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The Violation of Psychological Contract:
Possible Causes for the Failure of
Organizational Incentive Systems to Motivate
Knowledge Sharing

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requirements for the degree of

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He (Allah) granteth wisdom (knowledge) to whom He pleaseth; and he to whom wisdom (knowledge) is granted receiveth indeed a benefit overflowing; but none will grasp the Message but men of understanding.

(Quran, Chapter #2, Verse #269)

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Abstract

Researchers and practitioners have linked the survivability of organization to their ability to manage their knowledge resource. This ability of the organizations depends on providing the technological support for the creation of knowledge, organizational structures (such as the organization reward systems) and the willingness of their employees to share their knowledge. Developments in information and communication technologies have facilitated organizations in developing the infrastructures that are required for the dissemination of knowledge. Organizations are thus left with the challenge of developing organizational structures that will motivate knowledge sharing among its employees.

The knowledge sharing problem, which was once seen as an issue of capturing and codifying information, is now seen as a challenge of motivating individuals, the true owner of knowledge, to share their valuable resource. Behavioural scientists have taken interest in knowledge sharing as a form of helping behaviour which is directed at the organizations or member within the organizations. Although organizations have great desire that their managers engage in this behaviour, it is the discretion of their employees whether they want to share or withhold their knowledge. Organizational structural control mechanisms (such as the performance evaluation systems) have limited success in enforcing such behaviour as there are no means of measuring its outputs.

Organizations depend on their incentive systems to motivate knowledge sharing. Research into motivation indicates that there is no easy fix to

achieve this. Organizations have to balance the use extrinsic and intrinsic motivators, considering the specific motivational requirements of their employees. Motivational interventions, such as the use of incentives, are dependent on the level of trust the employees have in their managers and the organization in whole to deliver on those incentives in a fair and equitable manner. Where trust levels are not sufficient, employees tend to ignore such incentives and tend to further disinvest discretionary efforts.

The current study used the psychological contract theory as a frame work for understanding the dynamics of the employee-employer exchange. The central premise of the theory is that employees tend to lose trust in the organization or the agent of the organization, when they perceive that their expectations have not been met. In addition to the lost of trust, psychological contract violation is also negatively associated with desirable organization behaviours and attitudes – such as commitment, in-role and extra-role effort – and is positively associated with undesirable organization behaviours and attitudes such as intention of turnover.

The current study used a qualitative research design to investigate how the violation of the psychological contract can add to the ineffectiveness of the organization incentive system to motivate knowledge sharing. Using semi-structured interviews the participants were provided with short scenarios (vignettes) which simulated occurrences of psychological contract violation. The participants, acting as informants, responded to question with regards to how the situations depicted in the vignettes would affect the vignette characters' work behaviours, specifically their desire to share knowledge.

The data gathered from the interviews was transcribed and coded using qualitative data analysis software. Template analysis technique was used to organize the data which allowed for a comparative analysis of the themes that were identified in the data. Independent assessors assisted in the analysis of the data, which reduced the risk of researcher bias.

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