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The Role of Knowledge Sharing Mechanism in the Development of Pricing Strategy

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ABSTRACT

This paper aim to investigate the role of knowledge sharing mechanism for development the of pricing strategy, how knowledge sharing can improve the process of pricing strategy, what the factors that influence this development, survey was distributed via e-mail to CEO of marketing, we find that knowledge sharing can improve the development of pricing strategy inside the organization, organization must facilitate the knowledge sharing process to gain the best competitive advantage and improve their profitability.

INTRODUCTION

Knowledge is a competitive advantage for all organization but the way we used the knowledge is the most important. The aim of this study to discuss the relationship between knowledge sharing mechanism and the development of pricing strategy, how we can know that we developed a successful pricing strategy, how we can achieve our goals? How knowledge help us to determine the best successful pricing strategy. Knowledge sharing behavior has positive impact on the strategic planning during the process of strategic planning. Knowledge sharing depend on trust among employee and influence by the organization culture (Hu, 2012). Knowledge sharing is useful tool to

enhance learning and achieve effectiveness inside communities (Leng, 2009). The role information system as tool for reports on the strategic decision making and how influence strategic and tactical planning (Karim, 2011).

Strategy organization process to achieve organization goals by formulating strategies and implement them. According to (Sveiby, 2001) the origin of strategy competence of people, without people no need for strategy formulation. A strategy must meet the organization requirement and must be workable and realizable (Bryson, 1988). Over the world there is an internationalization example and this makes the development of business sector in rising economies, moving from created markets (Karhu and Yla-Kojola,

2010). It remains a test to model an aggressive system in which numerous stages set costs on two sides at the same time; work consolidates dealers' advancement choices in both limited, unbounded and demonstrates that the stage access charges on both sides influence vendors' development motivating forces. (Lin and Whinston, 2011). (Nigel *et al*,2010) it's sufficient to examining organization who have found new pricing models that provide effect and superior value for customers, indeed pricing must be active not passive and not fixed to a plan may change from period to period or based on the economic status of the market.

Knowledge Management and Knowledge Sharing

Knowledge Management: Knowledge Management has many definitions because is one of the beneficial assets for the organization to get a competitive advantage. There are a lot of definitions of knowledge management. *“the systematic process of finding, selecting, organizing, distilling, and presenting information in a way that improve an employee’s comprehension in specific area of interest”*(Mertins, Heisig, & Vorbeck,2003). According to (Teece, 2000) Knowledge management involves the panoply of procedures and techniques used to get the most from an organization’s tacit and codified know-how. Knowledge Management aims to enhance and managing processes such as knowledge creation, application, transfer, and appraisal in order to create value inside the organization (Stefanie, &Johannes, 2005), (Elrehail *et al*,2013) Knowledge management took a leader part in the development cycle and give organization a competitive advantage among their competitors.

Knowledge Sharing: Is the way for sharing information, plans, innovation, ideas, goals, and expertise among people and organization to develop good understand for problems, goals and innovation using mechanism to make it easy and reachable any time. Successful knowledge management relay on knowledge sharing (Wang, Noe, 2010). Knowledge sharing is the organizational process and technique which many channels of communication are used to connect people to follow up and complete organizational goals using social networks, meetings (Yang, 2009). Gibbert and Krause (2002) argued that motivation is the best practice for enhancing knowledge sharing among employees. Moreover (lin & lo, 2015) Found that the rewards, social interaction facilitators of individuals knowledge sharing among employees.

Tacit Knowledge: Is the knowledge in human mind can’t know what is it without emotion or writing it. According to (Polanyi, 1967) *“we can know more than we can tell”* so for that tacit knowledge hard to observe. Tacit knowledge is valuable for the

organization to be sustainable. Although it hard to get but it’s leading to competitive advantage. Moreover the knowledge cannot be transfer without close connection or communication between humans for imitating or presenting it (Collins, 2010).

Explicit Knowledge: Is the Knowledge which be shared by several among people. This type of knowledge is formalized and codified and is sometimes referred to as know-what (Brown & Duguid, 1998). Must keep an eye on it must be shared and available to whom they need in which time they need. In addition (Collins ,2010) Explicit can be expressed in signs, codes, icons, or something like that; this can be done via communication between humans among organization.

Knowledge Acquisition: is the way that you can extract information, make it usable and listed in sufficient way to retrieved in the time we need to develop database of solution to face every problem that face the organization. According to (Roa, 2005:247) Knowledge acquisition is a tool used to highly and speedily retrieval of information and directs it to the right department and people to speed up the process of solution given to problem solving. Knowledge acquisition is the core component in knowledge management and speed up the process of retrieve information (Mchombu, 2007). Moreover (He et al., 2013) describe knowledge acquisition to be the process of accessing and extract knowledge through communication with knowledge source in any way to get information needed in accurate time.

Knowledge Retention: is the way to keep knowledge and remain it when add to knowledge management system (KMS) and maintain it when add to the KMS (Newman & Conrad, 2000). According to (Wamundila, 2009) knowledge retention can be characterized as a movement guided at holding what’s more settling on accessible important

Knowledge Component Model:

Knowledge Components

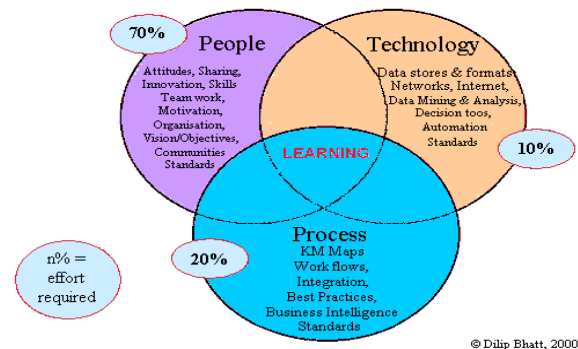


Figure 1 Knowledge Components

Pricing Strategy:

The most important factor for product is how we can determine the price of this product, depending on what to determine the price, in this paper will discuss some factors that can influence the pricing strategy and how we can get successful pricing strategy and how knowledge can help or influence determining the pricing strategy.

Many organization do consultant about determining their pricing strategy or employ “pricing expert” to do that but this way is highly costly to organization (Calogridis,2006). According to (Nyárádi,2007) the best pricing strategy depend on the situation, so you must understand the situation and keep in mind the factors influence pricing strategy like costs, short term, long term sales and profits. Pricing strategy has positive effect on the marketing planning (Salmani, Daraei& Bayazdi, 2014).

According to (Vázquez-Gallo *et al* ,2014) when we have doubt about the demand of product may influence the success of pricing strategy, so for that we should have a knowledge and learn from past event to determine successful pricing strategy. The pricing strategy is influenced by the governmental polices (Ahmad *et al* , 2013). According to (Marinescu *et al* , 2010) pricing strategy is very critical for maximize probability and retain customer to repurchase product and ensure the loyalty of customer. The pricing strategy may affect the tone about brand and customer loyalty for the organization (Shih, 2011).

Factors Affect Pricing Strategy:

There is some factors affect the pricing strategy, in this paper will list some factors and how knowledge sharing can influence these factors, like geographic location, customer demand, innovation, products specification, advertising, social network, communication tools, market changes, polices and regulation. Will discuss these trends from knowledge sharing prospective and see how knowledge can help us to determine good pricing strategy.

- i. Geographic Location: we should know the geographic location for determine the price of product based on location, every location has specification that can affect the pricing strategy, so knowledge sharing can make a road map and big vision for the geographic location and how we can got right pricing strategy based on the location.
- ii. Customer Demand: Customer demand may be the most factor that play role on determining the pricing of product or service that organization provide, knowledge sharing can provide us with information needed about the demand of customer. There likewise exists proportional exchange of brand relationship between guardian

brand and brand augmentation (Boisvert and Burton, 2009). We know that the demands of customer’s may change from time to time, so we must up to date with new demands that knowledge sharing can provide to the organization.

- iii. Innovation: According to (Jacobson, 1992) Schumpeter vision that firms should not be searching for the stable conditions; they must look after unsettled market for a process of building strategy, better than the search for stability to create a competitive environment. Innovation leading organization to survive, new product need new pricing strategy so for that innovate new products can affect the pricing strategy and may change it. Knowledge sharing provides us with new innovation by information they provide to the organization and help us to determine the pricing strategy for new products and services.
- iv. Product Specification: Some products and some geographic location need specification deferent than usual product specification, knowledge sharing helps organization for determine the right specification for the geographic location, for that we need to change pricing strategy to be suitable with the product specification. (Punyatoya, 2014) ownership status can direct the impact of brand augmentation for distinction and non-glory brands, when the stretch was cost based. Ownership may not care for a descending augmentation taking into account cost for a notoriety brand.
- v. Advertising : Advertising may influence the pricing strategy for product or service depend on the cost of advertising, knowledge sharing informed us about the target group of customer that we must focused on them, the promotion form what should be delivered to customers, the most suitable way for advertising, all these will influence the pricing strategy.
- vi. Social Network: Social network play huge role for marketing these days and may influence the pricing strategy, knowledge sharing play a big role for providing organization about the social network and its role in marketing so pricing strategist must beware of this how they can promote products by using social network, discount on price they can provide, services they can serve customer based on social network.
- vii. Communication Tools: It’s very important to have communication skills to deal with customers, how to communicate well with customer will lead to provide information about the quality of products, specification that need, all this information can be handled by knowledge

sharing and may change the pricing strategy for goods to be suitable for customers.

viii. Market Change: knowledge sharing can supply organization about the market status what the set of exchange made to the market, what the set of reaction can be made to develop the pricing strategy for organization goods, what other competitors prepare to compete other organization. Knowledge sharing provides organization by information they need to change pricing strategy to face the change in the market.

ix. Polices and Regulation: Organization should worry about the polices, laws and regulation about their products and services they provide, polices may take a Tax or other fees on some products, the knowledge of this regulation, polices and law make change the pricing strategy, what the action will been taken to this issue, knowledge sharing support organization with suitable information to be aware to this factors.

Conceptual Framework :

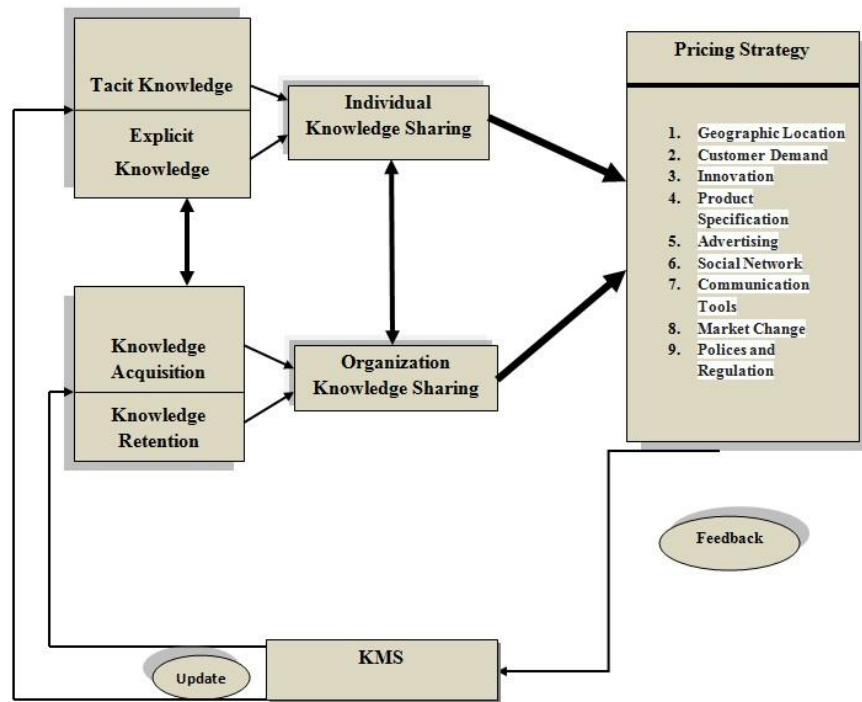


Figure 2: Proposed Model

In this model we illustrate the role of knowledge sharing mechanism for developing pricing strategy, in this fig how tacit, explicit knowledge affect Individual knowledge sharing and knowledge acquisition, retention affect organization knowledge sharing, we notes that both individual, organization knowledge sharing how they affect the development of pricing strategy and how they influence there factors. Moreover the model give the direction of the process and dataflow of information, its more systemized focus, illustrating how the process of development cycle of pricing strategy, the feedback from the strategy(Success or failure) what the factors of failure/success, the adaption or new strategy

development or manipulating the current strategy do cope with the success of this strategy.

Survey Analysis nd Discussion

The survey takes place online, the survey published online using surveymonky.com and the link of our survey is [HERE](#). We have send 100 Survey to marketing CEO using E-mail and [LinkedIn](#) groups and we get 54 response the ratio of responses 54%. The aim of this survey to determine the role of knowledge sharing in the development or pricing strategy, indeed the successful pricing strategy, in discussion below showing the results of the survey.

The Tacit knowledge of employee Help to build new Innovation?

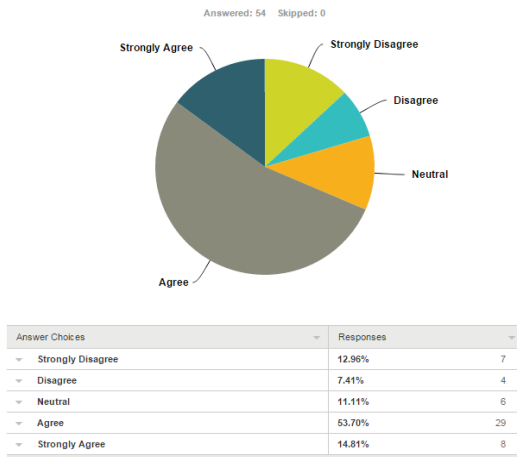


Figure 3: the Tacit knowledge help to build new innovation

In fig [3] the result show that 53.70% agree and 14.81% strongly agree that tacit knowledge of employee help organization to build new Innovation, building new Innovation lead to new goods and services that will need to build new pricing strategy. Moreover the knowledge sharing between individuals within the organization improve the process of extracting tacit knowledge from employees to develop new innovation that's need a pricing strategy for this innovation.

The Tacit Knowledge of Employee Help to determine the pricing of product?

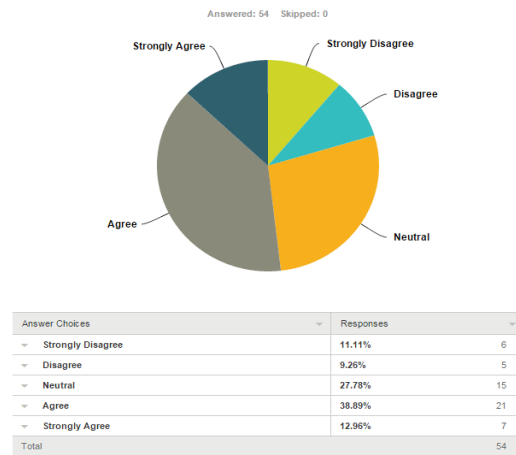


Figure 4: The tacit knowledge help to determine the pricing of products

In fig [4] the results show that 38.89% agree and 12.96% strongly agree that tacit knowledge of employee help to determine the pricing of products depend on the knowledge they have and can share it within the organization. Indeed the vision of employees about the price of product will lead develop new pricing strategy for products to keep it within the range expected from consumers

The Individual Knowledge Sharing help to Innovate new Pricing strategy

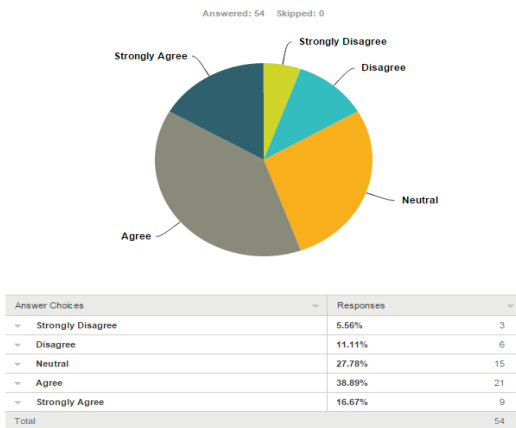


Fig [5]: The Individual Knowledge Sharing help to Innovate new Pricing strategy.

In fig [5] the results show that 38.89% agree and 16.67% strongly agree the individual knowledge sharing help to innovate new pricing strategy. Moreover the vision of employees about the price of product will lead innovate new pricing strategy for products to keep it within the range expected from consumers.

Employee Explicit knowledge can Help to develop Pricing Strategy

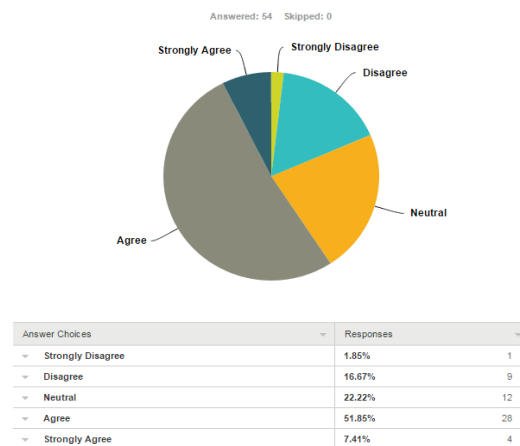


fig [6]: Employee Explicit knowledge can Help to develop Pricing Strategy

In fig [6] the results show that 51.85% agree and 7.41% strongly agree that employee explicit knowledge help organization to develop pricing strategy. Explicit knowledge can give new vision and future direction for the developing process of pricing strategy based on the information exchange from human to human or organization to organization for build successful pricing strategy.

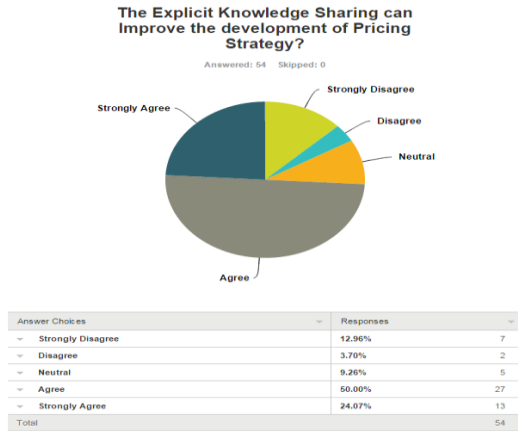


Fig [7]: The Explicit Knowledge Sharing can improve the development of Pricing Strategy.
In fig [7] the results show that 50.00% agree and 24.07% strongly agree that explicit knowledge sharing help organization to improve the development of pricing strategy. The feedback we get after applying knowledge sharing among the company can mention the pros and cons of current strategy and the modification need to enhance the strategy.

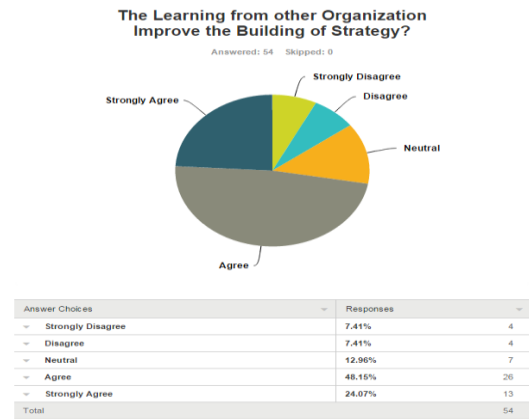


Fig [8]: The Learning from other Organization Improve the Building of Strategy
In fig [8] the results show that 48.15% agree and 24.07% strongly agree that organization knowledge sharing and learning from other organization can help organization to improve building of strategy and pricing strategy. Off course you learn from other competitor by collecting data about their activities and strategy and take them as a case study for developing the process of successful pricing strategy



Fig [9]: The Knowledge Retention in the Organization Help the Organization to develop new Pricing Strategy
In fig [9] the results show that 42.59% agree and 16.67% strongly agree that knowledge retention can help organization to develop new pricing strategy, by maintaining knowledge and improve the database of knowledge and keep the process of knowledge retention active will help organization for developing the pricing strategy and develop the pricing strategy.

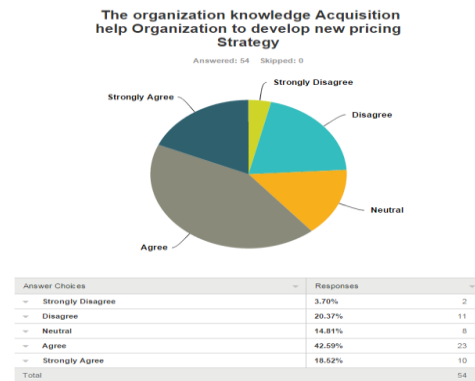


Fig [10]: The organization knowledge Acquisition helps Organization to develop new pricing Strategy.
In fig [10] we see that 42.59% agree and 18.52% strongly agree that knowledge acquisition in the organization can help organization to develop new pricing strategy based in the information provided to pricing strategist. Moreover the knowledge acquisition is one the core competitive advantage for organization in the high competition in the market, so the process of acquisition of knowledge provide organization with power to be in a competency point from other companies

The Knowledge Sharing Help Organization to Innovate new pricing strategy

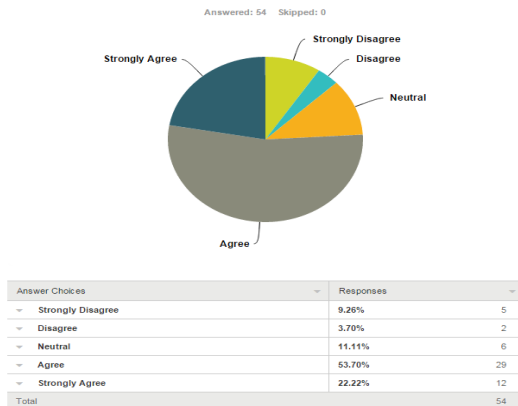


Fig [11]: The Knowledge Sharing Help Organization to Innovate new pricing strategy

In fig [11] the results show that 53.70% agree and 22.22% strongly agree that knowledge sharing can help organization to develop and innovate new pricing strategy based on knowledge acquisition and retention in the organization and influence the process of developing or manipulating the strategy applied by the company.

CONCLUSION

In this paper we discuss the role of knowledge sharing mechanism like individual, organizational knowledge sharing within organization to develop and innovate new pricing strategy, the results show that from the model and survey analysis that knowledge sharing can improve the process of developing pricing strategy, determine the success way for selecting best and successful strategy for pricing of product based on the factors that influence pricing strategy, the way that affect the factors that affect the development of pricing strategy. Knowledge is a very important source for the organization and must care about it to gain a competitive advantage, were knowledge the repository of information that influence all functions of the organization.

Knowledge sharing mechanisms play magic role for deliver knowledge and information to all organization

The Organization depend on Knowledge to determine the price of product?

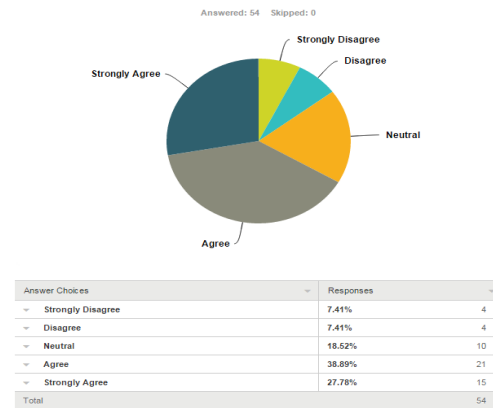


Fig [12]: The Organization depends on Knowledge to determine the price of product.

In fig [12] the results show that 38.89% agree and 27.78% strongly agree that organization depends on knowledge to determine the price of product depend on the information provided by knowledge base to develop the process of selecting the best price strategy focus on product specification and demand.

departments and units, every department and unit can improve their work from the information that gain from knowledge sharing and knowledge management systems (KMS).

Knowledge sharing faces some problem because it depends on culture and respect inside the organization, organization must facilitating the process of knowledge sharing and encourage their employee to share knowledge among the organization.

Future research should do more empirical study on the role of knowledge sharing in the development of organization successful strategy, the knowledge sharing process play a fabulous role in the development and innovation in many fields in industry.

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