A cultural perspective on knowledge management: the success story of Sarkuysan company

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Abstract
Purpose – The purpose of this paper is to demonstrate how effective knowledge management practices combined with a unique corporate culture have enabled the company Sarkuysan to cope with the challenges it has faced throughout the years and made it an extremely successful company.
Design/methodology/approach – A company case was chosen to explain the influences of cultural determinants on the success of knowledge management. This objective was achieved by conducting several interviews with the top managers of the company.
Findings – The findings of the article are, that effective knowledge management practices combined with a unique corporate culture can enable companies to instill a lasting knowledge management culture.
Research limitations/implications – The article is based on a case study, which limits the possibility of making general conclusions. Whereas many studies discuss knowledge management primarily as an IT problem, this study focuses on the topic as a cultural issue.
Practical implications – Most current literature on knowledge management deals with multinational companies with Western management structures. This article describes how knowledge management is applied in an emerging market context, which does not necessarily share the culture, structures and ideals of the organizations on which current theories are based.
Originality/value – This article focuses on the concept of knowledge as a cultural issue, rather than a problem that can be solved by sophisticated information technology infrastructures. The paper deals with a firm from an emerging market/country, i.e. Turkey.
Keywords Companies, Knowledge management, Business continuity, Storytelling, Turkey
Paper type Case study

To sustain a competitive advantage, a company must create, share and utilize the knowledge it possesses. Although the topic of "knowledge" as such has been widely discussed, there is a gap between theory and practice. When the amount of knowledge management literature and the actual manner of how knowledge is managed in organizations is compared, only in very rare cases does the reality match the potential.

An examination of Sarkuysan, a Turkish company producing electrolytic copper conductors and the leading company in the Turkish copper industry, suggests how to build and foster a knowledge-sharing culture. This article assesses how effective knowledge management practices at Sarkuysan, combined with its unique corporate culture, have enabled it to cope with the changes and challenges it has faced throughout the years.

The paper contributes both to improved understanding in academic as well as business communities. This is an academic contribution, since the academic community is today viewing organizations as repositories of knowledge (Bhatt, 2001). In the case of Sarkuysan, it is very clear that the competitiveness of the firm is determined by the knowledge it possesses and the way it manages its knowledge. Another contribution to academic literature stems from the focus of the article. Whereas many studies discuss the topic of knowledge...
management primarily as an issue to be solved by IT (Oltra, 2005), this particular study focuses on knowledge management as a cultural issue.

The second contribution is directed towards managers. Most current literature on knowledge management deals with large, international companies that have Western (and predominantly North American) management structures and ideals (Lim and Klobas, 2000). This article describes how knowledge management is applied in an emerging market that does not necessarily share the culture, context, structures and ideals of the organizations on which current theories are based.

The concept of knowledge

The understanding of knowledge, as it is used today, stems from the philosopher Michael Polanyi (1966). According to his view, knowledge can be seen as a justified belief that increases an entity’s capacity for effective action (Huber, 1991). From an organizational perspective, the Japanese management scholar Ikujiro Nonaka (1994) states that organizational knowledge is formed through interactions between technologies, techniques and people in organizations (Yahya and Goh, 2002).

Business knowledge is usually divided into explicit and tacit knowledge (Nonaka, 1994). Explicit knowledge can be written down, transferred, shared (Jarrar, 2002) and stored in knowledge resources (Studer and Stojanovic, 2005). It is based on objective criteria and has the character of public goods (Cavusgil et al., 2003). Examples of explicit knowledge are databases and instruction books (Duffy, 2000). Tacit knowledge, on the other hand, is difficult to interpret and transfer (Cavusgil et al., 2003; Crawford, 2005), as it resides in the human mind, behavior and perception (Duffy, 2000). This dimension of knowledge is expressed in skillful actions (Miller et al., 2006). Typical tacit knowledge examples are intuitions, beliefs and values (Gore and Gore, 1999).

The knowledge existing in the minds of the members of an organization is one of its greatest resources (Malhotra, 1997; Keskin, 2005). A number of scholars even claim that the firm itself is a body of knowledge and that its importance exceeds that of other physical properties (Spender, 1996; Grant and Baden-Fuller, 1995; Grant, 1997) such as natural resources and finance (Quinn et al., 1996; Martinez, 1998; Numri, 1998). These assets are available to everyone in more or less the same terms (Jarrar, 2002) and thus offer only temporary competitive advantage.

The concept of knowledge management

Although the concept of knowledge management is a strongly emerging theme in today’s management agenda (Chase, 1997), it is actually nothing new. Traditionally, owners of family businesses have long been passing on their knowledge to their children- However, for large companies and their chief executives, the concept of knowledge management has only just begun to attract interest (Hansen et al., 1999). As the knowledge of a company contributes to increased competitiveness (Danskin et al., 2005), and improves decision making (Jarrar, 2002), the capture, sharing, retention and reuse of organizational knowledge has become of crucial importance for most companies (Hatami et al., 2002).

The process of leveraging the knowledge a company owns as a means of achieving innovation in process and products/services, effective decision making, and organizational adaptation to the market is referred to as “knowledge management” (Yahya and Goh, 2002), leading to organizational creativity (Borghini, 2005). Since knowledge has both explicit as well as tacit dimensions, its management is also a synergistic combination of data and information processing capacity of information technologies, combined with the creative and innovative capacity of human beings (Malhotra, 1997).

Knowledge management processes

Nevis, DiBella and Gould (1995) divide knowledge processing activities into three steps: knowledge acquisition, knowledge sharing and knowledge utilization. These processes are key factors in a successful organization (Zhang et al., 2006). Instead of knowledge acquisition alone, the term knowledge accumulation will be used throughout the article, as it is a more comprehensive concept than knowledge acquisition alone.
Knowledge accumulation

According to Gupta and Govindarajan (2000), knowledge accumulation consists of knowledge creation, knowledge acquisition and knowledge retention.

Basically, knowledge creation refers to the interaction between tacit and explicit knowledge rather than tacit or explicit knowledge acting separately (Hussi, 2004). Through this interaction, innovations and organizational knowledge are created. By finding new and useful ideas and solutions (Marakas, 1999), the company develops new or replaces old contents within the organization’s tacit and explicit knowledge base (Pentland, 1995). Organizations also acquire knowledge from outside sources (Hussi, 2004), through individual learning, scanning of the external and internal environment, and hiring new employees or buying companies with the required knowledge (Lim and Klobas, 2000). Knowledge retention, the last step of knowledge accumulation, includes all activities that preserve knowledge and allow it to remain in the system once introduced (Newman and Conrad, 1999) and refers to minimizing the loss of proprietary knowledge (Gupta and Govindarajan, 2000).

Knowledge sharing

Knowledge sharing involves the sharing of organizationally relevant information, ideas, suggestions and expertise among the employees of the organization (Bartol and Srivistava, 2002). This exchange can occur both informally in places like the corridor and formally in meetings, seminars and presentations (Bircham, 2003).

As the knowledge of an organization possesses is considered to be a resource leading to competitive advantage (McEvily and Chakravarthy, 2002), management is inclined to exploit the knowledge of its employees to its own benefit (Bircham, 2003) by encouraging knowledge sharing. The processes through which knowledge is shared determine the success of organizational learning (Cummings, 2003). In order for an organization to utilize knowledge assets, knowledge must move smoothly through organizations (Lin et al., 2003). This can be achieved only if people are motivated to access and share information and to transform the information they acquire into knowledge (Brand, 1998). Organizations must therefore strongly motivate, rather than just encourage, their employees to share their knowledge (Bock and Kim, 2002).

The factors affecting sharing and transfer of knowledge in an organization concern the motivation for sharing (Kalling, 2003), knowledge tacitness (Argote and Ingram, 2000; McEvily and Chakravarthy, 2002), the ability of the source to share (Foss and Pedersen, 2002), and the ability of the recipient to accept knowledge.

Knowledge utilization

Knowledge utilization is the effective use of knowledge (Lim and Klobas, 2000). If the receiver is aware of the knowledge, makes sense of the knowledge received and has the freedom to apply it (Lim and Klobas, 2000), knowledge can be utilized.

The organizational knowledge that has been transmitted between senders and receivers needs to be integrated into a company’s products, processes and services (Bhatt, 2001). The ability of the recipient to accept knowledge is one of the factors determining whether the act of knowledge sharing has been successful (Gupta and Govindarajan, 2000) and it is far from certain that the recipient of knowledge uses the knowledge received (Bircham, 2003). To speak about knowledge transfer, the transferred knowledge elements of the source must have been re-created in the recipient. Only if the recipient obtains full ownership of the incoming knowledge does he become committed to it (Cummings, 2003). In this case, he
makes use of the received knowledge by way of developing a new product or process, or by making a decision.

One of the barriers for knowledge utilization is the fact that knowledge from others is looked upon suspiciously (Bock and Kim, 2002). Just as individuals have a positive or negative attitude toward sharing the knowledge they own, potential recipients may also have an attitude toward the knowledge they receive (Bircham, 2003). Factors such as the capacity of the recipient to absorb the incoming knowledge and his/her familiarity with the area of knowledge being shared may affect the ability (So and Bolloju, 2005) and willingness to understand and accept the knowledge being provided (Bircham, 2003). Attitudes like the “not-invented here” syndrome (Katz and Allen, 1982) or doubts about the trustworthiness of the source (Bircham, 2003) may impede the willingness of the recipient to accept the incoming knowledge.

The effects of organizational culture on knowledge management

As explained previously, knowledge is more than simply data or information. Knowledge management is rooted in human experience (Oltra, 2005) and social context (Alavi et al., 2005), managing it requires not only attention to the information technology, but even more to the people (Havens and Knapp, 1999) in that organization.

Organizational culture is one of the key parameters of successful knowledge management (Martin, 2000; Knapp and Yu, 1999) and can influence the procedures and influence of knowledge management (Chen and Lee, 2005). Organizational culture includes the values, beliefs, norms and expectations widely held in an organization (Huber, 2001). It is affected both by internal factors, such as the vision, mission and values of the company, the technology employed within the company, the organizational structure and the management style as well as external factors such as the social environment of the organization (Lemon and Sahota, 2003).

Organizational culture is perhaps the most significant hurdle to effective knowledge management (Gold et al., 2001). According to De Long and Fahey (2000), most managers recognize organizational culture as the most significant barrier to creating and leveraging knowledge assets since culture shapes people’s assumptions about what knowledge is important and is also the basis for perceptions on which knowledge is organizational and which knowledge is individual. Culture also shapes the creation and adoption of new knowledge.

Sarkuysan: the company today, its foundation and its history

Sarkuysan is the leading company in the Turkish copper industry and a prominent establishment in Turkey with 600 employees. The company is the only Turkish joint stock company whose shares are publicly traded on the Istanbul Stock Exchange.

Sarkuysan is a group of companies which also owns the subsidiaries Sarmakina, Demisasa and Sadra. The group produces copper rod and wire rod obtained by electrolysis process, in accordance with national and international standards, at continuous casting plants from electrolytic copper cathodes The distribution of these products is also done by the group. Copper tube and profile products are part of the product range, too.

Sarkuysan is the only company in the world using three different copper production technologies: Outokumpu, Southwire and Corti rod Continuous Casting.

According to the Istanbul Chamber of Industry, Sarkuysan has been a player among the top 50 industrial enterprises of Turkey over the last few years with its position varying from year to year as its yearly performance is strongly related to world copper prices announced on the London Metal Exchange (LME).

In 2004, the company’s production capacity was around 200,000 tons; its sales volume at around 110,000 tons with roughly 50 per cent exported to more than 50 countries around the world, leading to a yearly export sales revenue of US$ 216 million. The customers of the Sarkuysan range include not only domestic customers but extend to Europe and the USA; 60 per cent of European-produced automobiles use the copper products of Sarkuysan. The oxygen-free copper requirements of NASA are supplied by Sarkuysan. In 2002, Sarkuysan was awarded the “Delphi Packard Supplier Quality Award” for its timely production and delivery, product quality and packaging.
History of a large industrial enterprise: from modest roots to international profile

The word “Sarkuysan” is made up of the first syllables of the words “sarraf” (gold dealer), “kuyumcu” (jeweller) and “sanatkar” (artisan). The company was established in 1972 within the premises of the Covered Bazaar in Istanbul, the preeminent center for Turkish jewellers, goldsmiths and silversmiths, furniture dealers, haberdashers, shoemakers and ironmongers. The founders of the company were a handful of gold dealers, jewellers and artisans from the Covered Bazaar. The Bazaar was established in 1,455 and today contains around 4,400 shops, 2,200 ateliers, 500 stalls, 12 storehouses, 18 fountains, 12 small mosques and a church.

A foundation story forms the organizational culture of the enterprise

The establishment of the company was prompted by a discussion among company founders who believed that the production of Turkish aircraft would make the country less dependent on foreign capital. Realizing the complexities involved in such an undertaking, these patriotic entrepreneurs changed their view and tried to identify “a business that will bring a prosperous outcome to the country”, rather than generating large sums of money. In a time and culture where gold was considered to be a “dead investment” they decided to encourage the rural community in Anatolia to cash in their gold jewellery.

The five entrepreneurs started to travel throughout Anatolia (also known as “Asia-Minor” – which is where 90 per cent of the country is situated) to raise an initial capital of 100 million TL. After having toured the whole country and collected only 26 million TL, the five businessmen placed an advertisement in a national newspaper: “Call for shareholders: Come and join us! Sarkuysan has had absolutely no property or investment until now: its guarantee is the honor and dignity of its founders.”

Citizens seeing the advertisement went to their local jewellers to ask for their advice as to whether investing in this newly formed company was a worthwhile undertaking. Jewellers in the Turkish tradition have a crucial role in the functioning of society. Jewellers bring families together, jewellers act as banks, jewellers keep secrets and are guests of honor at every wedding in Anatolia. The answer was positive, the jewellers spoke favorably about the founders of Sarkuysan, and within a fortnight the shareholders managed to collect 108 million TL.

Alavi et al. (2005) portray organizational culture as a dynamic interaction among basic assumptions, values, and artifacts. The foundation of Sarkuysan was built on several values, which have been fundamental to the formation of the organizational culture of the company. Today, Sarkuysan’s organizational culture is based on the stories of the founding fathers told over and over again, which included the rational commitment of employees (continuity) to stay within the company, an emotional commitment (loyalty) to stand up for company interests, and trust. The success of its knowledge management practices can also be attributed to those four core values, supported by top management and an appropriate reward system.

The four central and two supportive pillars of Sarkuysan’s organizational culture

Sarkuysan’s is an extremely successful example of a company from an emerging economy engaged in a highly competitive local and global environment. Although the company has no official knowledge management strategy on paper, its success can be attributed – among other factors – to its intelligent knowledge management practices.

Knowledge is embedded in the social and cultural context (Nonaka, 1994). Therefore, the achievement Sarkuysan has obtained in its knowledge management practices needs to be linked to the organizational culture of the company, especially the values this culture...
communicates to its employees. Values show which priorities the organization posses (Davenport and Prusak, 1998) and determine the types of knowledge that are desired, tolerated and encouraged (Leonard, 1995; Levinthal and March, 1993). The culture of Sarkuysan rests on the four main value pillars of storytelling, trust, continuity and loyalty; and the two supportive pillars of a top management support and its reward system.

**Storytelling**

The first element of Sarkuysan’s organizational culture is based on “storytelling” within the company.

Storytelling has been an integral facet of humanity for thousands of years. The concept of storytelling deals with issues of self-identity, group membership, past and future, good and evil (Edwards and Sienkewicz, 1994). In recent works, storytelling has captured interest within organizations as well (Patriotta, 2003). Whereas conventional command-and-control approaches to achieve new goals and behaviours have tended to be counter-productive (Denning, 2006), storytelling has been seen as a powerful tool to appeal to both the hearts and minds of employees (McConkie and Boss, 1994). In Snowden’s view (2000), the influence of storytelling goes so far that it is the actual core of modern knowledge management.

As organizations nowadays operate in an increasingly complex and uncertain world, employees expect their leaders to make sense of their fast changing environments and convey meanings to employees (Young and Post, 1993). Through their words and actions they have to influence the behavior, thoughts and feelings of their followers. Sarkuysan is one of these companies that uses storytelling effectively.

Sarkuysan prides itself on having a rich history. Considering that almost all the founders of the company are still on the executive board, many stories are told about the days back in 1972 when the company was established. The storytelling culture of Sarkuysan lives on to the present, as the top managers who joined Sarkuysan when they were young and who have grown up with the company’s traditions, re-tell stories about the founding fathers of the company on every occasion and thereby reinforce its social culture.

The “Sarkuysan Banquet” held at the end of each year is one of these occasions. Stories about its founding by a handful of gold dealers and jewellers are re-told, copies of the advertisement placed in the newspaper of the day (“Call for . . .”) are transferred from person to person. Sarkuysan, as the first example of an institution in Turkey bringing small investors together to build a large entity is discussed over and over as a success story. Cihan Bektas, the late president of Sarkuysan and one of the driving forces behind the establishment, is frequently remembered. Musical performances by the “Sarkuysan Music Choir” are also given. Stories about the initial motivation to found the company are told. The core value of bringing “a prosperous outcome to the country”, rather than earning large profits is repeated frequently.

Sarkuysan also initiates other opportunities for bringing its employees together. Employee birthdays are celebrated every month. On these occasions, top managers retell stories about the founding years of the company and the hardships they endured. The Sarkuysan Pop Music Band plays songs during these celebrations and the employees sing together.

Sarkuysan managers use the storytelling tool very effectively to teach management values, generate principles and beliefs and encourage behavioral and attitudinal mind-shifts.

**Continuity (rational commitment)**

The second pillar on which the culture of Sarkuysan rests is the “rational commitment” of its employees to the company, i.e. their continuity.

In many companies, employees are considered as a commodity that can be bought and sold, subject to the prevailing economic climate and the availability of good people in the market. In an environment where humans are seen as mere production factors, it is difficult to expect that employees act in an open and sharing manner (Bryne, 2001).

Sarkuysan places a strong emphasis on the continuity of its personnel. Promotion from within and lifetime employment policies mean that Sarkuysan employees understand and know
Continuity of employment and personal networks result in people helping others time and time again without immediate expectation of return. Career planning at Sarkuysan is performed from within the company. Workers can become master craftsmen and technicians depending on their abilities. As one of the managers interviewed put it: “In my 11 years with Sarkuysan, I can hardly remember a manager who was employed from outside the company.” The observation of this executive is true for the majority of the employees. It has been noted that 475 people out of the current 550 employees have been the same for the past 5 years. Labor turnover is usually due to death or retirement and is at a level of 1.48 per cent among blue collar workers and 3.49 per cent among management staff.

Continuity for Sarkuysan employees is encouraged not only by the sole decision of the employees themselves; the company management also ensures that only a minimal level of their people (and the knowledge they possess) is lost. One example was the attitude of the company during the economic crisis in 2001 when many people in the country lost their jobs. In those days Sarkuysan managers offered two alternatives to their employees; they could either take their indemnity and leave or they could take their indemnity, leave the company and subsequently request to be rehired at 70 per cent of their previous salary. In this way, employees could both avail themselves of a lump sum to sustain themselves and their families throughout the economic crisis as well as have the opportunity to retain their jobs. The company management prefers this way instead of simply paying less during a recession. The attitude of the company during this crisis led both to continuity in the work-force and a minimal loss of knowledge; it also created loyalty among staff.

Loyalty (emotional commitment)

Some companies employ people on short-term contracts and are not too worried about long-term loyalty. With short-term contracts, the people know they will be leaving to work elsewhere. Without loyalty, knowledge is easily lost (Bryne, 2001).

Building emotional commitment means engaging employees’ emotional energy and attention. It is reflected in how employees relate to each other and feel about a firm (Ulrich, 1998). Sarkuysan invests in its employees to keep them emotionally committed. Providing training is one of these investments. Training is fundamental to capacity development (Grigg, 2006), and Sarkuysan is aware of that. The training offered at the company relates not only to the professional functions of employees within the company. Once a month seminars, referred to as “Life Workshops”, are provided. Psychologists and pedagogical experts give lessons and offer workshops on life, covering subjects such as marriage, relationships, child rearing, etc. The company covers the costs of these support services, that in many other companies are either not included at all or are only available at a cost.

Considering extended family issues when making decisions about employees has been a common company practice for many years. Organizations have commonly accepted practices such as inviting spouses on interview trips to ensure that they are comfortable with relocation and corporate-supported child care (Ulrich, 1998). Sarkuysan not only invests in its employees, but also in their spouses, as management is aware that employee loyalty is strongly related to how employee spouses view the company of their partners. Spouses of Sarkuysan employees are invited to the factory twice a year, where the medical advisor of the company gives them advice and workshops on basic health issues, such as first aid. The company also includes the children of their employees in order to create a sense of loyalty to the company. Scholarships are provided to the children of all company employees who pass
the university entrance exam and begin their higher education. Graduates of the “Sarkuysan High School”, built as a social service project of the company, receive full scholarships.

Loyalty to Sarkuysan originates first from job-based relations. Employees also see each other outside their work. Participation in weddings of colleagues or funerals of colleagues’ family members is quite common. Colleagues get the most prominent places when they attend weddings. According to Turkish tradition, family members of the deceased meet in one house, and the house is crowded for days. The Sarkuysan management gives a helping hand to overcoming the hardship of their employees by offering material/financial support.

**Trust**

A strong emotional commitment on the part of the employees leads to a sense of identity and trust.

The most often cited values that promote knowledge management behavior are trust and openness (van Krogh, 1998; Lee *et al.*, 2006) and organizational literature has been dealing with the concept of trust extensively (Chowdhury, 2005). A high level of trust in an organization is an essential condition for a willingness to cooperate (Goh, 2002).

The foundation of the company Sarkuysan is based on “trust”; this is clearly visible in its employee relations. “Trust” is also the foundation of the relationship Sarkuysan has with its shareholders. Connections with shareholders are of utmost importance for the company’s managers and bear prime significance. The trust shareholders have in Sarkuysan and its management is so high, that up until a year ago, Sarkuysan even kept the shares of close to 1,000 of its shareholders (nearly all jewellers, gold dealers and craftsmen) in their own company safes. Sarkuysan calculates dividends per share, collects dividends, transfers acquired funds to the shareholder and informs the shareholders of upcoming meetings. This shows the level of trust shareholders have in the company.

Shareholders coming from outside of Istanbul regularly visit Sarkuysan to ask “how things are going”. Since the establishment of the company, a separate “Shareholder Relationship Division” handles requests, questions and complaints of shareholders. It has happened occasionally that a visiting shareholder makes his business contacts in the city and is left with no money to return home. Sarkuysan jumps in and gives a helping hand by granting the money necessary to pay the trip home (without interest payment, of course).

Sarkuysan sometimes also acts as a broker, selling shares upon request of shareholders to do so. Sarkuysan does this without taking any commission and without actually being required to do it. It is done as a gesture to show personal relationships with the shareholders. Sarkuysan is the first example in Turkey to show that small investors can turn small investments into larger amounts if combined. Being first to do so evokes national pride in employees as well as shareholders.

**Top management support**

Motivating people to cooperate voluntarily is one of the key challenges organizations of today face (Smith and McKeen, 2003). This is not a simple task, since voluntary cooperation can neither be supervised nor forced out of people (Stauffer, 1999). Creating an organization that works as a collaborative system not only depends on individual decisions, but also requires leadership. Top management can exert substantive influence on organizational members’ activities by creating and fostering beliefs and values about the meaning of knowledge management. The impact management has on any knowledge management strategy is crucial (Pan and Scarbrough, 1998). Only when top managers lead by example and demonstrate their willingness to share their knowledge can a sharing culture develop.

In the case of Sarkuysan, the support of top management is evident in all of the values explained in the earlier sections. No element of Sarkuysan’s value system can exist without top management’s support of company leaders. In the end, it is the managers who must reserve the time for training and sharing, who determine job assignments, who recognize and reward sharing behaviors and who decide whom to hire and promote (Smith and McKeen, 2003). Sarkuysan managers have a major influence on the values of the company and thus provide the support conditions needed for the knowledge management processes.
to succeed. The top managers of Sarkuysan demonstrate commitment and support for the knowledge acquisition, sharing and utilization efforts of their employees. Top management is not a distant authority, but visible and active in day to day activities. Employees have easy access to their managers who show a willingness to share information and knowledge freely and to seek it from others in the organization. Decisions at Sarkuysan are made openly; information is widely available and accessible by the employees. Such an attitude creates and further enhances the environment of trust, and influences attitudes throughout the organization about information sharing and collaboration.

The reward structure of the organization

An organization's system of rewards and incentives can determine the effectiveness of knowledge flows (Leonard, 1995) and enhance employee efforts (Zenger and Marshall, 2000). According to van Krogh (1998), employees build up and defend their own knowledge bases if they are evaluated and rewarded according to their own expertise, rather than on their willingness to help others. Individually based incentives programs can interfere with objectives of sharing knowledge throughout the organization (Armbrecht et al., 2001; Davenport and Prusak, 1998). Also the nature of the rewards determines the success of the system. Rewarding success only financially might encourage negative competition among employees and hinder sharing within a company environment. On the other hand, rewards that emphasize shared success increase the level of trust in the company. Measurement and reward systems that favor collaboration and the sharing of best practices encourage knowledge management practices (Goh, 2002).

Knowledge retention includes all activities that preserve knowledge and allow it to remain in the system once introduced (Newman and Conrad, 1999). At Sarkuysan, this is clearly the case. The company’s management values and recognizes knowledge creation, sharing and utilization. Sarkuysan has a “Proposal System” whereby employees at every level are encouraged to make proposals for improvement. A high level of attention is paid to nonmonetary recognition and rewards for individual and group accomplishment. Proposals are made as a group and each proposal is honored at the end of the month with a special gift or a company pin. All members of the group are commended for their contribution. The company does not grant monetary rewards for proposals, but celebrates employees with special awards. The “Cihan Bektas Achievement Awards” are given six times a year; the emotional value of these prizes are very high. Also gold pins or crystal statues are given for other achievements.

The core values of Sarkuysan’s corporate culture are depicted in Figure 1.

The influence of Sarkuysan’s organizational culture on its knowledge management processes

Knowledge accumulation at Sarkuysan company

As stated in earlier chapters, knowledge accumulation consists of knowledge creation, knowledge acquisition and knowledge retention (Gupta and Govindarajan, 2000).
Knowledge creation is achieved when tacit and explicit knowledge interact, with innovations and organizational knowledge being the outcome of this interaction. In many cases, knowledge is acquired from outside sources (Hussi, 2004).

Sarkuysan considers the selection of proper, “high quality” employees and their rewards structure to be of prime importance so as to facilitate the interaction between tacit and explicit knowledge possible. The company employs 550 people; 250 of these are workers, the rest are white collar employees, mid and top level managers. Approximately 90 per cent of the blue collar workers are graduates of technical high schools. Potential employees are selected using a “Triple Test” in which the mathematical abilities and general knowledge level of the potential employee are assessed. In cooperation with the Gebze Institute of High Technology, the company also uses psychotechnical tests to select human resources. For high level employees personality tests are applied. For top management functions, past performance and recommendations are also taken into consideration.

Knowledge sharing at Sarkuysan

Knowledge sharing among individuals or teams may not take place in organizations (Fisher and Fisher, 1998; Tobin, 1998), as knowledge (expertise) is considered to be a source of power (So and Bolloju, 2005) and its disclosure might erode the power of the individual (French and Raven, 1959). Also fear of losing superiority, the perception of not being adequately rewarded for a knowledge sharing action and the lack of time and resources that the individual possesses might be some of the reasons or that the individual prefers to keep the knowledge to him/herself rather than sharing it (Szulanski, 1996).

In order for an organization to utilize knowledge assets and get the maximum value from these assets, knowledge must move smoothly throughout organizations (Lin et al., 2003). Knowledge moves smoothly within the organization only if people are motivated to access and share information (Brand, 1998). In an organization with a knowledge sharing culture, people share ideas and insights because they see it as natural, not because they are forced to do so.

Sarkuysan’s history is based on trust, one of the conditions necessary for high level (i.e. face-to-face) communication to occur (Yahya and Goh, 2002). The trust within the company comes from employees having worked with each other for years and becoming acquainted with each other.

Companies usually emphasize either a codification strategy or a personalization strategy for knowledge sharing within their organization (Hansen et al., 1999). Sarkuysan emphasizes person to person contacts for knowledge sharing, focusing on dialogue between individuals. Knowledge is transferred in brainstorming sessions and in one-on-one conversations.

Sarkuysan realizes that it is important to recognize, honor and even reward proactive “knowledge givers”. As one senior executive of the company said: “Although the knowledge one receives from outside seems to be primarily of external origin, knowledge once acquired takes the shape of its beholder. Only then, information becomes knowledge. The knowledge that does not become available to a greater public, begins to rot in its own container. Still waters rot, flowing water is healthy and spreads health.”

For knowledge sharing to become a common practice in an organization, the organization’s reward systems have to encourage this. Management has to publicize and celebrate instances where sharing knowledge has occurred (Huber, 2001). Group-based incentives reinforce knowledge sharing as a cultural norm.

Knowledge utilization at Sarkuysan

It is not so much the knowledge existing in an organization but rather the firm’s ability to effectively apply this knowledge that goes a long way to creating new knowledge (Alavi and Leidner, 2003).

Knowledge utilization is the effective use of knowledge (Lim and Klobas, 2000). In many instances, knowledge from others is looked upon suspiciously (Bock and Kim, 2002). This is not the case at Sarkuysan, where the organizational culture is based on openness, trust and
loyalty. Attitudes like the not-invented here syndrome (Katz and Allen, 1982) or doubts about the trustworthiness of the source (Bircham, 2003) are therefore kept to a minimum. After each individual project is completed, the project team meets for a final meeting, to capture the knowledge before the team disbands. In these meetings, valuable lessons learned are discussed and become a knowledge asset for future undertakings. In these meetings, the focus is not on the “mistakes” that may have been made but on the “improvement opportunities”. As the culture of the company breeds trust, people are more willing to talk about improvements.

The main company value determinants influencing Sarkuysan’s knowledge management processes are shown in Figure 2.

Conclusion
Creating and sustaining corporate values is a crucial requirement for effective knowledge management. Sarkuysan is a clear example of a company that combined the four core values of storytelling, continuity, loyalty and trust with the two support factors of top management support and reward system to achieve an unusual level of success in its knowledge management processes.

References


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