

# Social leaders

**How managing partners  
should use Twitter**

## **LLP vs. Ltd Co**

Restructuring your firm in light  
of the UK LLP tax changes

## **Jason Butwick**

Why managing partners  
should be full-time fee earners

## **Anticipating breaches**

The key stages in preparing  
for the loss of client data

# Intrinsic vs. extrinsic

Do you know what drives your fee earners to share their knowledge? In the first of two articles, H el ene Russell reveals what her research uncovered



There are a range of barriers to knowledge sharing within law firms. Some of these are of law firms' own making and are embedded within their standard business practices, while others are the result of complex forces from within and without the firm.

My year-long research project as part of my MBA sought to understand why, when there are so often powerful factors discouraging fee earners from sharing their knowledge, many continue to share. This gave me valuable information on how law firms can restructure their business practices to encourage knowledge sharing and maximise their competitive advantage.

This series of two articles provides an overview of my findings, covering:

1. why law firms should care about knowledge sharing;
2. what the common barriers to knowledge sharing are and what existing research has shown;
3. what my research suggests about the motivations for knowledge sharing by UK fee earners and how law firms can use this knowledge to improve the levels of sharing within their own law firms.

I have not included formal references in these articles and they are, by necessity, an overview rather than detailed analysis of the research. More information is available by contacting me directly.

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## “Knowledge sharing cannot be forced”

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### Need for sharing

Why should your firm care about knowledge sharing? As a knowledge-intensive firm (KIF), a law firm's knowledge, in terms of the unique combination of the individual tacit and explicit knowledge of its employees and the embedded organisational relationships and routines, is critical to its success.

It is not enough for KIFs to select the right staff and buy in experts in the relevant fields, or to have training programmes in place to support and develop them in conjunction with the right technology.

They need to transfer knowledge from their experts to others who need to know and fully exploit the knowledge-based resources that already exist within their organisations.

Knowledge sharing and knowledge combination within organisations are positively related to:

- reductions in production costs;
- faster completion of new product development projects;
- team performance;
- innovation capabilities;
- sales growth and revenues from new products and services;
- improved competitive advantage;
- enhanced performance through shared lessons learned, best practices and insights based on experience; and
- reduced resources spent on reworking and fire fighting.

Research in 2004 even estimated that US\$31.5bn was lost per year by Fortune 500 companies due to their failure to share knowledge.

In response, many organisations have invested heavily in technology to facilitate the collection, storage and distribution of knowledge. But, many of these initiatives fail to deliver a satisfactory return on investment because of a lack of consideration of the organisational and interpersonal context and the individual characteristics that influence knowledge sharing.

Through understanding how, why and when knowledge sharing takes place in their organisations, leaders can develop the best strategies for exploiting their knowledge resources.

### Drivers for sharing

Knowledge, particularly valuable tacit knowledge, resides in employees' heads, so knowledge sharing cannot be forced. Explicit knowledge and artefacts of knowledge (such as example contracts and precedents) can be automatically captured by an organisation's procedures and IT systems, but an employee's valuable tacit knowledge gained from the production of an artefact cannot, and must be voluntarily given or exchanged.

Since 1998, explanations of knowledge-sharing behaviour have focused on exchange theory (i.e.

individuals share knowledge when the balance of the benefits in favour of sharing outweigh the disadvantages of sharing and its opportunity cost). The knowledge source asks “what's in it for me?” and rationally balances the cost of knowledge sharing against the potential benefits of doing so. As the perceived cost to the individual of knowledge sharing increases, the likelihood of knowledge sharing occurring voluntarily decreases.

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## “Trust plays the most critical prerequisite to knowledge sharing”

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This exchange theory of knowledge sharing does not consequently mean that only monetary rewards can encourage knowledge sharing. The perceived benefits of knowledge sharing may include:

- improved job security;
- enhanced status;
- improved balance of power;
- monetary rewards (such as bonuses and pay rises);
- improved social relationships at work;
- enjoyment from teaching;
- satisfaction from helping others;
- expansion of influence; and
- investment in and maintenance of relationships.

The perceived disadvantages could include:

- loss of personal competitive advantage;
- loss of power;
- loss of time for valued activities;
- loss of control of knowledge; and
- fear of blame for its misuse.

The opportunity cost expresses the loss of benefit from whatever else could be achieved with that time and effort.

Knowing where on the continuum of reward/disadvantage fee earners tend to act and what their motivations are for knowledge sharing has the potential to assist law firms in their attempts to design effective and efficient incentive and reward systems which encourage knowledge sharing.

The knowledge sharing decision for both the knowledge sender and knowledge receiver is a hugely complex matter and depends upon, among other things:

- management support levels;
- rewards and incentives;
- organisational structure;
- interpersonal and team characteristics (such as diversity, culture, social networks and individual personalities); and
- motivating factors.

As a starting place to unpack the antecedents to knowledge sharing in law firms, my research concentrated on the motivating factors:

- trust levels within firms and teams;
- individual attitudes towards knowledge sharing;
- perceived benefits and costs; and
- how existing reward and incentive systems affect levels of knowledge sharing in firms.

Given the strong disincentives for knowledge sharing (a non-chargeable activity), it has always been surprising that any knowledge sharing occurs at all. So, what motivates fee earners to keep sharing their knowledge, despite quite often being disadvantaged by doing so?

### Barriers to sharing

Some barriers to knowledge sharing previously discovered during research include:

- opportunistic behaviour;
- lack of trust between employees;
- structural issues, such as not knowing where the knowledge resides or not having time for knowledge sharing; and
- the nature of the knowledge itself, particularly tacit knowledge.

By understanding the antecedents necessary before knowledge sharing takes place, and the nature of the benefit received by the knowledge sender, law firms will be better placed to understand the knowledge-exchange process and hence how to tackle any barriers to knowledge sharing, in particular, by understanding the sphere in which the

barrier operates (social structure, nature of knowledge or structural misfits).

### Is trust a prerequisite?

Trust, a complex and multi-faceted construct, is thought to be fundamental for the long-term stability of an organisation and the well-being of employees. Research suggests that trusted relationships lead to greater knowledge exchange.

Some studies have found that trust plays the most critical prerequisite to knowledge sharing and, even in highly competitive work environments, ought to be given higher priority than individual rewards to encourage knowledge sharing.

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## “Externally-controlled motivations appear to lead individuals to take the easiest route to attain the externally-defined end”

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Trust may improve knowledge sharing by reducing employees' fear of losing their uniqueness/competitive advantage within their organisations. It may also ameliorate any threat to their self image and self worth caused by the need to ask for help within the knowledge-sharing dynamic, enabling employees to take full advantage of the opportunities available to them within their organisations.

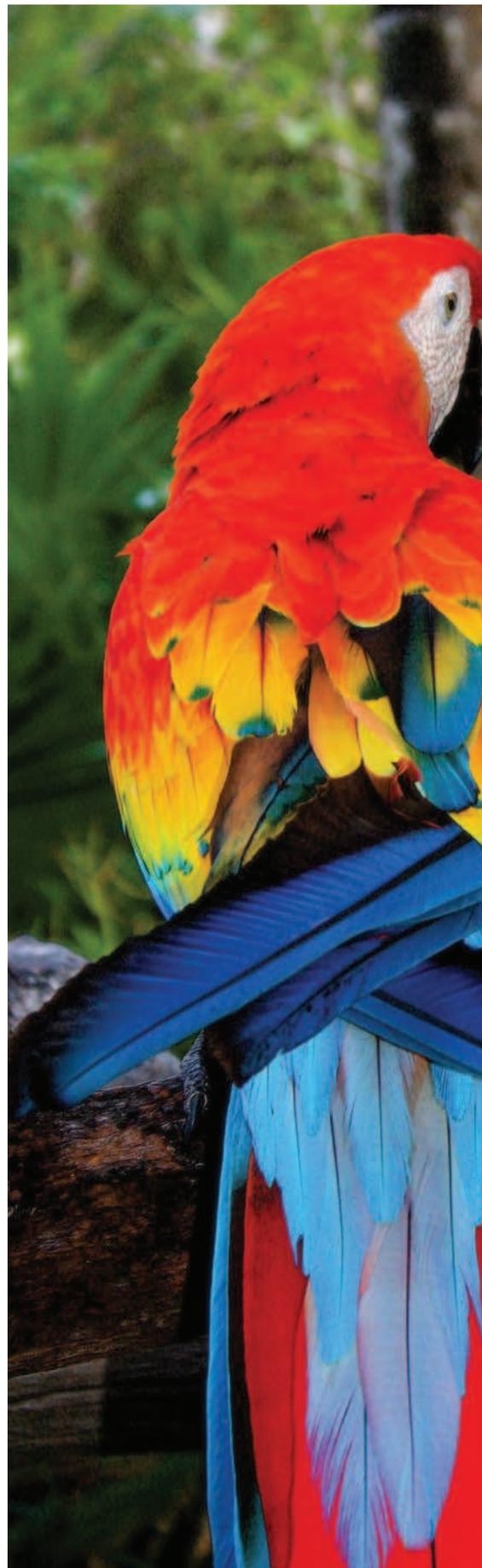
Empirical studies in technological companies have shown that high levels of trust have particularly improved employees' perception of the personal benefits they would gain from knowledge sharing.

Separately, and somewhat counter-intuitively, other research has found that intrinsic benefits (such as enjoyment in helping others by sharing knowledge) are not affected by contextual matters such as trust.

### Rewards and motivation

Despite there being a considerable amount of research into knowledge sharing in general, the research into the effectiveness of different types of reward and motivation appears to be mostly inconclusive.

At this point, when considering what 'rewards' may constitute, it is useful to





divide them into intrinsic and extrinsic. Intrinsic rewards occur when the employee finds the activity itself interesting, enjoyable and stimulating. This may be, for example, the pleasure of helping or teaching. The knowledge source does not act through altruistic reasons, but receives something of personal value. By contrast, extrinsic rewards operate from outside the individual. These can be monetary (such as profit sharing, increased pay and bonuses) or non-monetary (such as time off with pay or additional learning opportunities).

Extrinsic rewards for knowledge sharing are not common within UK law firms, but are, by contrast, very common for chargeable work. Research has shown conflicting results in relation to the effect of extrinsic rewards on knowledge sharing although, given the difficulties in manipulating reward systems in field studies, this is perhaps not surprising.

On the one hand, some research has found that, unless there is a positive extrinsic incentive system in place, employees are less likely to make the effort to contribute relevant knowledge. But, on the other hand, other research has found a positive effect from intrinsic and extrinsic motivation on knowledge sending and receiving, but a negative effect from extrinsic motivation on knowledge sending. It is thought that this is caused by those engaging in knowledge sharing for extrinsic reasons strategising their knowledge sharing more than those engaging because of intrinsic reasons.

Other studies have suggested that intrinsic motives are more powerful enablers of knowledge sharing than extrinsic ones. Research has suggested that autonomously-motivated behaviour which is self-endorsed and congruent with the individual's own interests and values (i.e. where there is an intrinsic motivation) is more efficient at promoting knowledge sharing than controlled motivations (i.e. extrinsic motivation), when an individual feels pressurised. This effect is more pronounced when the behaviour involves learning, citizenship and helping behaviours, and is complex. This includes knowledge sharing and dedication at work.

Externally-controlled motivations appear to lead individuals to take the easiest route to attain the externally-defined end. This fits with many practitioners' experience that gaming

occurs most when organisations try to motivate individuals through externally-controlled benefits rather than remove obstacles and facilitate existing intrinsic, autonomously-motivated behaviours.

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## **“Intrinsically-motivated individuals are more proactive and more likely to seek out activities that promote their personal growth, such as knowledge sharing”**

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Research has also suggested that individuals who engage in knowledge sharing because it is in accordance with their own values and interest (i.e. they are autonomously, intrinsically motivated), have a greater sense of 'non-contingent self-worth' as a result, which in turn makes them better equipped to make full use of their network and be open to learning experiences. Intrinsically-motivated individuals are also thought to be more proactive and more likely to seek out activities that promote their personal growth, such as knowledge sharing.

### **My research**

There have been no known studies to date into the antecedents of knowledge sharing by fee earners within UK law firms.

In light of the lack of industry-specific research and conflicting existing research, my study aimed to investigate, as a starting-point, the self-reported knowledge-sharing activity and motivations of UK fee earners and how this behaviour was affected by extrinsic reward systems and self-reported levels of trust.

The next article in this series discusses what I found to be the most common motivator of knowledge sharing amongst fee earners in UK law firms and suggests what law firms can do to encourage more knowledge sharing. ¶¶

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