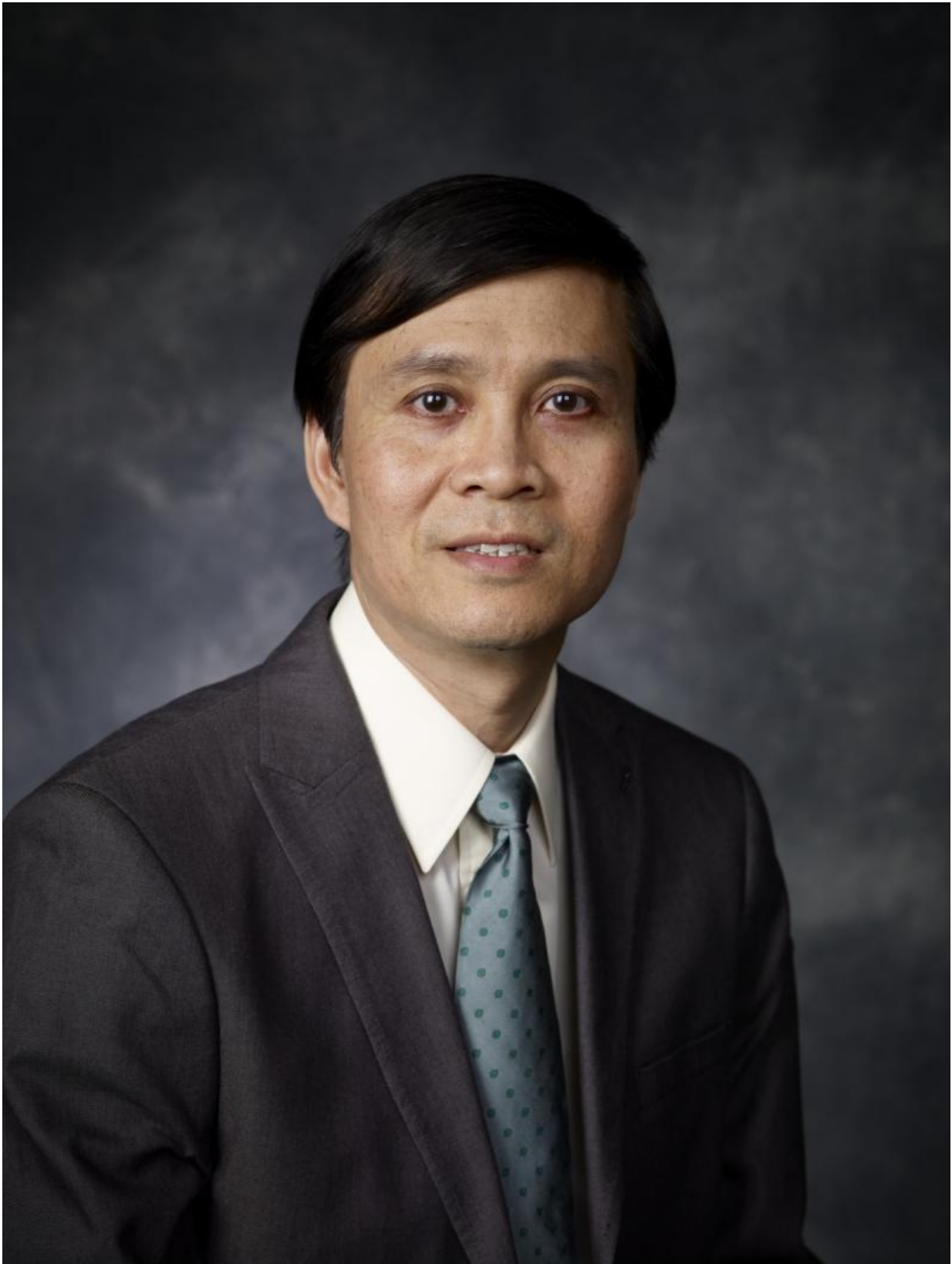


Sharing knowledge positively impacts innovation in retail, study says

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Dr. Eric Tsang, University of Texas at Dallas. Credit: UT Dallas

When a customer shops in a clothing store, a sales associate may learn more about what the customer wants by initiating a conversation, or he or she may recommend pieces to complete an ensemble. To provide more personalized services, a store may create a brief record of its regular customers.

A new study from The University of Texas at Dallas finds that a [retail store](#) should share these customer service experiences with other units in the same chain to have more innovative behavior in its own store.

"Innovation is important because when companies compete, they compete for customers," said Dr. Eric Tsang, Dallas World Salute Distinguished Professor in Global Strategy and author of the study. "Customers look at not only the quality of the product or service, but also sometimes they want to have some novel things, maybe some new ideas from the company."

For the study, published recently in the *Journal of Product Innovation Management*, the researchers examined the role of [knowledge](#) outflows and how they influence innovation. Prior research has found a positive impact of knowledge inflows on the innovation of an organizational unit, but the role of knowledge outflows was unexplored.

Inflows refer to knowledge acquired by a focal unit from peer units within the same corporation, and outflows refer to the knowledge disseminated to peer units by the focal unit, said Tsang, professor of Organizations, Strategy and International Management in the Naveen Jindal School of Management.

The researchers proposed a theoretical model to examine the effects of knowledge flows on an employee's innovative behavior. The model was tested on 148 retail units of a well-known, Hong Kong-based apparel firm.

The researchers conducted detailed interviews with managers and then sent questionnaires to store employees. The study found that employees had the highest levels of innovative behavior when flows were high and balanced at the same time.

Balance is key, Tsang said. He calls it a "two-way" or "give-and-take" process.

In the context of a multinational corporation, if an office wants to be innovative, it tries to obtain a lot of knowledge from its competitors, other offices of the same corporation or headquarters, Tsang said.

"We were surprised to find that not only is large inflow important but large outflow is also important—how a store tries to teach other stores about how to serve its customers," he said. "If an innovative idea works in one particular location, that [store](#) should tell other stores. We found that knowledge outflow has a positive impact on the innovative behavior of employees."

The study also found that isolation has a negative impact on innovation. Having an active exchange of ideas—both inflow and outflow—is ideal.

"If you are the manager of a unit, the best thing for you to do is to try to communicate with other units, not only to try to learn but to try to teach and to share your ideas," Tsang said. "Don't be selfish. If a unit tries only to learn and not teach, the other units may balk and say, 'This is a greedy unit. They only try to learn things from us but don't share with us.'

"Sometimes a manager wants to take as much as possible, forgetting that they have to give at the same time. This is a give-and-take process."

Provided by University of Texas at Dallas

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