

Person–Organisation Fit: An Invisible Hand Facilitating the Transfer of Tacit Knowledge

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Summary

Tacit knowledge is difficult to express, to describe and to transfer. It is also practical and context specific. This is why it is argued to be a key strategic asset: It is difficult to imitate, to substitute and it is rare. For these reasons it is critical for managers to understand how tacit knowledge can be transferred so that they can sustain their organisation's competitive advantage. In this paper we argue that person-organization fit (POF) is a conduct for the transfer of tacit knowledge: tacit knowledge is argued to be transferable via apprentice like relationships and POF is positively linked to socialization and staff retention, and hence the argument that POF may be the 'invisible hand' facilitating the transfer of tacit knowledge.

Person-Organisation Fit: An Invisible Hand Facilitating the Transfer of Tacit Knowledge

Tacit knowledge is difficult to express, to describe and to transfer. It is also practical and context specific (Nonaka, 1991; Polanyi, 1962). It is for these reasons that it has been argued to be a source of competitive advantage (Grant, 1996). It possesses all the requirements that a resource needs to be a source of sustainable competitive advantage, i.e. a strategic asset according to proponents of the resource-based view of the firm (Amit and Schoemaker, 1993; Barney, 1991): It is valuable, rare, imperfectly imitable and imperfectly substitutable.

Knowledge and knowledge management, the processes of creating and exploiting knowledge, have received a good deal of attention in the academic and business literature (Newell, Scarborough and Swan, 2002; Petersen and Poufelt, 2002). How codifiable knowledge can be stored, using databases, intranets, e-mails etc and used as required is well understood, but the management of tacit knowledge presents different challenges, and despite its key role in organisation performance, understanding how tacit knowledge can be transferred and leveraged throughout organisations are still challenging issues for managers.

While tacit knowledge is difficult to communicate it can be acquire through personal relationships and time (Badaracco, 1991), through an apprentice-like relationship, or through socialisation (Nonaka and Takeuchi, 1995). It is on this basis that in this paper we argue that person-organisation fit, the compatibility between people and organisations (Chatman, 1988; Kristof, 1996), is critical to organisation. We argue that person-organisation fit (POF) is a force facilitating the transfer of tacit knowledge as research has demonstrated positive relationships between POF and staff retention (Chatman, 1991; O'Reilly, Chatman and Caldwell, 1991), prosocial behaviours (Posner, 1992) and socialization (Chatman, 1991), elements which are all key to the transfer of tacit knowledge.

By concentrating on how people fit their organization and how this is a conduct to the transfer of tacit knowledge within organization we are concentrating on what people do. This means that we are pursuing a strategy-as-practice agenda (Johnson et al., 2003; Whittington, 2004). We are interested in the situated, concrete activities (Whittington, 2003), we are taking a micro level approach to understanding firm performance (Felin and Foss, 2005).

The paper is structured as follows. We define tacit knowledge in the first section. This is essential as 'knowledge is a slippery and elusive concept, and every discipline has its own realisation of it' (Scarborough and Burrell, 1996: 178). The second section is dedicated to POF. This review is also necessary as Although there have been attempts to find a common conceptualization of P-O fit (Kristof, 1996; Van Vianen, 2000), Rynes

and Gerhart's (1990) view that P–O fit is an 'elusive' construct still holds true (Kristof-Brown, 2000; Billsberry et al. 2005). Based on these two sets of reviews we proceed by arguing that POF is a force facilitating the transfer of tacit knowledge and hence that it should be of high concerns to managers and strategists. We also engage in a discussion about of the potential opposite effect of POF: POF as a driver for dry rot (Schneider, 1987) or 'core rigidities' (Leonard-Barton, 1992). We conclude with a summary and suggestions for future research.

Tacit knowledge

As explained in the introduction, tacit knowledge is difficult to express. Polanyi suggests that "we can know more than we can tell" (1966: 4). Tacit knowledge is also context-specific and it is rooted in action. It is similar to know-how (Nonaka, 1991). It is for these reasons that knowledge management tools or systems which are not sophisticated enough to allow for the capture of highly contextualised knowledge, have been of little use to many firms. (This review is deliberately limited in view of the word limit of a developmental paper). The characteristics described above explain why tacit knowledge can be argued to be a source of sustainable competitive advantage by the proponents of the resource-based view: it is unique, imperfectly mobile, imperfectly imitable and non-substitutable. Tacit knowledge is taken for granted and 'it becomes difficult for outsiders to imitate or copy' (Sobol and Lei, 1994: 171). Tacit knowledge cannot quickly migrate, *i.e.* it cannot be transposed to other firms, because the knowledge depends upon specific relationships (between colleagues, customers, systems *etc.*) and because 'unlike knowledge of a computer code or a chemical formula, it cannot be clearly and completely communicated to someone else through words or other symbols' (Badaracco, 1991: 82). Tacitness also generates ambiguity because managers may be unaware the role of tacit knowledge as a source of competitive advantage. In other words, the relation between actions and results is causally ambiguous (Lippman and Rumelt, 1982).

Person Organisation fit

Kristof (1996) defined P–O fit as, 'the compatibility between people and organizations that occurs when: (a) at least one entity provides what the other needs, or (b) they share similar fundamental characteristics, or (c) both' (Kristof, 1996, pp. 4-5). She explains that POF has three main forms. The first is supplementary fit. It exists when the characteristics of one thing are similar to the same characteristics of something else. The two other forms of P–O fit are different aspects of complementary fit. Rather than similarity, complementary P–O fit is about one of the parties (the individual or the organization) making the other whole (Muchinsky and Monahan, 1987). It can take several forms such as needs–supplies or demands–abilities relationships (Kristof, 1996). A high level of individual complementary P–O fit exists when the organization supplies what the individual needs. A high level of organizational complementary P–O fit exists when an individual has the abilities, attitudes *etc.* that the organization demands. (This review is deliberately limited in view of the word limit of a developmental paper).

Person Organisation fit and the transfer of tacit knowledge

As explained tacit knowledge is picked up by 'osmosis' (Spender, 1996). It develops over time (Leonard-Barton, 1992), is acquired through experience (Ravetz, 1971) and where used (Wright, 1994). For these reasons, it can be understood why Pavitt (1991) suggested that the most effective way of learning tacit knowledge was through personal contact and discussions. Pursuing the same track, Sobol and Lei (1994) declared that "learning tacit knowledge and routines requires continuous day-to-day contact with the person, team or organisation possessing such knowledge through an apprentice-like relationship where the routines are directly observed and practiced" (1994:171).

One could suggest that when organisational members 'fit', tacit knowledge is more likely to be able to be transferred within the organisation than if not. Indeed it has been argued that people's sharing of different values is a barrier to knowledge transfer (Lam, 1997), that socialisation requires that individuals empathise enough to accept each others beliefs (Nonaka and Konno, 1998), and that when people values fit there is low staff turnover (Chatman, 1991; O'Reilly, Chatman and Caldwell, 1991). As a consequence when people fit, there is likely to be more time for communication, interactions, successful socialisation and arguably then transfer of knowledge. This is supported by many fit studies which have demonstrated positive associations notable POF and job tenure (Chatman, 1991; O'Reilly, et al, 1991), socialization (Chatman, 1991), prosocial behaviours (Posner, 1992), and work performance (Bretz and Judge, 1994).

It is for those reasons that we believe that POF can be critical to the sustainability of competitive advantage for organisations which base their advantage on the strategic asset that tacit knowledge is. It is the case to many firms. Competitive advantage is no longer dependent on investments in machinery, on products' attributes or on any tangible resources, because of the dynamic conditions of the market. Any tangible resources can be purchased or replicated Quinn (1992). It is why one can assert that tacit knowledge, is now the most strategically significant resource of the firm. This is notably the case for knowledge intensive firms, as they do not rely on physical capital for competitive advantage: they rely on human capital. For many indeed their work is inherently intangible and a large part of their knowledge is not codified (Clark, 1995).

Discussion: POF and core rigidities

Schneider (1987) also argues POF can be negative. He suggests that because of POF over time organisations may experience dry rot. They may fall into 'competency traps' (Levitt and March, 1988) or nurture 'core rigidities' (Leonard-Barton, 1992). They result from the perpetuation of doing things that while were valuable in the past may not be so anymore. This would imply that POF could lead organisations towards failure. It may lead to the transfer of tacit knowledge which is no more relevant. POF may lead to inertia.

Conclusion

In the above we have explained why it can be argued that POF is critical to the sustainability of competitive advantage. POF is a means through which the strategic asset that is tacit knowledge can be transferred. Hence we believe that empirical research into how organisational fit can facilitate the transfer of tacit knowledge is an important strategy-as-practice agenda: it is critical to understand in the detail of what people do how this transfer can take place.

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