Is working remotely an obstacle to knowledge exchange? Not necessarily

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A new paper co-authored by Jason Sandvik, assistant professor of finance, sheds new light on knowledge sharing in the workplace.

Managers have long recognized the importance of knowledge flows — the tips and tricks co-workers share to help each other perform their jobs better — but with many businesses now adopting work-from-home policies, there's concern that the loss of these informal but critical interactions could hamper productivity.

New research by a Freeman School professor offers fresh insights about knowledge exchange in the workplace as well as strategies managers can use to promote knowledge sharing whether their employees are working in the office or from the comfort of their living room.

“For a long time, there has been an emphasis on open-office layouts and communal spaces to facilitate knowledge flows between employees,” says Jason Sandvik, assistant professor of finance at the Freeman School and co-author of the study. “What our paper shows is that those physical spaces aren’t always enough to get people to exchange their knowledge. It actually takes some deliberate managerial intervention.”

Sandvik has long had a research interest in the causes and consequences of peer-to-peer knowledge sharing in the workplace. While much has been written about the role knowledge exchange plays in the workplace, less has been written about the factors that might inhibit knowledge flows, such as social frictions or lack of incentives.

To better understand those issues, the authors conducted a field experiment with sales agents at a large national call center. After pairing each of the agents with a randomly chosen partner, the authors divided the agent-partner pairs into groups to test the effectiveness of different managerial approaches to promoting knowledge exchange. In one group, the pairs were encouraged to meet and complete a simple worksheet that asked agents to reflect on their performance and record advice from their partner. In another group, the agent-partner pairs competed for prizes for increasing their joint productivity more than other pairs. A third group combined elements of both approaches, while a fourth group, the control group, received no special instructions or incentives.

At the end of four weeks, the first group — which the authors call the Structured Meetings group — yielded a 24% increase in production compared to the control group, while the second group, the Pair Incentives group, outperformed the control group by 13%. The productivity gains in the Combined group were similar to the Structured Meetings group. Importantly, this boost in productivity was not a one-time, temporary shock. Twenty weeks after the experiment ended, the Structured Meetings and Combined groups were still outperforming their expected levels by 18% to 21%, and evidence points towards an uptick in peer-to-peer knowledge sharing as the driving force behind these long-term productivity gains.

According to Sandvik, the big increase in performance for agents in the structured meetings group suggests that frictions around seeking advice — as opposed to sharing advice — tend to be the bigger constraint to knowledge flows.

“One of the things we gleaned from our observations is that while the sales floor appeared to be a very friendly place with lots of camaraderie, it wasn’t necessarily conducive to asking for help,” says Sandvik, who adds that employees may be reluctant to seek advice from co-workers out of fear of appearing incompetent or simply not knowing who to ask. “Prompting the conversations to be about work and exchanging skills made a big difference because, with social frictions at play, it’s unclear how effective these meetings would have been without an icebreaker to kick off the conversations.”

Perhaps the biggest takeaway from the study is that knowledge flows don’t just happen.

“To the extent that gaining knowledge can cause an individual to perform better and as a result earn more money, we tend to think employees will self-organize to exchange knowledge with each other,” Sandvik says. “What we found is that people don’t necessarily self-organize. I think one of our most significant findings is the need for deliberate managerial interventions in order to facilitate the flow of knowledge between employees.”

The good news for managers overseeing employees working from home during the pandemic is that those interventions don’t necessarily require employees to be physically present. In fact, Sandvik says videoconferencing programs like Zoom may make it even easier to arrange the kind of meetings that led to the biggest gains in productivity at the call center.

“Many of us are now used to simply clicking a Zoom link and having a conversation with a coworker from wherever we happen to be,” Sandvik says. “In a way, virtual meetings actually reduce some of the coordination difficulties we might otherwise experience. Now, all a manager has to do is send employees a link and say, ‘Hey, I want you to get together sometime today for 15-20 minutes to talk about what’s going well and what’s not going well.’ I think managers taking the initiative to organize these interactions around clear expectations as to what employees should discuss will remove a lot of the barriers that could otherwise prevent employees from exchanging their knowledge with each other.”

And ultimately, those knowledge exchanges translate into improved individual performance and increased company success.

“The productivity increases that resulted from these very simple structured meetings were far from trivial,” Sandvik says. “I feel that’s one of the big takeaways — managers may need to deliberately engineer these simple, low-cost interactions between employees during which they can exchange their knowledge with one another.”

“Workplace Knowledge Flows,” co-authored by Jason Sandvik, Richard E. Saouma, Nathan T. Seegert and Christopher T. Stanton, was published in the August 2020 issue of The Quarterly Journal of Economics*.*