



Knowledge diffusion at business events: A case study



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ABSTRACT

We investigated how business events stimulate processes of knowledge diffusion by conducting a case study of a trade fair. Taking the perspective of temporary clusters, we viewed trade fairs as networks and used social network analysis (SNA) to study their knowledge diffusion network structure. The results show that: (1) knowledge diffusion at trade fairs is flat, coherent, and efficient, but uneven; (2) trade fairs have more advantages in the diffusion of market-strategic knowledge, and leading firms with strong R&D abilities receive greater attention. With a solid theoretical foundation supplied by current research on industrial clusters and SNA, this study explores the dynamic process of knowledge diffusion at business events, providing new ideas with theoretical and practical implications for future research on business events.

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1. Introduction

Events are known to be an effective means of boosting place marketing (Getz and Page, 2015) and have drawn increasing attention in the tourism domain. Gathering large numbers of people in host cities or communities at specific times, events can have a great impact on local economic, social, and cultural development. Business events are highly valued by industry and governments because they can boost local economies (Bauer et al., 2008), raise and improve destination awareness and reputation, and provide a platform for intercultural understanding (Mair et al., 2012). Trade fairs (TFs) are one of the most important kinds of business event. They can be defined as business events where individuals, enterprises, and organizations set up physical exhibits of their products and trade with others in domestic or foreign markets (Palumbo et al., 1998). Successful TFs tend to be a spotlight for global professionals in a specific industry and can even become a hotspot of the world economy for a short period (Abrahamson and Rosenkopf, 1997), causing a sharp increase in inbound tourism and global attention. What is the appeal of TFs, such that professionals nationwide, or even worldwide, gather at them?

The appeal of TFs is traditionally understood to be the intensive trading behavior (based on selling activities) at them. TFs are con-

sidered a promotional tool (O'Hara et al., 1993; Rice and Almosawi, 2002). Meeting marketing needs – such as contacting potential clients, enhancing company image, and launching new products – is perceived to be an important objective leading enterprises to attend TFs (Munuera and Ruiz, 1999). Coming into the knowledge economy era, research on TFs has shown a shift from selling activities to non-selling activities, especially knowledge diffusion. Many studies have confirmed the profound effect of TFs on industry knowledge diffusion (e.g., Ling-Yee, 2007; Reychar, 2009; Bettis-Outland et al., 2010; Maskell et al., 2004, 2006; Rychen and Zimmermann, 2008; Ramirez-Pasillas, 2010). TFs provide suppliers and buyers from all over the world with the opportunity to communicate face to face (Maskell et al., 2004; Bathelt and Schuldt, 2010), display substantial amounts of the most advanced discoveries and products across a specific industry (Tanner and Chonko, 1995), learn about competitors (Reychar, 2009), collect industry information (Borghini et al., 2006), and perform other non-sale activities; thus, TFs rapidly spread industry knowledge, lead to intensive commercial activities, and motivate enterprises to make continuous improvements and innovations (Porter, 1998). This study focuses on the way knowledge diffusion occurs at TFs, in order to underscore its practical and academic significance.

Business events gain much less academic attention than other types of event, such as sports events (Mair and Thompson, 2009). The academic study of knowledge diffusion at TFs remains in its infancy. Two of its limitations are significant. First, research has mainly focused on the learning process and the mode of interaction between exhibitors and visitors (Ling-Yee, 2007; Reychar, 2009); and there is a lack of insightful empirical research at the industrial

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or whole TF level. The difficulties of clarifying and articulating the diverse, complex relations (Malipiero et al., 2005) have hindered progress. Second, the existing research explains the knowledge diffusion occurring at TFs only qualitatively; there have been few quantitative studies of the structure of knowledge diffusion at the industry level. Thus, it is difficult to simulate the dynamic process of knowledge diffusion and provide a better understanding of the hotspot effect of TFs.

First proposed by Maskell et al. (2004), the perspective of temporary clusters provides new insight for industry-level studies of TFs. Maskell et al. (2004, 2006) believed that TFs could be conceptualized as temporary clusters: first, TFs – especially international TFs – temporarily bring together a wide range of enterprises in the same industry chain; this can be viewed as compressing the global (or regional) market of a certain industry into a certain space for a short time; second, the horizontal and vertical knowledge exchanges within the value chain at TFs resemble permanent clusters, albeit in a temporary, periodic, and intensified form. Luo and Bao (2007) noted that visitors to a TF are from an exhibitor-oriented industrial chain, and TFs share similar characteristics, such as the geographical proximity of their industrial clusters, their industrial relevance, and having social networks with permanent clusters. This study was therefore conducted using the perspective of temporary clusters, in response to the first limitation of the research, mentioned above. On the other hand, a cluster is a network in which many associated enterprises interact and communicate with each other intensively (Nassimbeni, 1998). Understanding the characteristics of social networks is the first step in exploring the dynamic process of knowledge diffusion (Lin and Li, 2010). The question of what kind of network is formed by the knowledge diffusion in industrial clusters and the question of how network structure influences the efficiency of knowledge diffusion have become crucial issues in the study of industrial clusters. In recent years, the development of social network analysis (SNA) and multi-agent simulation technology have provided a quantitative foundation for current research; they have also built a solid theoretical foundation for overcoming the second limitation of TF research.

In summary, this paper investigates how TFs promote the process of knowledge diffusion over distance, and the influence of the gathering of global professionals, through understanding the knowledge diffusion structure of TFs. From the perspective of temporary clusters, this study investigates horizontal knowledge diffusion, describes the network of knowledge diffusion at TFs (by conducting SNA), and focuses on two questions: (1) what are the structural features of the knowledge diffusion network at TFs? and (2) what characteristics of the dynamic process of knowledge diffusion do these structural features reflect? The aim of this study is to further the understanding of knowledge diffusion at TFs and provide a foundation, with important theoretical and practical implications, for future research on business events.

2. Literature review

2.1. Knowledge diffusion at business events

In the literature on events, research on knowledge management remains in its infancy. Studies have mainly focused on how mega-event organizations acquire knowledge from the past and from other projects (Grabher and Thiel, 2012). Werner et al., (2015) study of the 2011 Rugby World Cup refined a model of the mechanism of knowledge transfer amongst participant organizations, and this highlighted the significance of the role of mega-events in knowledge transfer. In the context of business events, knowledge management has received academic attention only recently and research is still scarce. Apart from Henn and Bathelt (2015)

study (which found that business conferences are crucial in processes of economic knowledge transfer as they enable ongoing field production), most of the research has focused on TFs.

Initially, the information-transmitting function of TFs was explored in research concerning the motivations for taking part in TFs (Kerin and Cron, 1987; Rice and Almosawi, 2002; Munuera and Ruiz, 1999; Godar and O'Connor, 2001; Smith et al., 2003). Subsequently, a few researchers started to investigate the information-searching behavior at TFs. Borghini et al. (2006) introduced the ideas of threshold space and ritualized behavior, in order to establish a theoretical framework for ongoing research. Bettis-Outland et al. (2010) constructed the model of return on trade show information (RTSI).

Later on, knowledge was introduced into research on TFs as a specific concept. The role of TFs in knowledge diffusion and its mechanism has been explored by scholars in interdisciplinary studies. Sociology-related theories have been employed to discuss the patterns of learning behavior displayed by economic agents at TFs. Ling-Yee (2007) constructed the conceptual model of relationship learning and proposed that relationship learning at TFs consists in information sharing, joint sense-making, and memory formation. Reychar (2009) took the social exchange perspective and established, and verified, the learning spiral model at TFs. These two studies focused on the supplier-customer relationship at TFs, regarding TFs as a social platform for face-to-face communication. Suppliers and customers establish or improve relationships through interactions at TFs, and this encourages knowledge sharing. Nevertheless, researchers have overlooked both knowledge diffusion behavior in the context of rivalries and the differences between TFs and other business communication occasions. Meanwhile, economic geographers have applied the perspective of temporary clusters to research on TFs. From an economic geography point of view, the significant reason why TFs have received global attention from specific industries is related to the fact that they compress an industry's entire world market into a single place for a limited time period (Bathelt and Schuldt, 2008), which makes TFs unique places for knowledge diffusion. Developing the idea of "local buzz" in research on industrial clusters, Maskell et al. (2004) proposed the concept of "global buzz" (an information and communication ecology), so as to reveal the characteristics of the TF space. Bathelt and Schuldt (2010) analyzed the constituent components of global buzz, including dedicated global co-presence, face-to-face interaction, dense observation, intersecting focused communities, and multiplex meetings and relationships. Employing empirical evidence from two flagship fairs, Bathelt and Schuldt (2008) analyzed five categories of interaction and explored the patterns of different interactions. Furthermore, Schuldt and Bathelt (2011) noted four kinds of interaction at TFs and analyzed the communication characteristics of different industries and the benefits gained by enterprises. The current research shows that the system of knowledge diffusion at TFs is unique and complex, comprising multiple relationships and patterns. In addition, knowledge activities at TFs are the result of interactions. Face-to-face communication in the same space promotes knowledge diffusion.

To sum up, the research has primarily focused on the transfer of knowledge between enterprises and explored patterns of communication, in order to reveal the characteristics of knowledge diffusion at TFs. There are several limitations: (1) the research has not moved on from point-to-point relationships or behavior and needs more insightful understanding of the interactions between multiple actors at the industrial level or at the level of a whole TF; (2) the research has so far ignored the uneven nature of knowledge diffusion, which may be caused by differences of industrial position or other factors; and (3) hardly any quantitative research that details the dynamic configuration of knowledge diffusion has been conducted on knowledge diffusion at TFs or other business

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