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## ROLE OF KNOWLEDGE SHARING IN SALES FORCE PERFORMANCE

A Case Study of Sales Peoples in Financial Institutions in Somalia

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### ABSTRACT

Organization's face highly volatile and competitive business environments today. The ability to quickly sense and respond to market developments through knowledge gathered from the operating environment creates and sustains competitive advantage. Sales people constant interaction with the market beyond the bounds of organizational rigidity make them a source of market knowledge with least influence of group-think bias that inhibit innovation (Janis 1982). In the knowledge-based economy, an organization's ability to create, transfer and adopt knowledge rather than allocating efficiency determines sustainability of its existence. (Prahalad and Hamel 1990). Knowledge sharing is part of the knowledge transfer component of knowledge management. The purpose of the study was to determine the effects of knowledge sharing that influence sales force performance in commercial banks. Within the context of knowledge management framework, knowledge sharing is seen as a way of exchanging knowledge internally and externally through organization channels with an aim of improving value (Lin, Wu, and Lu, 2012). Inter-personal, organizational and barriers to knowledge sharing factors affecting sales force performance was considered. There was negative and insignificant relationship between sales force learning and performance suggesting learning did not influence performance. Tacit knowledge gained from interaction of the salesperson with the business environment was seen to have developed with time and this experience could not be translated to explicit knowledge unless there was trust in the sales force. There was positive correlation between interpersonal skills and performance as the more time the sales force spends with building relationship with customer, the higher the performance. Teamwork had a positive and significant relationship between teamwork and sales force performance. This result suggests regular interaction between sales force teams and individuals intensify bonds and create a positive working environment where knowledge is easily shared, common understanding reached, implemented and feedback given without fear of repercussion or hoarding of knowledge. It was found current business environment for banks is challenging and knowledge from customers through the sales force drive value for institution and harness power of the client to drive results by placing customers at the center of what a bank does (M. Blanco and R. Langford, 2017). By sharing this knowledge within the sales force and integrate it to the organizational strategy and structure, there shall be overall organizational improvement in performance.

**Key Words:** Knowledge Management, Competitive Advantage

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## **INTRODUCTION**

In the competitive business environment of the banking industry, knowledge has become a priority as capital and Labour. In the knowledge worker age, utilizing knowledge to create innovative and responsive solutions to customer wants and needs has gained significant importance in creating and sustaining organizational competitive edge (Andrej, 2017). The sales force is in constant interaction with the business environment, in the process collecting an array of valuable market intelligence on customer preferences, market shifts, competitor response and innovation to existing consumer demands. This information is context-rich which if used to respond to the market force in a timely and appropriate manner provides an organization with the assets it needs to become the dominant force in the industry. However, this knowledge is held in the minds of the individuals in the sales force. The organization's primary action is to retrieve this information, design it so that it can be understood by the unit within the salesforce and embedded in the organizational strategy for use and implementation as a response. This process describes the essentials of knowledge management within the sales force with particular emphasis on knowledge sharing and its impact on the sales force.

## **LITERATURE REVIEW**

Knowledge management is described as the capabilities of an organization to create, retain, and share knowledge (Mohrman et al., 2003; Marques & Simon, 2006) with knowledge creation, retention and transfer being branches of knowledge management. Knowledge based theories view of organizations consider knowledge as a strategic resource (De Carolis, 2002) that create and sustain competitive advantage as these resources are difficult to replicate and are the basis for sustainable differentiation and heterogeneity (Wiklund and Shepherd, 2003). Furthermore, knowledge management strategy should be designed to motivate the people implementing the strategy to share and apply knowledge (Cabrera and Cabrera, 2005; Milne, 2007; Olatokun and Nwafor, 2012) and maintain the culture of knowledge sharing (Mayo, 1998). The existing literature identifies three types of relationships of knowledge sharing: characteristics of organizational units, relationship among organization units and properties of knowledge. This research was focused on individuals within the sales force. Members in a group sharing relevant ideas, information they own with each other, comprehending in detail rules and processes of complementing units/department and identifying more cues in challenging business environment solving and improving bring about creative thinking (Zhang et al., 2011). In the Socialization, Externalization, Combination, and Internalization (SECI) model, through knowledge sharing knowledge is transformed by internalization and socialization from organizational level to individual or group level. Inversely, knowledge sharing transforms individual and group level knowledge to organization level knowledge through combination and externalization (Nonak and Takeuchi, 1995). By sharing knowledge, individuals support each other in enhancing elements of the sales force thereby creating synergetic effects that are significantly greater than those of individual practices. Furthermore, knowledge sharing can only occur when other individuals do the same but is limited or restricted by knowledge hoarding to increase individual superiority or distinguish themselves from the unit (Brock, Zmud, Kim, and Lee, 2005; Huber, 1991). The effects of these influences can be hypothesized using the Ability, Motivation, and Opportunity (AMO) framework which states the degree to which individuals process information is based on three factors: motivation, opportunity, and ability (Bailey, 1993; Appelbaum et al., 2000). This means individuals perform better when they have the knowledge and skills (ability), want to do the work (motivation) and the enabling working environment providing the support and means to accomplish the work (opportunity). AMO framework has influence on communication effectiveness, such as behavioral changes (MacInnis et al., 1991).

To understand knowledge sharing among the sales force, a distinction between knowledge sharing and knowledge transfer needs to be understood. Knowledge transfer is the movement of information between individuals, units, or organizations without requirement of active exchange of information between entities. On the other hand, knowledge sharing is the active exchange of information that influences the decision-making process of recipient thereby enriching their own knowledge and transmitting the enriched knowledge

with other participants and organization in general. Hence, it is important and of significance to know what influences individual's conscious decision to share information.

Literature reviews have little to show for knowledge sharing in the sales force. Sales force has had the primary task of being knowledge disseminators (Auh and Menguc, 2013, Menguc, Auh and Kim, 2011) with knowledge withholding deteriorating organizational performance (Evans, Hendron and Oldroyd 2015). These reviews focus on customer information and ignoring market context affecting customer behavior. Based on agency principles, it assumes individuals are self-centered and rational, thereby postulate economic theories to create the desired outcome ignoring social exchange among individuals in an organization that creates social capital (Tyler and Kramer, 1996). (Kohli and Jawarski; 1990) viewed Market Orientation as information centered premise made up of: 1) Collection of market information based on current consumer needs and business environment factors, 2) information such collected are disseminated within the organization units/department, 3) use that data created to advance and contrivance new plans. This shows salesforce are a source of information and data with strategic potential for the organization.

To summarize, the research narrowed its scope to factors influencing knowledge sharing within the knowledge management framework and the strategic importance of sales force in the strategic planning of an organization. To determine dissemination of organization marketing strategy in the sales force, market orientation was used to measure the degree to which information from the sales force diffused into the organization to influence organization wide performance.

### **Knowledge Sharing**

In this paper knowledge sharing is defined as the extent to which information about the market, customers and business environment is utilized by the organization at individual, team, and organization level. Furthermore, the goal of knowledge management is related to the intention to share knowledge where this is a relationship between commitment and attitude of recycling behavior of individuals within the organization (Terry, Hogg and White, 1999)

This research identified recipients of sales force knowledge affect knowledge sharing success e.g., personality, motivation, absorption capacity. Individuals in the sales force will determine what is important and decide on whether to share such information or not. Knowledge shared between departments/sections of an organization leads to collective learning leading to development of competencies and competitive advantage (Prahalad and Hamel 1990). Weak relations among team mates as well as organizational structures affect effective sharing of knowledge among the team and the organization ((Phillips, 1993; Lovelace, Shapiro & Weingart, 2001). The more the communication and interaction among the sales force members, the more they can collect information on team members personality, ability, and intentions (Becerra & Gupta, 2003). Therefore, knowledge shared depends on the trust where the higher the depth of communication the higher the willingness to disclose critical knowledge due to trustworthiness (Taylor & Altman, 1987). Communication formality within the organization and its constituent units have shown significant relationship between organizational performance and knowledge sharing. High co-operative teams been found to use more informal channels e.g., informal discussion building familiarization (Pinto and Pinto (1990)) which when complemented with formal channels delivered structured traceable information within the organizational levels (Pitt & MacVaugh, 2008).

### **Sales Force Performance**

The goal of the Salesforce is to create sustainable competitive advantage against competitors (Hossain, Sultana & Mazmum, 2016) where personal selling adapts to individual consumer needs by communicating the organization image to the consumer (Swan & Nolan, 1985). Better approaches to sales in the competitive environment and changing scope of products requires organisations to efficiently perform task generating more profit while reducing cost of doing business (Dutt, 2015). Different buying behavior exhibited by consumers require sales people to adapt their approach to suit consumer needs especially where situations are

varied and unpredictable (Chakrabarty et al., 2013). In the banking sector, building relationships with clients contributes to the organization's overall business performance (Bitner, Booms, and Tetreault, 1990).

### **Conceptual Framework**

The framework intends to organize the research along knowledge sharing context modeled based on knowledge management contexts namely properties of units, properties of relations and properties of knowledge (Argote et al., 2003). Properties of unit refers to attributes of the unit in the organisation that affect effectiveness of knowledge management (et. Al, 2003). Seeking knowledge is based on unit attributes are perceived based on expertise, value, access, and cost of gaining knowledge (Borgatti and Cross, 2003). Status determines how individuals assess expertise and quality of source before deciding to seek knowledge.

Relational properties indicate relationship among units in an organization (Argote et al, 2003) with stickiness of knowledge within a unit regarded as the relational properties of knowledge sharing. Different competencies and absorptive capacity among different units affect transfer of knowledge among units (Szulanski, 1996). Organizational structure among organizational units has shown social ties enables different knowledge transfer amount units where weak ties were used to search useful knowledge among units while strong ties facilitated complex knowledge sharing (Hansen, 1999).

Properties of knowledge relates to tacit and explicit knowledges presenting difficulty in sharing knowledge as explicit knowledge is less effective without tacit knowledge (Brown and Duguid, 2001). Sharing of explicit knowledge and putting it into practice combines to create knowledge that is useful. Knowledge becomes the outcome of practice that made it (Orlikowski, 2002).

The research used social capital theory to explain the importance of knowledge sharing in knowledge-based organizations. (Putnam, 1995). Social capital is defined as the social organization that facilitates action and mutual benefit (Putnam et al, 1994). A higher level of social capital as been associates with effectiveness of workgroups (Oh et al, 2004) and dissemination of knowledge within the organization (Nahpiet and Ghoshal, 1998). Social capital resources are made up of structural, relationship and cognitive capital (Nahapiet and Ghosal, 1998). Structural capital is the general structure of social connections among individuals. Relational capital is the asset created and leveraged through ongoing relationships that influence individual behavior. Cognitive capital is the common shared understanding through shared language and narratives. These aspects of interactions motivate individuals to share knowledge (Yu et al, 2013). Social capital has been identified as significant feature in enabling knowledge sharing (Ganguly et al., 2019; Göksel & Aydıntan, 2017) while (S. C. Yang and Farn, 2009) employed perspectives of social capital to investigate employees' tacit knowledge-sharing behavior within a work group. Therefore, knowledge sharing can facilitate the creation of social capital developing creation of individual linkage of networks. The more a sales force individual shares knowledge, the more network he creates.

## **METHODOLOGY**

### **Design:**

Since we set out to examine the relationship between knowledge sharing and sales force performance, an explanatory cross-sectional survey design as recommended by Saunders, Lewis and Thornhill (2009) was adopted. As noted by Saunders *et al.*, (2007), explanatory study establishes causal relationships between variables. This study sought to establish how knowledge sharing influenced the performance of sales force in financial institutions in Somalia. In addition, a cross-sectional study was used since the relationship of variables were measured at a specified time so as to describe the incidence of a phenomenon

## Population and Sample

The target population of this study comprised all salespeople from financial institutions in Somalia. Financial Institutions are stratified into four categories of Commercial Banks (5), Remittances (9), Insurance firms (2) and Microfinance Institutions (4) where 25 respondents were targeted from each organisation as indicated.

**Table 1: Target Population and sample**

Category	No. of institutions	Targeted department /sections	No. per department	Targeted Number	Total targeted population	Proportion (%)	Sample distribution
Commercial Banks	5	5	5	25	125	25	56
Remittances (Hawalas)	9	5	5	25	225	45	100
Insurance Institutions	2	5	5	25	50	10	22
Microfinance Institutions	4	5	5	25	100	20	45
<b>Total</b>	<b>20</b>	<b>5</b>	<b>5</b>	<b>25</b>	<b>500</b>	<b>100</b>	<b>223</b>

## Sampling Procedure

A census survey of all financial institutions in Somalia was conducted from which a design a sample of 223 was calculated proportionality allocated according to the number of financial institutions were studied. In choosing census survey, the practicalities and cost of undertaking a census, representativeness and the nature of the survey as well as population were considered. The unit of analysis were financial institution whereas the unit of observation were the salespeople in each institution. The sales force was considered to have the relevant information relating to knowledge sharing processes, culture and organisational performance.

In their book titled ‘An introductory Analysis’ Singh and Masuku (2014) cited Yamane’s (1967) formula for calculating samples, which is.

$$n = \frac{N}{1 + N(e^2)}$$

In this formula,

n = sample size;

N = total target population (which, in our case, is 500);

e = margin of error or level of precision of 5 percentage points (hence, 0.05).

The same formula was used in this study and a sample of 223 arrived at.

## Data Collection Instrument

Primary data was collected using a questionnaire. With regard to the effect of knowledge sharing on performance salesforce of financial institutions in Somalia, a structured questionnaire was administered to salespeople identified in each institution. The closed-ended questions scaled, 1= strongly disagree, 2=disagree, 3=somewhat agree, 4=agree and 5=strongly agree, provided more structured responses that facilitated quantitative analysis, testing of hypothesis, and drawing of conclusions. The questionnaire was tested for both validity and reliability.

**Validity.** Factor analysis was used to establish construct validity for all of the variables employed in this study (Kerlinger & Lee, 2000). All of the items in the variables were subjected to factor analysis and loaded in accordance with prior theoretical expectations. Confirmatory factor analysis (CFA) was conducted to test the instrument validity. CFA was done to describe variability among observed variables and correlated

variables in terms of lower number of unobserved/latent variables called factors. According to Hare and Neumann (2008), factor analysis helps in grouping variables with similar characteristics together. This helps in reducing a large number of variables for modelling purposes and to select subset variables from a large set, based on which original variables had the highest correlations with the factor. Squared factor loading indicate what percentage of the variance in the original variables is explained by a factor (Field, 2009).

The validity of the instruments was ensured by conducting empirical and theoretical literature reviews and identifying measures for the variables as used in previous studies and including as item measures for knowledge sharing and sales force performance.

**Reliability.** Reliability was evaluated using Cronbach's Alpha which measures the internal consistency and establishes if items within a scale measure the same construct. The questionnaire was pretested on 15 respondents who did not form part of the actual survey of bank employees. The index alpha was computed using SPSS and helped to measure the average of measurable items and its correlation. All the study variables: knowledge sharing, sales force performance and organizational performance had a Cronbach alpha of at least 0.7 which was acceptable. This value is consistent with the observation by Marczyk, DeMatteo and Festinger (2005) that Cronbach Alpha value of 0.7 is the threshold for determining reliability, and by Kline's (2000) assertion that a scale of  $0.7 \leq \alpha < 0.9$  is good and a scale of  $0.6 \leq \alpha < 0.7$  is acceptable.

### Data collection, Processing and Analysis

The questionnaires were distributed to the Banks business location for a period of two weeks. In order to address incidences of non-response which would have resulted in less responses compared to the design sample of 223, we distribute 300 questionnaires here the additional 77 were also proportionately allocated to the 20 institutions. Once the data was collected, validation and checking were done. Coding was done on the basis of the location of the respondents. Quantitative data was analyzed using descriptive and inferential statistics. Further, correlation and regression analysis results were used for testing hypotheses and drawing conclusions.

## RESULTS AND DISCUSSION

Out of the 300 questionnaires that were distributed, 244 were returned and suitable for data collection, representing 81.33% satisfactory response rate. The distribution of the responses was Commercial banks (n=71, 29.1%), Remittances (*Hawalas*) (n=100, 41%), Insurance Companies (n=27, 11%) and Microfinance Companies (n=46, 18.9%)

**Table 2: Distribution of respondents by gender and length of service**

Variable	Attribute	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	127	52	52	52
	Female	117	48	48	100
	Total	244	100	100	
Length of service	3 years and below	48	19.7	19.7	19.7
	4-7 years	84	34.4	34.4	54.1
	8-11 years	69	28.3	28.3	82.4
	12 years and above	43	17.6	17.6	100
	<b>Total</b>		<b>244</b>	<b>100</b>	<b>100</b>

There were more men than women in the financial institutions though the difference was only 4 percent points in favour of men. This result suggests that there was almost parity in the representation of gender in the workplace. Further, most respondents had worked in the institutions for between 4 – 11 years (62.7%). This implies that they were in a position to provide reliable information concerning their operations.

**Table 3: State of knowledge sharing among salesforce and organizational performance**

<b>Descriptive Statistics</b>							
Variable	N	Mean	Std. Dev	Skewness	Std. Error	Kurtosis	Std. Error
Knowledge transfer	244	3.86	0.55	-1.074	0.156	2.121	0.31
Organisational performance	244	3.91	0.60	-0.996	0.156	1.483	0.31

As seen, the practice of knowledge sharing was moderate since the mean on a scale of 1 to 5 was above 3.80 but below 4 (Agreement) implying there was homogeneity in the responses on all the variables since the standard deviations from the mean were less than unity ( $SD < 1.00$ ) The implication of these results is that there is need to improve the knowledge sharing so that they have composite score of 4 and above. It was found organisations performance was moderately satisfactory ( $M=3.88$ ,  $SD= 0.46$ )

Knowledge sharing statements on which the respondents indicated their level of agreement were "Useful information is disseminated among the banks staff" ( $M=3.89$ ,  $SD=0.94$ ) and "There is continuous capturing of information" ( $M=3.97$ ,  $SD=1.02$ ) and "Organizational leadership has pioneered and driven knowledge sharing and use" ( $M=3.55$ ,  $SD=0.99$ ).

#### Relationship between Knowledge sharing and salesforce performance

Knowledge sharing had the strong positive significant relationship with sale force performance ( $r = 0.533$ ,  $p < 0.001$ ,  $p < 0.05$ ). Knowledge sharing was significantly related with organisation performance ( $r = 0.560$ ,  $p < 0.001$ ).

**Table 4: Relationship between knowledge sharing and organizational performance**

Variables	1	2	3
Knowledge conversion	1		
Knowledge transfer	.597**	1	
	.000		
Organisational effectiveness	.411**	.533**	1
	.000	.000	.000
	244	244	244

## CONCLUSION AND RECOMMENDATION

Based on the findings of the research, it was found there was positive and significant correlation between knowledge sharing and sales force performance in financial institutions in Somalia with a 5% level of confidence.

Drawing from these findings it is recommended that the financial institutions in Somalia intensify their knowledge sharing priority since knowledge sharing significantly influenced sales force performance. Further, the organization culture needs to be more supportive of the knowledge sharing within the organisations because the knowledge sharing significantly influence organisational performance.

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