation, education and experience – in the model.

The hypotheses are tested empirically among 117 employees and external consultants who work on three projects for the Norwegian Public Road Administration.

### 2. Research background

#### 2.1. Project management and non-standard work arrangements

Projects are temporary organizations, with an intentional death, purposefully designed to provide benefits for a permanent organization or certain shareholders, through complex problem-solving processes (Søderlund, 2011). Projects tend be unique, often have a high level of risk and uncertainty and involve heterogeneous work teams. A number of themes have been explored in the project management research domain, based on several theoretical perspectives. The studies typically highlight managerial, coordination and governance issues of temporary tasks. Attitudes and behaviors of individuals (such as knowledge sharing and other cooperative behaviors) do not figure prominently in the project management literature.

As regards the human resource dimension of project, it is acknowledged that project members may come from different organizations, and include ordinary employers of the focal firm as well as workers that are employed by a third party or are independent consultants (Borg and Søderlund, 2014; Bredin and Søderlund, 2010; Reich et al., 2013). However, empirical studies in the project management field have not systematically investigated differences between the different types of employment or the challenges of multi-employment relations in projects (Smith and Nesheim, 2015).

The research on non-standard work targets employment arrangements that are alternatives to long-term direct employment by a focal firm. Such arrangements include on call workers, direct short-term hires, three party-relations involving temporary help agencies or consultancy firms as well as independent contractors. While the research focuses on temporary *contracts* (as opposed to long-term standard employment), the temporality of *task* is to a large extent neglected in the literature (Ashford et al., 2007; Connelly and Gallagher, 2004; De Cuyper et al., 2007). Thus, project management and non-standard employment relations constitute separate research domains, and few studies have analyzed research questions that cross this boundary (Smith and Nesheim, 2015).

### 2.2. Why knowledge sharing is important

The sharing of knowledge is an essential aspect of knowledge management and a key process in translating individual learning into organizational capability (Dalkir, 2005; Foss, 2007; Prencipe and Tell, 2001). Knowledge sharing refers to "the provision of task information and know-how to help others and to collaborate with others to

solve problems, develop new ideas, or implement policies and procedures" (Wang and Noe, 2010, p. 117). It may occur via written or face-to-face communication through networking with others or through documenting, organizing and capturing knowledge for others (Wang and Noe, 2010).

Many organizations have invested in various formal knowledge management systems to facilitate the collection, storing and distribution of knowledge, but these systems have often failed to live up to expectations (Babcock, 2004; Carter and Scarbrough, 2001). Obtaining information from colleagues and other professional relationships is often preferred, since "we not only end up with the information we were looking for, but also learn where it is to be found, how to reformulate our question or query... (and also)... 'metaknowledge' about our search target and our search capabilities" (Dalkir, 2005, p. 112). Thus, direct contact and exchange of information and experiences between employees are vital supplements to formal systems of knowledge management.

Wang and Noe (2010) identify five groups of factors that influence knowledge sharing behavior; 1) national culture; 2) organizational context (organizational culture, management support, incentives and organizational structure); 3) interpersonal and team characteristics (team processes, diversity, social networks); 4) individual characteristics; and 5) motivational factors (knowledge ownership, perceived benefits and costs, interpersonal trust and justice, individual attitudes).

The *project management* literature has emphasized several aspects of knowledge management and organizational learning. In a project setting, characterized by clear time limits, unique problem solving and close interaction, the flow of information and exchange of information between project participants are vital. Knowledge sharing may improve the quality of work inside the project, as well as the ability to learn and accumulate knowledge between projects (Prencipe and Tell, 2001; Søderlund, 2011). However, the conditions of knowledge sharing are challenging in project-based organizations. Discontinuous working constellations and team compositions lead to fragmentation of individual and organizational knowledge (Prencipe and Tell, 2001). It is more difficult to accumulate knowledge in such a context, compared to organizations characterized by continuous operations (Scarborough et al., 2004).

Thus, in a project setting there are both potential gains from, as well as unique challenges of, knowledge sharing. In addition, if project participants have different employment relations to the focal firm in question, a number of other issues may become relevant (Borg and Søderlund, 2014; Nesheim and Gressgård, 2014; Nesheim et al., 2014; Sankowska and Søderlund, 2015; Smith and Nesheim, 2015). Employees with long term contracts have a different time perspective and tend to be more integrated with the focal firm, compared to external consultants or independent contractors. A number of studies have found differences in behaviors and attitudes among different employment arrangements (Ashford et al., 2007; Connelly and Gallagher, 2004). When employees and external consultants work together on projects, there are challenges related to cooperative behavior and knowledge sharing.

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