

Trust for Knowledge Creation in Nepalese Hospitality Industry

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Abstract: This paper examines different factors promoting trust for knowledge creation in the hospitality industry such as hotel, travel and trekking agencies. The study is based on primary data with 382 responses. The self-administered questionnaires is used to collect the perceptive opinions from the respondents. The study concludes that hospitality industry employees' the "honest and reliable team members" and "truthful employees" are most important factor to trust for knowledge creation while "employees have mutual faith in others' abilities" influences less. There is no significant difference between response of gender, age groups, educational groups, work experience groups, marital status, current department and current position groups in the context of trust.

Key words: Trust, Knowledge Creation, Hospitality Industry

I. BACKGROUND AND OBJECTIVE

Trust is an anthropocentric notion, and as such inextricably linked to human beliefs, sentiments, and intentionality. It can be defined as maintaining reciprocal faith in each other in terms of intention and behaviors (Hurley & Hult, 1998). Trust can facilitate open, substantive, and persuasive information exchange (Iansiti, 1993; Hansen et al., 1999). When trust is relatively high in people's interaction, they become more willing to exchange knowledge and participate in social interactions (Hedlund, 1994). Employees look for advice from trusted colleagues to increase their understanding of problems. The institutionalization of trust among employees can be thought as a breakthrough in knowledge transfer (Iansiti, 1993). Accordingly, increasing the knowledge transfer based on mutual trust results in knowledge creation.

It should be noted that knowledge exchange cannot be achieved by the enforcement of contracts. High levels of trust can quell fear, doubtfulness, and ambiguity from the employees' relations (Iansiti, 1993; Ichijo et al., 1998; Jarvenpaa & Staples, 2000). Trust can conduct the organisation's climate towards better knowledge creation by

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reducing the fear of risk and uncertainty. Trust is also critical in cross-functional or inter-organisational teams, because withholding information due to the lack of trust can be injurious to knowledge reflection and internalisation (Hopper, 1990). It has been shown that distrust leads people to hide or hoard their knowledge (Johannessen et al., 1999). In a distrusted environment, knowledge cannot be created, shared, and flowed properly. Therefore, facilitating trust among inter-organisational teams and employees is considered as the foundation for knowledge creation (Iansiti, 1993; Kanevsky & Housel, 1998; Chase, 1998). When team relationships have a high level of mutual trust, members are more willing to engage in knowledge exchange (Mayer, Davis & Schoorman, 1995; Nahapiet & Ghoshal, 1998; Robbins, 1998; Shapiro, 1987).

Lee and Choi (2003) identified trust as maintaining reciprocal faith in each other in terms of intentions and behaviours. According to Adler (2001), there are three sources of trust and three mechanisms by which trust is generated. The three sources of trust are:

- Familiarity through repeated interaction can lead to trust (or distrust);
- Interests can lead to a calculative form of trust via a sober assessment of the costs and benefits to the other party of exploiting my vulnerability; and
- Values and norms can engender trustworthy behavior that leads to confidence.

Trust can be generated through three mechanisms:

- The first mechanism can generate trust by direct interpersonal trust;
- The second mechanism is reputation, through a network of other trusted parties; and
- The third mechanism in which trust can be generated is by understanding of the way institutions shape the other actor's values and behaviour.

Trust may facilitate openness, substantive and influential information exchange (Nelson & Coopride, 1996; O'Dell & Grayson, 1999). When relationships between people are high in trust, people are more willing to participate in knowledge exchange and social interactions (Nahapiet & Ghoshal, 1998). People seek advice from trusted colleagues to share understanding of the problems. Szulanski (1996) empirically found that the lack of trust among employees is one of the key barriers against knowledge transfer. The investment of trust among organisational members can be thought of as a leap of knowledge transfer (Nelson & Coopride, 1996). The increase in knowledge transfer brought on by mutual trust results in knowledge creation. The exchange of knowledge is not amenable to enforcement by contract, and thus gives rise to a high level of risk and uncertainty. The presence of a high level of trust can reduce this risk (Nelson & Coopride, 1996; Roberts, 2000; Scott, 2000).

Trust can be defined as maintaining reciprocal faith in each other in terms of intention and behaviors (Kreitner & Kinicki, 1992). By alleviating the fear of risk and uncertainty, trust encourages a climate conducive to better knowledge creation. Trust is critical in a cross-functional or interorganisational team because withholding information because of a lack of trust can be especially harmful to knowledge articulation, internalisation, and reflection (Hedlund, 1994). Distrust leads people to hide or hoard their knowledge (Jarvenpaa & Staples, 2000). In a distrusted environment, knowledge will not be created, or will be created in a restrictive manner. Therefore, facilitating trust among cross-functional or

interorganisational team members is important for the foundation of knowledge creation (Ichijo et al., 1998; Lubit, 2001; Nelson & Coopriider, 1996; Scott, 2000).

Mutual trust exists in an organisation when its members believe in the integrity, character and ability of each other (Robbins, 1998; Robbins et al., 2001). When knowledge exchange activities can be increased via mutual trust, knowledge creation occurs (Lee & Choi, 2003; Takeuchi & Nonaka, 2004). Trust encourages an environment that promotes knowledge creation as it reduces the fear of risk. Hence, high levels of trust can reduce this risk in teams (Lee & Choi, 2003). When team members trust one another, they are less apprehensive to share ideas and thoughts with each other, sparking off a spiral of knowledge creation through the SECI process (Takeuchi & Nonaka, 2004). However, Robbins (1998) concluded that although trust may take a long time to build, it can be easily destroyed and would therefore require careful attention by management.

Davenport and Prusak (1998) believed that without trust, knowledge initiatives will fail, regardless of how thoroughly they are supported by technology and rhetoric. The absence of mutual trust, will lead people to be sceptical about the intentions and behaviours of others and therefore they will possibly withhold their knowledge. Building a trust relationship among individuals and groups will facilitate knowledge sharing process; however, the lack of trust can undoubtedly hinder the sharing of knowledge. Without trust, the knowledge management program will fail. The creation of new, useful, and lucrative knowledge is impossible without trust.

Choi (2002), Saeed et al. (2010), Paul (2011), Lee and Choi (2000), Berraies et al. (2014) and Migdadi (2005), they found that trust is significantly related to the knowledge creation processes. When the relationships of those knowledge workers are high in trust, they are more willing to participate in knowledge exchange and social interactions (Nahapiet & Ghoshal, 1998). They concluded that trust is a significant predictor of knowledge creation process.

The objective of the study is to examine the different factors promoting trust for knowledge creation; and significant difference between response of gender, age groups, educational groups, work experience groups, marital status, current department and current position groups in the context of trust in the business enterprises of sectors such as hotel, travel and trekking agencies. Remaining part of the paper has been divided in three sections. Second section presents the research methodology, third section analyses the data, and the final section presents the conclusion of the study.

II. RESEARCH METHOD

Basically, it is a descriptive study having the features of survey research. For collecting primary data, a survey technique was adopted. The study considered hospitality industry of Nepal as its population. However, for convenience, samples were taken only from hotels and travel/trekking agencies from within Kathmandu valley. Hospitality industry was further categorized into two groups, namely, hotels and travel/trekking agencies. Thirty-

Table 1
Demographic Data for the Respondents of the Main Survey

<i>Demographic Object</i>	<i>Items</i>	<i>Percent %</i>
Gender	Male	63.6
	Female	36.4
Manager's Age	<20	4.5
	20-35	66.2
	36-50	24.1
	51-65	4.7
	>65	0.5
Manager's Highest Level of Education	Higher Secondary	24.1
	Bachelor's degree	46.9
	Master's degree	28.5
	Ph. D.	0.5
Manager's Work Experience	<5	56.3
	6-10	13.6
	11-15	12.0
	16-20	7.4
	>20	10.7
	Others	0.3
Marital Status	Married	50.3
	Single	49.4
Manager's Current Department	Human Resources	12.6
	Finance/Accounting	16.2
	Sales	24.8
	IT	5.0
	Public Relations	27.0
	Marketing	14.4
	Others	0.3
Manager's Current Position	Top Management Level	11.3
	Middle Management Level	47.9
	Operational Level	40.8

Source. Questionnaire survey, 2015

eight hotels and 59 travel/ trekking agencies were selected as sample on the basis of judgmental sampling. Employees of executive, officer and non-officer levels in Nepalese hospitality industry are the respondents of the study. The survey was conducted in the month of May 2015. Of the 458 questionnaires distributed to the respondent-employees, 382 responses were usable making the response rate of 83 per cent.

The descriptive statistical techniques were used for the data analysis. To evaluate and test the various statements in the response, mean values of each variable, standard deviation and ranking were used as per the need of the study. Items featured a seven-point Likert scale, with response options ranging 1 to 7 where, 1 for "strongly disagree" and 7 for "strongly agree".

III. RESULTS

Table 1 presents the demographic information of the respondents. As the table shows, the majority of the respondents were male (63.6%) and were in the age group of 20- 35 years (66.2%). In terms of marital status, they are almost equally divided. Majority of the respondents are graduates (46.9%), work in middle and operational level (88.7%) and have less than five years of experience in the current position (56.3%).

The questionnaire contained a list of different statements of observations regarding different factors promoting trust for knowledge creation. The respondents were requested to express their agreement/ disagreement on the given statements by using a seven-point Likert Scale.

Table 2

Promoting Factors for Trust

This table reports mean weightage, standard deviation and rank of the responses on the given statements. The mean values, standard deviation and rank of trust (maintaining mutual faith) are presented as well.

S. N.	Statements	Mean	Std. Deviation	Rank
	Trust (maintaining mutual faith)			
1.	I believe colleagues in this organisation treat others equally.	5.07	1.424	3
2.	I believe colleagues in this organisation are honest and reliable.	5.25	1.276	1
3.	Employees in this organisation are generally truthful.	5.23	1.321	2
4.	Employees in this organisation have mutual faith in other employees' intentions and behaviors.	5.01	1.265	4
5.	Employees in this organisation have mutual faith in others' abilities.	4.96	1.195	5

Source. Questionnaire survey, 2015

The mean values of observation statements varied from 4.96 to 5.25. The majority of the respondents identified that trust for knowledge creation mainly affected by 'colleagues in organisation are honest and reliable'. Similarly, they thought 'employees in organisation are generally truthful', and 'colleagues in organisation treat others equally' as the second and third important factors, respectively, influencing knowledge creation. It shows that the honest and reliable team members and truthful employees are most important factor for knowledge creation. So it can be concluded that organisation should develop a truthful and reliable team for developing knowledge. The finding is similar to the study of Migdadi (2005) that trust for knowledge creation would get mainly affected if 'company members are generally trustworthy'. With respect to other statements such as 'employees have mutual faith in other employees' intentions and behaviors' and 'employees have mutual faith in others' abilities' give the least influencing factors to trust for knowledge creation. It indicates that respondent employees have given least focus on intentions and abilities of team members regarding trust for their knowledge creation. Migdadi (2005) identified 'company members have relationships based on reciprocal faith' was least affected factor in trust for knowledge creation.

Table 3
Trust: Mean Difference t-Test and F-Test of Demographic variables

Descriptive statistics	t-value / F- value	P- value
Gender	0.607	0.544
Manager's age	0.778	0.540
Education level	2.235	0.084
Work experience	1.605	0.172
Marital status	1.006	0.367
Current department	2.070	0.068
Current position	2.526	0.081

*Note. * Significant at 5% level*

There is no statistically significant difference between response of gender role, the five different age groups, four educational groups, five work experience groups, three marital status groups, six current department groups, and three current position groups of the hospitality industry in the context of trust at 5% level of significance. This results show the promoting trust is not affected by different in sex, age, work experience, marital status, current department and current position.

IV. CONCLUSION

The study found that Nepalese hospitality industry' employees are honest and reliable, treat each other equally, and generally truthful; otherwise the organisation fires the dishonest employees. Only truthful employees think important ideas about new services and company development. Thus, the organisation should develop a truthful and reliable team for knowledge creation. The survey result matched with Migdadi (2005) study, which stated that trustworthy company members generally affect trust for knowledge creation. There is no significant difference between response of gender, age groups, educational groups, work experience groups, marital status, current department and current position groups in the context of trust.

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Annexure

Survey Questionnaire on

TRUST FOR KNOWLEDGE CREATION IN NEPALESE HOSPITALITY INDUSTRY

Dear Sir/Madam,

I request your cooperation to fill this questionnaire to the best of your knowledge and experience based on your organisation. The researcher assures that the information supplied by you will be fully confidential and used for academic purpose only.

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Part I: Personal background

1. Sex: (1) Male (2) Female
2. Age: _____ years old
3. Highest educational level:
 - (a) Plus two (b) Bachelor's degree (c) Master's degree (d) Ph. D.
4. Work Experience:
 - (a) 0-5 years (b) 6-10 years (c) 11-15 years
 - (d) 16-20 years (e) 21 years and above
5. Marital status:
 - (a) Married (b) Single (c) Others
6. Current department:
 - (a) Human Resources (b) Finance /Accounting
 - (c) Sales (d) IT (e) Public Relations (f) Marketing
7. Current position:
 - (a) Top Management Level (b) Middle Management Level (c) Operational Level

Part II: Survey questions

Please tick (√) on your choice by using the following scale in your ratings to indicate how much you agree/disagree with the following statements.

	1	2	3	4	5	6	7	
	Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree	
S. N.	Factors	1	2	3	4	5	6	7
	Trust (maintaining mutual faith)							
1.	I believe colleagues in this organisation treat others equally.							
2.	I believe colleagues in this organisation are honest and reliable.							
3.	Employees in this organisation are generally truthful.							
4.	Employees in this organisation have mutual faith in other employees' intentions and behaviors.							
5.	Employees in this organisation have mutual faith in others' abilities.							