

# Chapter VII

## Knowledge-Sharing Motivation in Virtual Communities

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### ABSTRACT

*This chapter explores the motivation of virtual community members in regards to knowledge sharing and understands the underlying factors of such sharing behaviors. In order to better understand the effects of the two key factors (expectancy value and transaction cost) on the behaviors of knowledge sharing in virtual communities, this chapter presents a conceptual model to illustrate the relationship between transaction cost, expectancy value, and knowledge sharing. The knowledge transaction market is also further examined, since knowledge sharing is a form of knowledge transaction and the knowledge market provides an essential platform for knowledge transaction. This chapter is concluded with closing remarks and some suggestions for future research direction.*

### INTRODUCTION

Digital technology has provided a new paradigm in every corner of our society and resulted in our lives being changed through interaction over the Internet. The Internet has provided people with a new platform for social activities, thereby opening up entirely new features of social reality.

The Internet has facilitated the rapid growth of virtual communities. In recent years, virtual communities have significantly influenced social, cultural, educational and business activities. According to Hagel and Armstrong (1997), the development and operation of virtual communities are based on four basic needs, including interest, relationship, fantasy, and transaction. Kim and

Jin (2006) summarize them as follows:

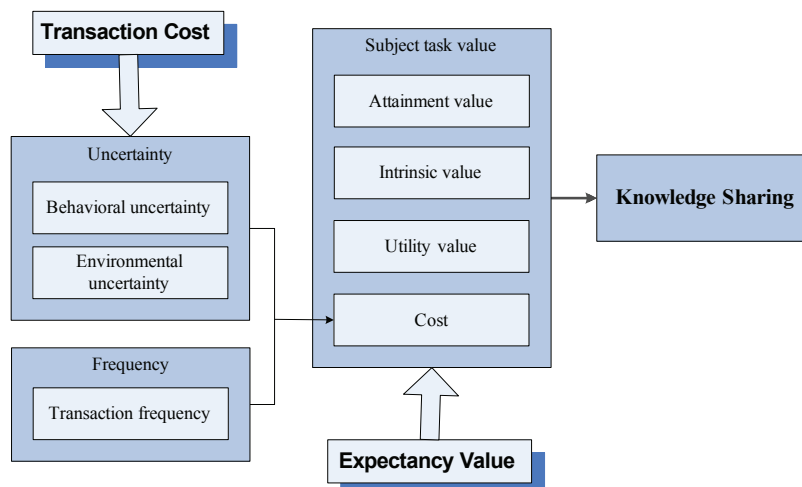
- Interest: People who share special interests can establish virtual communities which do not need to associate directly with purchasing activities or consumer behaviors.
- Relationship: Virtual communities help members establish and extend their personal relationships without direct personal contact.
- Fantasy: Virtual communities motivate and encourage members to discover new entertainment via games and social experimentation, which allow people to create new identities and play in a fantasy world.
- Transaction: In a virtual community, its members are able to share purchasing and service information via shared online space.

This discussion explains the common characteristics of virtual communities. Focusing on knowledge sharing, many individuals participate in virtual communities, especially in professional virtual communities, to seek knowledge and solutions in favor of resolving problems at work (Hof, Browder, Elstrom, 1997). Driven by a knowledge

economy, many organizations have recognized knowledge as a valuable but intangible resource that holds the key to competitive advantages (Grant, 1996). They have begun to support the development and growth of virtual communities to meet their business needs and objectives. For example, in 1999, Caterpillar Inc., with a hundred manufacturers of construction and mining equipment, launched its knowledge network to its 12 CoPs (Communities of Practice) as a Web-based system delivered via the Internet. Today, this thriving knowledge network includes 3000 tightly focused CoPs. Based on an independent consulting firm's assessment, the tangible ROI (Return on Investment) was 200% for internal CoPs and 700% for external CoPs. Caterpillar attributes its success to the four success factors of CoPs: solid links to strategy, ingrained learning culture, user-friendly tools, and the core knowledge management support group (Powers, 2004).

Furthermore, virtual community-service providers, such as geocities.yahoo.com, who mainly focus on offering users their Web sites as a place to build virtual communities for knowledge sharing, are looking for unique, profitable, business models. It is important to understand why individuals elect to share or not to share their knowledge with other

Figure 1. Conceptual model of knowledge sharing in virtual communities



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