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Clique and elite

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**Clique and Elite: Inter-Organizational Knowledge Sharing
across Five Star Hotels in the Saudi Arabian Religious
Tourism and Hospitality Industry**

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Clique and Elite: Inter-Organizational Knowledge Sharing across Five Star Hotels in the Saudi Arabian Religious Tourism and Hospitality Industry

Abstract

Purpose: The purpose of the study is to offer a theoretical and practical explanation for the nature and reasons for inter-organizational knowledge sharing across an informal clique of competing five star hotels in the Saudi Arabian religious tourism and hospitality industry.

Design/Methodology/Approach: The methodology is an adapted form of the Grounded Theory approach deploying a four stage research design using qualitative interviews with key players in the industry to inform the analysis of the knowledge sharing approaches.

Findings: The findings illustrate the features of the knowledge sharing approaches across the five star hotels studied. In particular, the findings highlight the existence of a cooperative - competitive tension in the relationships and knowledge sharing between the hotels. This illustrates the existence of a tacit strategy that cooperation can lead to long term benefits for the competitor hotels.

Originality/value: The study is unique in its focus on the cooperative-competitive tension of five star hotels in the Saudi Arabian religious tourism and hospitality industry and on this influence on the inter-organizational knowledge sharing across hotels within an oligopolistic market structure. The study also has value in employing elements of Oligopoly Theory and of Game Theory, particularly, the Prisoner's Dilemma, in explaining how inter-organizational knowledge sharing occurs within this market context.

Keywords Knowledge Sharing; Oligopoly Theory; Game Theory; Prisoner's dilemma; Cooperation; Grounded Theory; Hospitality industry; Trust.

Article classification: Research paper

1. Introduction

This study focuses on knowledge sharing practices from an inter-organisational perspective in the Saudi Arabian religious tourism and hospitality industry. This is a context where organizations engage simultaneously in competitive and cooperative relationships. The study addresses the paradoxical competitive-cooperative environment of the tourism and hospitality industry within an informal clique of five star hotels within the Saudi religious tourism and hospitality industry, and the need for theories to understand the nature and role of knowledge sharing practices in this area. It argues that, similar to successful strategies within the Prisoner's Dilemma model, hotels choose to cooperate because it is a better long-term strategy than seeking to divide the market through competition. The

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3 result is a theory of knowledge sharing practices among five star hotels in the religious tourism and
4 hospitality industry of Saudi Arabia. The study identifies the existence of a cooperative-competitive
5 tension. A theoretical contribution of the model is the employment of Oligopoly Theory and of Game
6 Theory to explain the way in which inter-organisational knowledge sharing occurs within this
7 particular market context. The following section examines the literature of inter-organizational
8 knowledge sharing and competitive-cooperative contexts.
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17 **2. Inter-organisational knowledge sharing and competitive-cooperative contexts**

18 The image of an organisation as an autonomous entity within a competitive environment has long
19 been replaced with one in which a number of organisations work together to develop and strengthen
20 their competitiveness within that environment. As a result, the conduct of business relies on
21 interdependent relationships between actors in an industry (Grangsjö, 2003; Grangsjö and
22 Gummesson, 2006) often adopting a cooperative-competitive approach, also referred to as cooptition
23 (Brandenburger and Nalebuff (1996), where two or more organisations “work together to collectively
24 enhance performance by sharing resources and committing to common task goals in some domains
25 [...]. At the same time, they compete by taking independent action in other domains to improve their
26 own performance” (Luo, 2004:11). There is a fine line between competition and cooperation, but such
27 inter-organisational relationships give rise to the view that cooperation between competitors is
28 mutually beneficial. This results in a strategic interdependence between competing organisations, and
29 a state of tension where they must explore different options concerning the practices which will give
30 them individual advantages and those which will benefit the industry as a whole. The tourism
31 industry, particularly at the destination level, is often characterised by this paradoxical relationship
32 wherein which the same organisations compete and collaborate simultaneously (Bolinger and Smith,
33 2001; Gronau, 2002; Scott and Laws, 2006). For example, collaborative efforts shape decisions on
34 how to collectively market their destination, and are intricately linked to how they determine
35 individual benefits versus common benefits that will be advantageous to both the destination and the
36 individual businesses. As highlighted by Carayannis et al. (2014), cooptition is a complex,
37 multifaceted phenomenon, marked by tensions, and does not follow pre-defined patterns or strategies.
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3 According to Bouncken and Pyo (2002), such a paradoxical relationship is embedded in the flows of
4 knowledge and information within the tourism and hospitality industry. In order to understand this
5 paradox, it is important to consider the nature and role of knowledge sharing practices in the tourism
6 and hospitality context. This paper aims to uncover the ways in which cooperative and competitive
7 practices are deployed in this sector and the role that sharing knowledge plays in shaping its
8 competitive profile. The context of the research is the religious tourism and hospitality industry in
9 Saudi Arabia, specifically an elite clique in the five star hotel segment. This is a particularly relevant
10 context for the study of the role of knowledge sharing practices in competitive – cooperative
11 relationships due to the specific characteristics of the market structure it exhibits.
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20 Research on the nature of cooptation has emphasized the limitations of considering competitive and
21 cooperative interdependencies as alternative, rather than concurrent, phenomena (Brandenburger and
22 Nalebuff, 1996; Padula and Dagnino, 2007; Salvetat, Geraudel, d'Armagnac, 2013). Following the
23 seminal study by Brandenburger and Nalebuff (1996) on cooptation, Padula and Dagnino, (2007)
24 provide a reconceptualization of this notion, arguing that cooptative strategies are complex and
25 multifaceted, rather than dichotomic, encompassing different configurations along a continuum of
26 competition-cooperation and different levels of inter-organisational relationship, such as dyadic,
27 network, cluster, as well as different processes. Damayanti, Scott and Ruhanen (2013) review this
28 concept in the context of the tourism sector and distinguish further these strategies in terms of
29 intensity, to consider the co-existence of configurations of both high and low competitive and
30 cooperative strategies, and in terms of temporal dynamics, including different ranges between long
31 and short term strategies.
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44 Concurrently, research on inter-organisational knowledge sharing has explored the informal aspect of
45 knowledge sharing practices through cross-organisational networks (Skyrme, 1999, Kogut, 2000;
46 Monge and Contractor, 2003). These networks, according to Uzzi and Lancaster (2003), are not
47 confined to a single organisation nor to dyadic relationships; rather, they encompass more than one
48 organisation within a particular industrial sector. Following Porter's (1990) seminal work, Lawson
49 and Lorenz (1999) established that collective learning within the community of regionally clustered
50 organizations leads to greater innovative capabilities.
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3 However, Gulati (1998) warns that such networks are formed on the basis of economic and social
4 needs of the participants rather than on effective knowledge exchange, which creates limitations to
5 what knowledge is shared. Beeseley and Cooper (2008:52) argue that the existence of networks by
6 themselves can be insufficient for knowledge to be shared effectively, despite acting as locales for
7 knowledge transfer, as it is the depth of understanding that transpires through two or multiple way
8 relationships among individuals that leads to effective knowledge sharing, application and
9 transformation. In addition, approaches to knowledge sharing are network and context specific and
10 consequently, the knowledge sharing capability varies from one to another (Zaheer and Bell, 2005).

11 Trust is perceived to be a key element in inter-organisational relationships (Narteh, 2008). Previous
12 literature (Alter and Hage, 1993; Dodgson, 1993; Narteh, 2008; Niu, 2010, Intezari et al., 2017),
13 considers trust as a pre-requisite for the success of inter-organisational relationships as it increases the
14 willingness of partners to commit to sharing knowledge (Lane et al., 2001). On the other hand, others
15 argue that a high level of trust may also create collective blindness and prevent the effective sharing
16 of knowledge (Wijk et al., 2008) and act as an obstacle to inter-organizational rejuvenation, by
17 maintaining the current order or status quo (Sydow, 2000). It is acknowledged, therefore, that the
18 principle of give and take is an essential part of sustained success in both the knowledge sharing and
19 maintenance of relations, allowing knowledge to be shared in a multilateral fashion (Stokowski,
20 1994).

21 It is believed strong ties within networks will result in more effective and pertinent knowledge sharing
22 results than weak ties (Reagans and McEvily, 2003), specifically in the transfer of complex
23 knowledge (Hansen, 1999). Strength of ties within networks reflects the closeness of relationship
24 between partners, and increases with frequency of interaction and communication (Hansen, 1999).
25 Ritala and Hurmelina-Laukannen (2009) and Enberg (2012) propose that competitors are more likely
26 to share common knowledge about their market and operations than non-competitors, making them,
27 thus, better positioned to share and integrate knowledge into new products and services. Similarly,
28 Wuyts et al . (2005) state that coopetition involves cooperation across organisations that are not
29 cognitively distant. Noteboom (2006) found, however, that cooperation on the grounds of low
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3 cognitive distance tends to be more closely related to collaborative and exploitative activities, rather
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5 than to the exploration of new solutions or to radical innovation.

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7 Access to knowledge and its leverage also tends to be asymmetric across inter-organisational
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9 networks. Previous research relates the central position of organizations in networks to heightened
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11 levels of organizational knowledge sharing (Powell et al., 1996; Ahuja, 2000; Tsai, 2001). In other
12
13 words, actors who occupy central positions create a brokerage position, enabling them to locate and
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15 leverage relevant knowledge more effectively within the social network (Burt, 1992). Therefore, firms
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17 which occupy central positions, according to Tsai (2001) may access other actors more easily, as well
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19 as acquire and leverage more diverse knowledge. However, it is the absorptive capacity of the firm
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21 that is crucial in creating the ability to do so, beyond the position occupied in the network. In an
22
23 empirical study of cooperative knowledge sharing in the aeronautic and space industry, Salvétat,
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25 Geraudel and d'Armagnac (2013) found that cooperative activities occur at multiple levels in a
26
27 complex network and correlations between firms vary according to their positions in the network.

28
29 With regard to the tourism sector, significant research on inter-organisational knowledge sharing in
30
31 the tourism industry has focused on knowledge sharing within chains affiliations or relationships with
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33 chains (Hallin and Marnburg, 2007). However, other studies suggest that especially in locations that
34
35 can be described as tourism destinations, there is a wealth of operating inter-organizational networks
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37 (Pavlovich, 2003; Goeldner and Ritchie, 2006). The tourism industry consists of a number of
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39 particular sectors and actors: transportation, accommodation, food services, travel trade, government
40
41 agencies (Goeldner and Ritchie, 2006). As a result, the tourism destination generally comprises
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43 different types of complementary and competing organizations, infrastructure, and an array of
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45 public/private linkages that create a diverse and highly-fragmented supply structure (Pavlovich,
46
47 2003:203), which means that knowledge sharing can be facilitated through the inherent structures of
48
49 the industry (Farrell and Twining-Ward, 2004).

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51 This would appear to make this sector a fertile ground for a complex net of competitive and
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53 cooperative practices. There is limited research on knowledge sharing in cooperative environments in
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55 the tourism sector (Bouncken and Pyo, 2002; Werner, Dickson and Hyde, 2015). Previous work,
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57 carried out in the context of regional tourism organisations in the context of the 2011 Rugby World

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3 Cup, has concluded that underlying competition stimulated by the process of bidding for hosting
4 teams and events inhibited knowledge sharing and affected negatively knowledge transfer on
5 destination and event marketing (Werner, Dickson and Hyde, 2015). In effect, in their review of
6 previous research on cooperation in the tourism sector, Damayanti, Scott and Ruhanen (2013) have
7 concluded there are multiple possible configurations that cooperation can take, often depending on
8 environmental changes, which influence decision to increase or decrease the dynamics and intensity
9 of both cooperation and competition. These should be reflected in the dynamics of knowledge sharing
10 practices in these contexts and further work is required in order to uncover this relationship. This
11 study presents an exploration of knowledge sharing practices within competitive-cooperative
12 relationships in a context that differs from previous studies due to its specific market characteristics –
13 the Saudi Arabian religious tourism and hospitality industry, and, specifically the five star hotel
14 market segment.

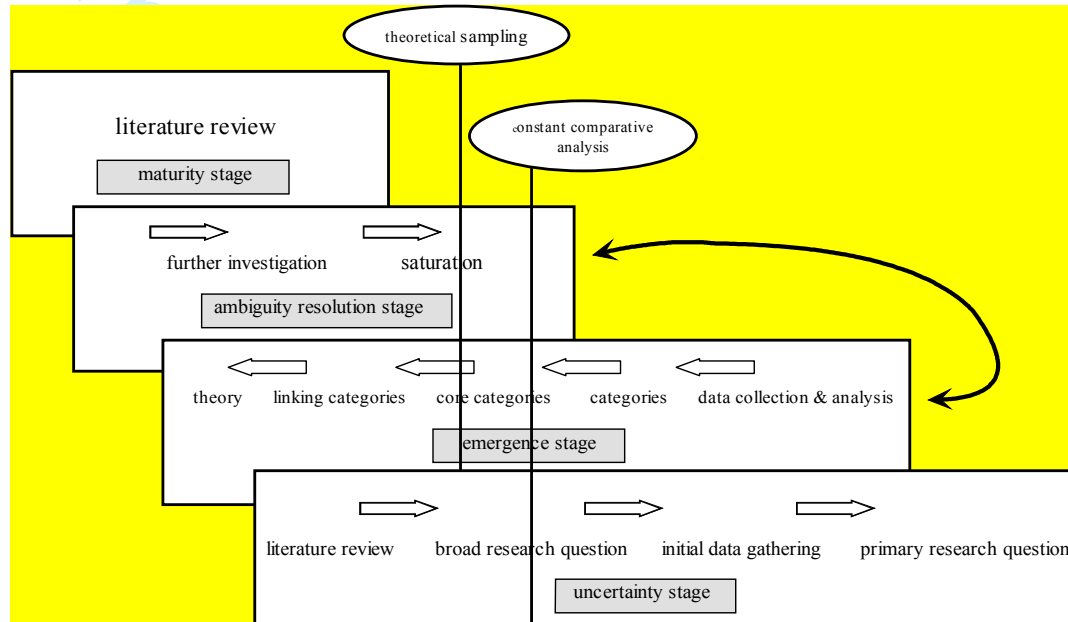
25 26 27 28 **3. Research design and methodology**

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30 The research design of the study is based on an adaptation of the Grounded Theory methodology. The
31 selection of this approach is based on the exploratory nature of the research, since this particular
32 methodology aims to develop a theory around issues where there is limited documentation (Glaser,
33 1998; Pauleen et al., 2007, Goulding 2007). Glaser and Strauss (1967) developed Grounded Theory
34 to create an approach based on three foundations: i) the constant comparison method of analysis,
35 where data collection and analysis occur simultaneously; ii) theoretical sampling, where data
36 collection is driven by the emerging theory; and iii) theoretical saturation, where the collection of data
37 continues until nothing new about a category emerges.

38
39 The research design adopted was, as mentioned, an adapted form of Grounded Theory and involved
40 four main stages (Idrees et al, 2011): i) uncertainty reduction stage, where the primary focus emerges;
41 ii) emergence stage, where the core categories that form the foundations of the theory emerge; iii)
42 ambiguity resolution stage, where the grey areas in the emerging theory are clarified; iv) maturity
43 stage where the discussion of the findings against the literature takes place. Fig. 1, below, represents
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the various stages of the research design and the various activities that each involves and their outcomes

Figure 1: A four research design using Grounded Theory.



The uncertainty stage: formulating the research question

This first stage of the research design has led to the emergence and development of the primary research question through a systematic process of empirical inquiry. During one month ten interviews were initially conducted with middle managers in ten hotels with different ratings in the city of Madinah for a pilot study in this stage of the research. The interviews lasted around sixty minutes. The choice of middle managers was based on their mediating role between the operational core and the strategic apex of the organization and the insights that this role can provide (Vasconcelos, 2007). The interviews were analysed by using the constant comparative analysis of Grounded Theory methodology (Glaser and Strauss, 1967). The outcomes of a systematic data analysis pointed towards interesting aspects of interdependency in the relationships between competitors, which led them to cooperate through knowledge sharing. Data from these interviews showed that these organizations only had relationships, whether cooperative or competitive, with a specific group of hotels within the

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3 same rating, forming an informal clique amongst themselves. This then led to the decision to focus on
4
5 the same market and the five star market segment was chosen as the context for the research due the
6
7 complexity of the management layers and networks it involves. Sampling of the data in these contexts
8
9 was based on theoretical relevance (Denscombe, 2007).

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12 [INSERT TABLE 1 HERE]
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16 17 ***The emergence stage: answering the primary research question***

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19 The second stage of the research design is considered its main stage because it seeks to answer the
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21 primary research question resulting from the previous stage, through systematic data collection and
22
23 analysis. This stage started by focusing on the emerging categories from the initial data gathering. A
24
25 variety of the key activities took place during this phase, including theoretical sampling, concurrent
26
27 data collection and analysis, the development of conceptual categories and the emergence of a
28
29 theoretical framework. Data collection in this stage included twenty-eight semi-structured interviews
30
31 with general managers and department heads in four hotels in the city of Madinah and explored in
32
33 depth the emergent focus of the research. The interviews in this stage lasted between sixty and ninety
34
35 minutes. The selection of general managers and department heads relates to the acknowledgement of
36
37 their role as decision-makers in engaging with either competition or cooperation or both, in contexts
38
39 where multiple layers of management coexist (Harrison and Pelletier, 2000; Gallen, 2006).
40
41 Concurrent data collection and analysis is one of the key principles of Grounded Theory, which
42
43 involves a strong interplay between data collection and data analysis (Cutcliffe, 2000). This practice
44
45 provides initial categories of analysis and directions to the next data collection stage in terms of what
46
47 additional data is needed and where and with whom it should be collected. In brief, decisions are
48
49 taken based on the empirical data (Pickard, 2007). Therefore, analysis in this research took place as
50
51 data collection was being carried out and, conversely, this process of analysis drove the process of
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53 data collection. The data collection and analysis processes at the emergence stage required six
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55 months.
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[INSERT TABLE 2 HERE]

The ambiguity resolution stage: achieving theoretical saturation

This stage, aimed at resolving and clarifying grey areas in the findings and in the emergent theory. Although in the previous stage the foundations for an explanatory framework emerged, there was also some ambiguity related to the core themes. This required further investigation in order to clarify these elements of ambiguity. In order to clarify these elements of ambiguity, twenty-four interviews were conducted with the same participants from the previous stage focusing on these aspects. The interviews in this stage lasted between forty to sixty minutes. The data collection and analysis processes at the ambiguity resolution stage required four months.

[INSERT TABLE 3 HERE]

Maturity stage: literature comparison and theory delimitation

Theoretical saturation, which started to take place in the previous stage, was achieved in this stage where the relationships between categories were refined, the literature integrated with the emerged theory and theory was consolidated. The exploration of the literature at this stage had the dual purpose of refining the relationships between categories of findings and of placing the findings in the context of the previous body of knowledge to which they contribute.

4. Cooperative practices and informal association among five star hotels in Saudi Arabia

Tourism is Saudi Arabia's third largest industry after energy and manufacturing and it is important to note the major role of religious tourism within the national economy. This form of religious tourism is defined by specific features that give it a unique identity. Firstly, the immense number of pilgrims converging on the two holy cities, Makkah and Madinah, in short spans of time for the annual Hajj and Umrah pilgrimages makes these gatherings the largest on Earth and place particular pressures on the hospitality industry at these times. Secondly, the duration of the visits is of significance as many pilgrims who attend are in the cities of Makkah and Maddinah well beyond the time period required by the religious practice. The third characteristic of religious tourism in Saudi Arabia is that it is not

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3 greatly affected by the international economic situation or by changing environmental conditions, as
4 pilgrims will still aim to attend in poverty or in misfortune. The hospitality industry in Saudi Arabia
5 has therefore become a major target for investors at the international level. Some international chains
6 have more than one hotel in the same area, with the distance between them only a few metres.
7 Although this destination has recently become a focus of interest in terms of business and investment,
8 it is neglected in terms of research. Similarly, there is still limited research in exploring aspects related
9 to the management of knowledge in the Saudi Arabian business context (Abukhader, 2016).
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18 *Clique and elite: membership and identity*

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20 **The four five star** hotels involved in this study form an informal association, based on the cooperative
21 practices which take place among them. **The use of the phrase 'member of the group' by members of**
22 **the group, highlights the existence of the informal association among five star hotels, which is the**
23 **locus knowledge sharing among its members.** This form of association among five star hotels can be
24 described as an informal clique as there is no written agreement among members of this association.
25 Communications among members of the five star clique are carried out through the social gatherings
26 among individuals based on their common professional background and the functional areas they
27 operate in be it the hotels' finance, human resources, or engineering sectors. In this informal
28 association, membership is restricted to certain members who are determined by hotel star rating and
29 the fact that they are competitors. These members are therefore all involved in one particular market
30 segment and united by the similarity this involves. Sharing a market means having a similar range of
31 prices, similar service standards, similar clients with similar needs, and similar concerns as a business.
32 These common concerns and operations are what encourage five star hotels to communicate with each
33 other, but above all they are united by the notion of belonging to an elite characterised by
34 quintessential luxury standards that differentiate them from the rest of the players. Competition
35 encourages five star hotels to have relationships and interaction with each other and, as such, provide
36 them with information as to their strategies and practices. This information serves not only to gain
37 ideas for improvement, but also to determine who their competitors really are, and their rankings in
38 relation to one another.
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[INSERT TABLE 4 HERE]

Knowledge sharing practices

Despite the competitive nature of the relations between five star hotels as businesses, different forms of knowledge are shared among five star hotels. Members of hotel clique share experiences and skills, such as how to solve more complex problems and how to implement new services. This involves sharing viewpoints, intuition, deeply grounded views, meaningful behaviour and values that they develop through experience.

Knowledge sharing practices identified in this study aimed at: problem solving, sharing of creative ideas and practices, the determination of salaries and employment-related issues, price determination and finance-related issues, and, finally, the determination of market position.

In the case of problem solving, knowledge sharing focuses upon the types of problems these hotels have which require solutions. In short, there are two types: industry-wide and hotel-specific. As expected, industry-wide problems affect all hotels in some way, whereas hotel-specific problems relate to particular issues concerning an individual hotel. In the case of the former, such problems could be detrimental to the industry as a whole, even impacting on the image of the sector. Therefore, it is clear to see why the hotels feel an inclination to get together and find solutions to such issues promptly. However, in the case of hotel specific problems, the inclination may be the opposite, as hotels seek to limit the damage to their individual reputation by not revealing their problems to their competitors. Nevertheless there still exists a wish to share experiences with the aim of finding solutions to rectify such issues.

Hotels in this market segment deploy similar business practices of five star hotels that encourage sharing successfully adopted methods and innovations in such areas as services, training programs for staff. Discussions here focused on what services the various hotels offer, how they have been received by guests, whether such ideas would be appropriate for the others to utilize, and how they can go about implementing such practices according to their circumstances. In addition, a need for standardization is often identified due to the aim of maintaining certain levels of service and price, as no individual hotel will alter these standards without consideration of how their competitors will react.

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3 In relation to the determination of salaries and the discussion of employment issues, five star hotels
4 share their knowledge in three areas: the setting of salary policies, the hiring of new workers, and the
5 dismissal of current employees. This allows them to keep salaries within range of the market average,
6 so that they do not overpay employees, and therefore decrease profits, nor underpay them, which
7 might leave workers feeling undervalued and motivated to seek employment elsewhere. Furthermore,
8 knowledge sharing in this regard enables hotels to gather information on potential future employees
9 who have worked at other similar hotels. Such a practice can also assist current senior employees,
10 many of whom have outgrown their current roles, to progress further by marketing them to their
11 associates. This avoids potential costly litigation due to unfair dismissals as well as preventing the
12 hotel from gaining an adverse reputation in this respect, which could jeopardise future job applicants.
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Hotels devise their pricing plans for rooms and for products they consume based on surveying what is
happening in the market in terms of prices. Reliable information can be gained only through the hotels
themselves. Pricing practices are based on the information exchanged among the hotels in order that
they do not breach the market average, that is, either overcharging or undercharging guests. In
addition, there are benefits to be reaped from maintaining a tight control on the market, a position
which affords the hotels much leverage with regards to pricing. In other words, they possess the
ability to charge clients very high prices whilst knowing they will not lose business on the basis of
price to their fellow competitors as they are charging prices of a similarly high level. Thus, hotels
need to share this information if they want to set accurate pricing plans.

In addition, a number of hotels have reported using their collective knowledge, as well as power to
bargain with suppliers to control the market and achieve discounted rates for products purchased as
through bulk ordering, known consulting or contract practices, or organised delivery methods.

The clique not only uses its power to bargain with regulators and suppliers, but it also uses its power
internally to protect the image of five star market, as can be seen, in the following example on the
practice of 'allotment', the block allocation of pre-negotiated hotel rooms via travel agents presented
in Table 5. In these cases, those that break the rules and threaten the elite status of the clique face

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3 disapproval and distance from the other members which act as a clique to protect its common interest
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5 and elite identity.

6
7 Finally, we observe cooperation among five star hotels in relation to the determination of market
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9 position. This occurs when competitors regularly, often daily, exchange details of average room rates
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11 and occupancy percentages in order to evaluate their relative market position with respect to their
12
13 colleagues. Such information is also used to evaluate the level of service at each hotel as well as to
14
15 rate the professionalism of their employees in all areas. From this knowledge, hotels can identify
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17 shortcomings in their operations and labour and, subsequently, take action to improve their future
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19 competitiveness by targeting areas of weakness for additional attention and improvement.

20 [INSERT TABLE 5 HERE]
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24 ***Trust and reliability in knowledge sharing***

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26 Despite the established nature of cooperatives practices presented above, communication and
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28 knowledge sharing practices among association members also involves elements of perceived
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30 dishonesty and mistrust. This takes the form of spinning the meaning of information, misinformation,
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32 and/or withholding information. Being dishonest while sharing knowledge among members was
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34 justified by two premises: i) withholding information and spinning its meaning is considered a
35
36 common and legitimate business practice in dealing with competitors and ii) fear that transparency
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38 regarding some of aspects in which a hotel's operations might be falling short would damage the
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40 hotel's reputation.

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42 While some participants disapprove of this practice, providing inaccurate information is seen by other
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44 participants as a necessity justified by the benefits that could be reaped by this practice. As they
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46 expect a degree of manoeuvrability with regards to the information on the part of other parties, they
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48 aim to compensate this by reciprocating the practice.

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50 Participating members of the clique care most about their reputation when it comes to their
51
52 competitors. They aim to keep their good reputation in front of their competitors, as they may be
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54 worried that competitors will use unfavourable information to harm them. In one example, a hotel
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56 rented rooms at a lower price throughout the year, while withholding this information from the other
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3 members of the clique. In this case, the deviant hotel incurred in the disapproval of the clique because
4 its pricing strategy threatened its elite status, more so than because it provided inaccurate information.

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6 Nevertheless, members may still want to engage in knowledge sharing activities, as they perceive they
7 can still benefit from the information they gain and make use of it, although they may be sure
8 sometimes it is inaccurate. They attempt to analyse the information they receive logically, taking into
9 account the degree of inaccuracy they expect to receive, which enables them to come up with a
10 reasonable interpretation as to what the correct information should be. In this context, the established
11 assumption is that there is no need to obtain completely correct information in the first place, as it can
12 be interpreted with a degree in mind. Other participants rely in different sources to cross reference
13 information they judge inaccurate.
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16 Although information withholding and misinformation may affect the trust among members of the
17 clique, they still share their knowledge because of all parties would reap common benefits from
18 cooperation (Axelrod, 1990; Waldman and Jensen, 2012). Participating hotels cooperate at whatever
19 the level of trust is, because cooperation is the best solution for all to gain mutual benefit such as
20 ensuring access to information on each and knowing what is going on in each other hotel. This
21 paradoxical relationship is embedded in the flows of knowledge and information (Bouncken and Pyo,
22 2002), even if such sharing may occasionally involve an element of withholding information or of
23 misinformation. In this context, contrary to what is often highlighted in the knowledge sharing
24 literature (Intezari et al., 2017), trust is not a pre-requisite to knowledge sharing.
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40 [INSERT TABLE 6 HERE]

41 42 43 44 **Summary of findings**

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46 From the foregoing sections, we can infer that the hotels involved in this study form an informal
47 clique, whose membership and identity are underpinned by a tension between competition and
48 cooperation. This tension is embedded in the knowledge sharing practices of the clique. These
49 knowledge sharing practices are underpinned, in turn, by varying degrees of trust and mistrust.
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54 The membership and identity of the clique are shaped by the similarity of its target market and the
55 standards of service these imply, driven by the shared elite status of their market segment.
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3 Competition encourages the members of the clique to interact and to share information in a number of
4 key areas. These involve cooperative and knowledge sharing practices aiming at: i) problem solving
5 and sharing of creative ideas and practices, leading to the standardisation of services and prices; ii)
6 determination of salaries, leading to control over employment ; iii) determination of prices and other
7 financial issues, increasing bargaining power with suppliers and regulators, iv) determination of
8 market position, with the dual aim of protecting the elite status of the five star market and of the
9 standing of individual participating hotels. . In this context, and due to the paradoxical nature of the
10 relationship between the members of the clique, knowledge sharing may involve cooperation for
11 mutual gain, but also misinformation and/or withholding information for private benefit. As noted
12 above, a key feature of this particular clique is that trust is not a pre-requisite to cooperation nor to
13 related knowledge sharing. Table 7, below, provides an overview.

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26 The following section discusses these findings in more detail.

27 28 29 30 **5. Discussion: Clique and elite - inter-organizational knowledge sharing among competing** 31 32 **five star hotels**

33
34 This study identifies a phenomenon of significance for industry networks: the formation of a clique,
35 “a subset of members who are more closely identified with one another than they are with the
36 remaining members of their group and who exchange something among themselves (this exchange
37 can be referred to as the content of the relationships and may be information, affect, friendships, and
38 so forth)” (Tichy 1973:197). In the hospitality industry, such cliques can be identified based on three
39 primary features: similarity, competition, and status. Thus, an examination of the features of the five
40 star hotel clique will be of value to an understanding of the knowledge sharing practices in the hotel
41 industry. The relationships among these hotels can be described, based on the interview data, as
42 informal. Informality refers mainly to the fact that i) such relationships are not established nor
43 maintained by any written agreement and ii) that these organisations are inherent competitors,
44 balancing competition with the sharing of knowledge. Although five star hotels constitute an informal
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3 clique, membership is not arbitrary and entry is determined by the three key factors mentioned above
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5 of similarity, competition, and hotel status.

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7 In this study, similarity among hotels is primarily based on targeting the same market of customers
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9 and attracting similar clients, and encourages communication between them. As a result of their
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11 common approaches, five star hotels only maintain professional relationships with other five star
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13 hotels in an effort to limit their cooperative behaviour to those within the clique.

14
15 Previous research (Axelrod, 1990; Mankiw, 2017) has highlighted the importance of a long-term
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17 strategy, crucial in knowledge sharing within competitive environments, where common goals are an
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19 aspect of a tension, similar to Game Theory's Prisoner's Dilemma. Its principal objective is business
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21 retention by ensuring the loyalty of their shared client base and focusing, in harmony, on their target
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23 market. More specific than star rating, hotels that offer similar services and endeavour to maintain
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25 standards consistent with those of their competitors logically perceive similarity between themselves.
26
27 Quintessential five star hotels offer a selection of prestigious services and these services are in a
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29 similar price range, with similar standards (Davidson et al., 2001). These exclusive factors create an
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31 environment in which the self-preservation aspects of the Prisoner's Dilemma are set aside and clear
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33 efforts towards cooperation are made as they all attempt to navigate the market (Parkin, 2000) and
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35 maintain their elite status. In addition, the existence of common problems and concerns also acts as a
36
37 stimulant for communication, whereby clique members pool their knowledge in order to find
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39 collective solutions. Tichy (1973) has identified the reason for such interactions within cliques and
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41 posits that such cooperation is in effect based on a form of exchange, whereby all members must give
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43 to the collective in order to take from it.

44
45 Competition is the second factor that contributes to the creation of such a clique. This factor relates to
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47 similarity in the sense that the very nature of competition requires the targeting of the same market; in
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49 other words, hotels with similar requirements, resources, and objectives tend to compete with each
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51 other. In turn, this motivates them to establish relationships and communicate with each other. This
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53 finding is in line with Axelrod's (1990) contention that antagonists can cooperate when there is
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55 reciprocity under suitable and acceptable conditions. The data presented in this study has
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57 demonstrated that competition encourages five star hotels in the Saudi religious tourism industry to

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3 have relationships with each other as such interaction provides them with information on their
4 activities and strategies. This information serves not only to gain ideas for improvement, but also to
5 determine who their competitors really are, and their rankings in relation to one another, and thereby
6 cementing their elite status. This finding closely relates to Suen's (2010) group formation model
7 which posits that these organisations prefer to interact with each other rather than with less similar
8 organisations because they trust each other to know their industry and market better than any outside
9 organisation.

10
11 Finally, status, which allows the elite group of hotels to form its identity, stems from two main
12 elements: performance and clientele. It can be seen here that both internal and external factors thus
13 shape the elite identity of five star hotels. Alvesson and Robertson (2006) argue that an elite status
14 requires first a group of others that are a significant population, and second, an element of
15 confirmation regarding such status. The internal factor, performance, requires the approval and
16 support of the external factor, clientele, for its improvement, as its clientele is directly affected—and
17 attracted—by performance. Equally, performance is reflected in the service offered to clients. As part
18 of the service industry, the performance of employees and the experience of clients are linked; this
19 service, when polished, perfected, and publicised creates the image under which the hotel operates.
20 Those who break ranks by engaging, for example, in 'allotment' practices or lowering prices to
21 guarantee full year occupancy, incur in the disapproval of the clique, because these practices threaten
22 its elite status.

23
24 The clique of five star hotels in this study was involved in a dual relationship of cooperation and
25 competition. As the result of this, they use their shared knowledge in two ways: collectively, to gain
26 common benefits, and privately, to gain private benefits (Figure 1).
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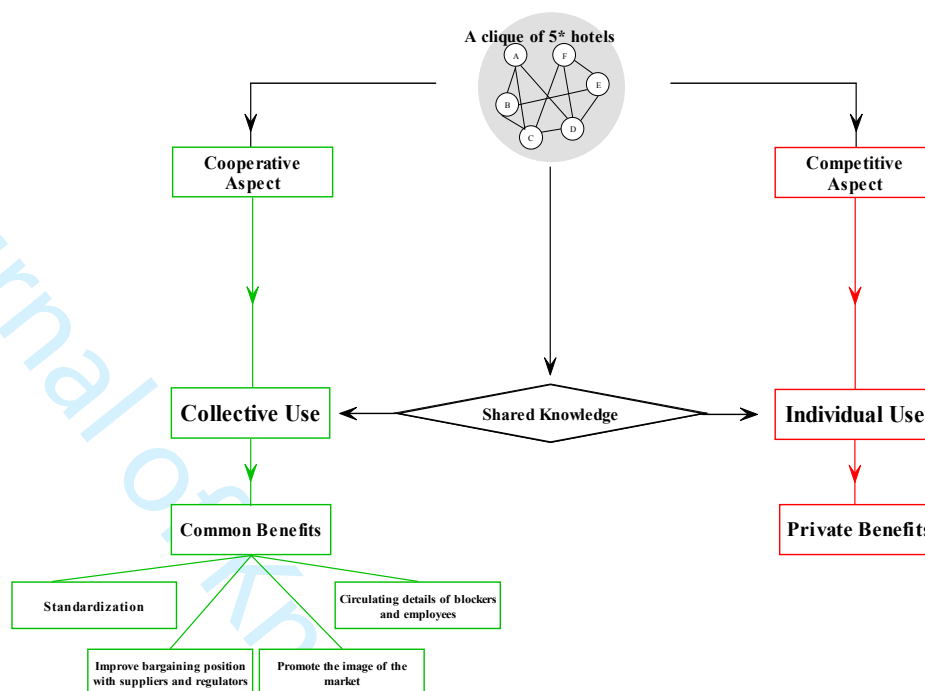


Figure 2 Knowledge sharing in a clique of competitors

The common benefits are the result of their clique practices. Individual hotels existing within a clique cooperate with and learn from each other with the aim of acquiring a new and beneficial body of knowledge which contributes to their business. Data showed that cooperative practices occur under the condition of the need to benefit, when “partners can together obtain mutual benefits which they could not achieve independently” (Dodgson, 1993:79). The five star hotel market possesses a tendency towards standardization in the form of maintaining certain levels of price and performance within the sector. No individual hotel will alter their prices, services, or levels of production without investigating how the other hotels will react to such changes. This creates a form of interdependence among these hotels, with each hotel subject to the behaviour and actions of the others. Whenever one hotel changes an aspect of their service, other hotels will react, usually by replicating the first hotel’s action, which may be in certain circumstances disadvantageous for all of them. When hotels share knowledge about their creative practices, what can result is a standardisation of services and prices. Another reason for competing five star hotels to form a clique is to improve their ability to negotiate with suppliers and industry regulators. Competing hotels unite their efforts to negotiate with suppliers

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3 and industry regulators in order to obtain competitive prices and protect their elite status. They are
4 aware that, in certain situations, working independently will be to no avail; therefore, maintaining
5 relationships with competitors facilitates bargaining with suppliers and negotiating with and
6 influencing regulators. The clique not only uses its power externally to bargain with regulators and
7 suppliers, but also internally to protect the image of the five star hotel market, which is enhanced
8 through the maintenance of relationships with fellow five star hotels. This is illustrated clearly by the
9 lack the lack of support for the practice of allotment mentioned above, which is viewed as damaging
10 the reputation of this elite clique.
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18 A final benefit of cooperation in knowledge sharing practices revealed in this study regards the trend
19 of hotels circulating details about 'blockers'—individuals or agencies that cause trouble or financial
20 problems for the clique. As a result, clique members can obtain the opinions of their peers on workers
21 before employing them. In effect, knowledge sharing is operationalised through the informal networks
22 created among managers who work at these hotels.
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28 Simultaneously, individual members of the five star hotel clique compete with each other—seeking
29 not only to emulate their peers, but to surpass them in the execution and delivery of a service—
30 because, fundamentally, they remain rival organizations who are compared and evaluated on the basis
31 of their ability to perform such functions, each vying for a larger share of the same market.
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36 There is therefore a permanent tension between sharing for common benefit, which leads to an
37 element of standardisation of services, and the temptation to gain individual benefit by outperforming
38 competitors.
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42 The economic behaviour of clique members can best be understood in the context of Oligopoly
43 Theory and Game Theory, particularly the Prisoner's Dilemma, which provide valuable insight into
44 some of the collaborative and knowledge sharing practices discussed in this section. There are two
45 ideal types of market competition - perfect and imperfect (Hammond, 2016). Perfect competition
46 assumes a market determined entirely by market forces, where all firms sell identical products and
47 services, individual firms cannot control market prices, an individual firm's market share is small, all
48 firms have perfect knowledge about the market, and there are no barriers to entry or exit. These
49 conditions do not prevail in the real world, even in markets characterised by open competition.
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3 Imperfect competition (in which a competitive market does not meet the above conditions) is the
4 norm. Examples of imperfect competition include monopoly (where one firm dominates the market)
5 and oligopoly (where more than one firm dominates the market).
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9 An oligopoly is defined as a market structure in which a relatively small number of large players
10 compete and dominate it (Burgess, 1989; Parkin, 2000). Given the fact that only a handful of
11 companies are competing for the market share, a form of strategic interdependence exists between
12 them. The actions, and consequent reactions, of all the players in the market have a considerable
13 impact upon their acquisition and maintenance of market share and, accordingly, their profits.
14 Therefore, a major element of company strategy within an oligopoly is devoted to considering how
15 the firm's actions will be seen by others within the market, as well as anticipating their reaction to
16 decisions made, given their strategic interdependence. Although firms in oligopolistic market are
17 assumed to have complete knowledge of their own operations, they have incomplete knowledge of
18 those of their competitors. They also tend to prefer to compete on terms other than price which could
19 lead to a price war - beneficial to no one - so they focus on non-price competition such as product
20 differentiation, branding and marketing. Firms in an oligopolistic market can also collude with
21 competing firms, working together, while still in competition, or acting "cooperatively". This can take
22 three forms – i) overt collusion where there is no attempt to disguise arrangements such as business
23 associations, ii) covert collusion, where firms try to disguise or hide evidence of their collusion, and,
24 iii) tacit collusion where there is no explicit collusion but there is a common unspoken understanding.
25 Even where there is some form of collusion or "coopetition", as firms are interdependent, they still
26 need to anticipate and plan for all feasible scenarios - such as whether it is best to compete or collude;
27 to lead or to follow; to raise, lower or keep prices constant. Each firm's decision impacts on the
28 decisions of the others - an interdependence mirrored in ideas from Game Theory and in particular
29 from the notion of the Prisoners Dilemma. (Friedman, 1977; Friedman, 1983; Burgess, 1989; Sloman,
30 2012; Cabral, 2017; Mankiw, 2017).
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52 The formation of a clique of competing five star hotels takes place within the context of an
53 oligopolistic market structure. However, it is important to uncover the circumstances that create this
54 relationship in the context of this study. By identifying the key features that may cause cooperation
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3 among competitors, the findings may be helpful in expanding discussions of how knowledge sharing
4 practices may be explained by Game Theory. The shared knowledge that each hotel gains through the
5 knowledge based cooperative practices that take place among them can be used both on an individual
6 basis by each of the firms involved, whereby they each attain private benefits, as well as collectively,
7 through the attainment of collective advantages as an industry. These collective advantages benefit all
8 clique members, and include areas such as i) standardization, through which the hotels align their
9 service levels and average out their prices, ii) bargaining, which enables them to unite with the aim of
10 negotiating with outside bodies, such suppliers or industry regulators, and iii) image promotion,
11 whereby the members discuss how they might best promote the image of the five star hotel market. In
12 doing so, they protect and reinforce their status as an elite of players in the hotel industry.

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22 It is interesting to note that previous work on knowledge sharing in a cooperation context, carried out
23 within different market structures, characterised by open competition, in New Zealand, has concluded
24 that the underlying competition between firms inhibited knowledge sharing and affected negatively
25 knowledge transfer on destination and event marketing (Werner, Dickson and Hyde, 2015). A
26 different study, also within an open competition context, which analysed cooperation in inter-
27 organisational relationships in theme parks in Lapland, Finland, and in Riviera di Romagna, Italy,
28 found that, in contexts where the balance between cooperation and competition has tended to vary
29 between low and high season, the shift from short term to longer term cooperation required the
30 development of a mutual understanding of the benefits of cooperating in the promotion of the brand of
31 the destination (Kylanen and Mariani, 2012).

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42 The reasoning for the forms of cooperation in the context of the clique of hotels in this study lies
43 therefore in the underlying features of an oligopoly. There exists an interdependence between five star
44 hotels in Saudi Arabian religious tourism industry, which stems from the fact that there are few of
45 them, each with a large share of the market. As a result, each hotel must navigate the conflict
46 between the will to compete and do what is necessary to increase market share and maximize profits
47 independently, and the possibilities of cooperation with other, similar hotels, which—when such
48 cooperation is adhered to amongst all members of the clique—can jointly maximize profits. Each
49 hotel will gain something if they all choose to stick to the agreement. This is particularly true when it

comes to the long-term relationship shared by competing hotels within a region, as such choices about cooperation or non-cooperation will present themselves to the hotels every season and become a more practical and economical aspect of their business behaviour. However, if one reneges while the others honour the agreement, the reneging party will benefit as, other things being equal, acting in one's own interest yields a higher payoff than cooperation (Axelrod, 1990; Parkin, 2000; Waldman and Jensen, 2012; Mankiw, 2017). However, this would be a short term benefit. A hotel that has reneged on, for example, a pricing agreement by reducing its room rates may be punished by its competitors with permanently low prices, thus reducing future profits for all involved and preventing the errant hotel from making one-off gains of this sort again. In addition, other forms of punishment may include other hotels refusing to refer business to the errant hotel, not cooperating with them on internal matters, or to put an end to the sharing of certain kinds of knowledge altogether.

It has been noted that perceived self-interest is the primary reason for non-cooperation, and the interviews demonstrate that this non-cooperation manifests itself most clearly in perceived dishonesty within the clique. While the recognition of such dishonesty can have implications for trust within the clique, the long-term goals of members means that cooperation will still occur (Mankiw, 2017), albeit with perhaps slightly altered levels of trust, allowing all parties to reap the collective benefits of collaboration and knowledge sharing.

6. Conclusions

The conclusions drawn from the findings can produce a theory that focuses on industry issues from an inter-organisational perspective. Cooper (2006) calls for this type of theorising in the tourism and hospitality field because the conventional view that knowledge management is only applied within a single firm, rather than also being applicable across organisations, is outdated. An additional and significant contribution of this research is a proposed knowledge sharing model, addressing the tension between cooperation and competition, a major aspect of the relationships between interdependent firms within an oligopolistic market structure. These interdependent firms form a clique that is based on their shared experiences and similarities (Rowley et al., 2004). Such a finding is significant because the proposed theoretical model of this research explains how hotels which are

involved in such competitive-cooperative relationships use their shared knowledge in two ways: collectively, in order to gain common benefit (which reflects the cooperative aspect of their relationships); and individually, in order to gain private benefit (which reflects the competitive aspect of their relationships).

This model relates most closely to elements of Game Theory's the Prisoner's Dilemma and of Oligopoly Theory as an explanatory framework for the knowledge sharing behaviour of a clique of hotels (Parkin, 2000; Waldman and Jensen, 2012; Mankiw, 2017). Competitors choose to cooperate through knowledge sharing as they are part of an oligopolistic market structure characterised by strategic interdependence and the by navigation of a tension between competition and cooperation. Game Theory and its relevant concepts could potentially reorient the writings of knowledge management in ways that focus on group membership and self-identification, and how such factors might be influential in cooperation or non-cooperation in knowledge sharing.

This would mean that further explorations into knowledge management in the tourism sector, which is known for having this paradoxical cooperative-competitive tension, would benefit from exploring foundational theories like Game Theory to further explain the nuances of information flow in the sector (Bouncken and Pyo, 2002; Kahle, 2002). Game Theory illustrates the mutual benefits of cooperating, which works to build bridges and create a basis for long-term success. Hotels choose to cooperate because is a better long-term strategy than seeking to divide the market through competition (Parkin, 2000; Waldman and Jensen, 2012; Mankiw, 2017). As all participants are long-term investors in these relationships, making profits over periods of years rather than months, the best strategy to follow is that which will ensure long-term returns and maintain their elite status. In this context, trust is contingent, but not a necessary condition for knowledge sharing.

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2
3 **Tables for**

4
5 **“Clique and Elite: Inter-Organizational Knowledge Sharing across Five Star Hotels in the**
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7 **Saudi Arabian Religious Tourism and Hospitality Industry”**
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10
11 Table 1 Participants in the initial stage

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| No. of interviews | Position | Rate of the hotel |
|-------------------|---|-------------------|
| 1 | Front office manager | 5* |
| 1 | Training manager | 5* |
| 1 | Human resources manager | 5* |
| 1 | Front office manager | 4* |
| 1 | Sales and marketing manager | 4* |
| 1 | Human resources manager | 4* |
| 1 | Finance manager | 4* |
| 1 | Assistant manager & finance manager | 3* |
| 1 | Assistant manager & food and beverage manager | 3* |
| 1 | Assistant manager & sales and marketing manager | 3* |

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36 Table 2 Participants in the emergence stage

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| No. of interviews | Position | Rate of the hotel |
|-------------------|-----------------------------|-------------------|
| 4 | General manager | 5* |
| 4 | Room division manager | 5* |
| 4 | Human resources manager | 5* |
| 4 | Sales and marketing manager | 5* |
| 4 | Finance manager | 5* |
| 4 | Maintenance & chief manager | 5* |
| 4 | Food and beverage manager | 5* |

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Table 3 Participants in the ambiguity resolution stage

| No. of interviews | Position | Rate of the hotel |
|-------------------|-----------------------------|-------------------|
| 2 | General manager | 5* |
| 4 | Room division manager | 5* |
| 4 | Human resources manager | 5* |
| 4 | Sales and marketing manager | 5* |
| 3 | Finance manager | 5* |
| 4 | Maintenance & chief manager | 5* |
| 3 | Food and beverage manager | 5* |

Table 4 – Clique membership and identity

| Themes | Exemplar quotations |
|--------------------|---|
| Informality | <p>“We discuss any concerns we have relating to our work. Not only concerns about our hotels, but more than this. We discuss the market situation, visa conditions. We discuss any problems we might be having. But this isn’t done in any formal capacity.” (Rami)</p> <p>“For example, we hold meetings. In these meetings, each member of the group may bring a new idea. I may apply it, or he may apply it, or another hotel may apply it.” (Morad).</p> |
| Similarity | <p>“Because of the market we share, I talk with five star hotels only; [...] four or three star hotels, they’re an entirely different market” (Mansor)</p> <p>“It’s like a square and inside this square there are different playgrounds. Each playground has its players. I play with these players in the five star playground because we have similar services and prices.” (Mohi)</p> <p>“I speak with those who have the same title as mine, room division directors, because there are common factors between us, our thought, the same work field and speciality...but I don’t speak with financial controllers, for example. There is no common language among us. The financial controller at our hotel speaks with the financial controller at other hotels, they speak about how they write their reports, I imagine; I don’t know exactly what they speak about.” (Basem)</p> |
| Status | <p>“I have relationships with five star hotels only. [...] I am sorry to say this but some non five star hotels do not have the art of hospitality. [...] They do not know even the a b c of hospitality. [...] You know what, if an applicant wants to work at my hotels and he used to work at one of these hotels I will not employ him, because he is used to a certain thought and style and does not know the [right] approach of dealing with others” (Bandar)</p> |
| Competition | <p>“Many relationships connect me with hotel managers. We talk from time to time. We meet up, we swap views, and we share information. It’s very important to have relationships with them. They are all at five star hotels. They are our competitors. It’s important to have relationships with competitors for many reasons, the most important being that we always swap information for the benefit of the hotel. Communicating with them is beneficial for our hotel.” (Aiman)</p> |

Table 5 – Knowledge sharing practices

| Themes | Exemplar quotations |
|--|--|
| Problem solving | <p>“Recently, we got a new instruction from the authorities that in Hajj season each hotel must pay insurance for each contract they sign, which is fifteen percent of the contract value. The reason for this is that if there is a breach of the contract, the amount is deducted from the insurance. Ok!! Why?? We are five star hotels. Our services are guaranteed and there are contracts between us and the companies. Who do you think would need to pay insurance?? People who work only in seasons need to pay insurance. There are people who rent a building, two or three or ten for three months, which the period of Hajj season [...] But we are registered companies in the Ministry of Commerce and registered in the Chamber of Commerce [...] which have a position and specific standards; we should not be involved in this. Therefore, a meeting was held among five star hotels and [...] we decided to write to the authorities asking them to exclude us from this and explained our reasons.” (Aiman)</p> <p>“Sometimes, we face very complicated problems. We call them ‘malicious problems’. You can’t find solutions for this type of problem in the manual: Only experience can solve them. You need to rely on your experience to solve them. You need to find out what exactly the problem is. [...] I may discuss complicated problems with other engineers in other companies because this discussion provides you with new ideas or new solutions which you may never have thought of before.” (Tamem)</p> |
| Sharing of creative ideas and practices | <p>“The customer will go and talk about you and let everybody know that he receives a good service. You know we provide experts in religious rituals to teach visitors, answer their enquiries about the rituals, and distribute pamphlets and publications to them. This service isn’t mentioned in our literature but it’s available based on request. Because of this service, the hotel [...] has become very popular because of this unique service [...] To be honest with you, we did not invent this service. It was previously being done only in [a named hotel]. We took the idea from them.” (Saher).</p> |
| Determination of salaries and employment issues | <p>“Let’s say we need advice from each other. Financial controllers advise each other when they face problems. We also cooperate in a salary survey and exchange information about the salaries we offer.” (Ashraf)</p> <p>“He has started to feel unsatisfied with his position at my hotel, but I don’t have a better job for him. I won’t keep him, he won’t give me good work. In this case I [...] will help him to get a better job at one of the other hotels. Don’t think by this I’ll be helping him for nothing and lose my employee—of course not. But I’ll do this because I am certain he won’t give me the performance I need from him because he isn’t happy and I cannot fire him. Which is better, to give him a bad time every day, because I’m not satisfied with his performance, or to end his service by helping to find the position he deserves? Of course, sending him to other hotels and finding a proper employee to replace him to get the performance that I want. Performance is intimately connected to satisfaction.” (Saher)</p> |
| Determination of prices and financial issues | <p>“We talk about the prices: ‘Why are this year’s prices so high?’, ‘Why is your price for that type of room so high?’ – ‘My price is high to achieve a certain budget.’...Conversations like that!” (Basem)</p> <p>“The other day, we met to discuss the possibility of signing one contract package. I don’t mean buying common goods and dividing them among us. I mean that all the hotels select specific suppliers to deal with but each hotel signs its own contract.” (Eiad)</p> |
| Determination of market position | <p>“The occupancy percentage is low! Are we the only one whose occupancy percentage is low, or it is the case with everybody? It gives you an idea about the market. It is important to know whether the average room occupancy is high or low by comparing it to others.” (Helmi)</p> <p>“I am the mirror of the hotel. I can show the hotel’s managers their position in the market after I analyse the data that I get from the competition report. I can see the result of their work in a form of figures and numbers. [...] If our service is at the same level we should have similar average rates. Do you think they are merely figures and numbers? They are much, much more than this. What I mean is that from these numbers and figures we can reveal to all employees our position in the market and show them where they need to improve in order to provide better service so that they can compete.” (Hani)</p> |

“Travel agents sometimes make deals with some hotels according to which they rent their hotels or part of their hotels for a specific period, such as the summer period. They open their office in the hotels and start to sell the rooms from the beginning of the summer holiday until the end. We call this ‘allotment’. This gives a bad image to the hotels. Take for example, [a named hotel], [a named hotel], and [a named hotel—they used to do this before. But this really reflects badly on the other five star hotels and gives them a bad image. Sales managers discussed this with each other and concluded that hotels should not do this. We should sell to the source directly and not through travel agents. We debated this and we have all agreed to avoid this practice.”(Fareed)

Table 6 – Trust and reliability in knowledge sharing

| Themes | Exemplar quotations |
|--------------------|---|
| Honesty | <p>“We give them what we have and they give us what they have, but unfortunately not all of them are honest and tell the truth.” (Majed)</p> <p>“We give them correct information, but [a named hotel] does not.” (Bandar)</p> <p>“Frankly speaking it is a trick. They expect this from us. Just like we expect that there is a trick from them” (Mansor)</p> <p>“Although we know that we sometimes lie when we share information, we have tea together and share information about occupancy or other concerns, not all of it correct.” (Amjad)</p> <p>“Maybe the information we gain while exchanging information with each other is not correct. They may lie to keep up a good image. [A named hotel] was renting a hundred or fifty rooms, I do not remember exactly. But the point is, they were renting them for one-fifty for the whole year in order to make sure they have a continuous income reported for the whole year [...] By doing this they destroyed their image and they regretted it. I never ever do this, I prefer not to sell the rooms and keep them empty to reduce the price like this.” (Majed)</p> |
| Reliability | <p>“If the hotel does not work very well, they add five or ten percent to their occupancy percentage when they exchange it with others.” (Amjad)</p> <p>“‘What is your news?’ I ask. ‘Perfect, and busy – one hundred percent occupancy!’ he’ll say. He doesn’t know I already know he’s not that busy (Amjad)</p> <p>“No one tells the truth, including me. But if you are professional you can know how to make use of the information even if it is not one hundred percent correct. But we can all make use of this inaccurate information. I don’t know how to explain this to you, but we can do some interpreting of the information we get and be very close to the reality of the situation.” (Hashem)</p> <p>“Seventy percent of the information is enough for me. Seventy percent accuracy is enough, you still can deal with it.” (Mansor)</p> |
| Trust | <p>“I communicated with them based on trust but in one situation this trust was destroyed.” (Morad)</p> <p>Q: “Do you think this [lack of correct information] may affect the trust between you and them?”</p> <p>A: No, no worries.” (Hashem)</p> |
| Mistrust | <p>“I do not speak with anyone from outside this hotel about problems which may affect the name of the hotel, such as the ethics of the staff. They will interpret this negatively, as that the level here is low.” (Morad)</p> <p>“What I want to say is that you cannot build your work based on the reports of your competitors only.” (Amjad)</p> <p>“I think it’s normal. At the end of the day, it’s business. He probably doesn’t rely on what I say and I tend not to rely on what he says alone, because there are other sources of information.” (Aiman)</p> |

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Table 7 – Overview of findings

| Categories | Clique membership and identity | Knowledge sharing practices | Trust and reliability |
|---------------|--------------------------------|---|-----------------------|
| Themes | Similarity | Problem solving | Honesty |
| | Status | Sharing of creative ideas and practices | Reliability |
| | Competition | Determination of salaries and employment issues | Trust |
| | | Determination of price and financial issues | Mistrust |
| | | Determination of market position | |

Journal of Knowledge Management

Figure 1

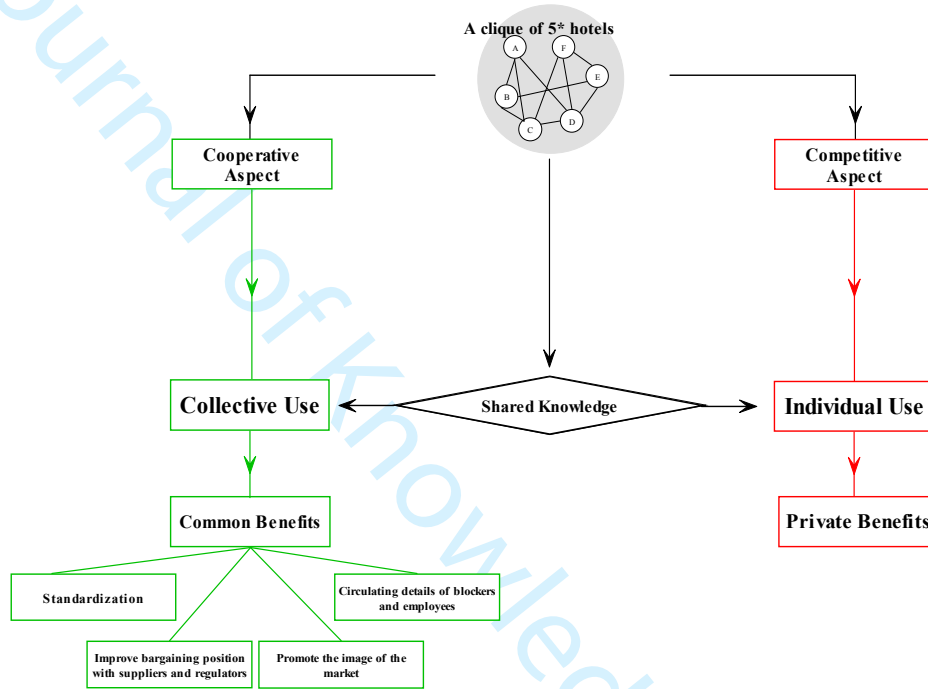


Figure 1 Knowledge sharing in a clique of competitors

Response to reviewers

We thank the opportunity to resubmit our paper to the Journal of Knowledge Management, as well as the reviewers very constructive and helpful comments. Our revisions, addressing these comments, are outlined below. We hope they address the reviewers concerns in a satisfactory manner.

First, the Method section must be revised due the following reasons:

- 1) **The data is not well presented.**
- 2) **There is no mention of how long the interviews lasted, neither the period of data gathering.**
- 3) **Although it is said that general managers were interviewed, there is no mention about the role of the manager (financial, controller,...) neither an estratification of them.**
- 4) **There is no mention of how many hotels were involved.**
- 5) **The paper just state that they gathered data from a clique of five star hotels, however it does not define the numbers of members in the clique.**

We introduced an explanation of the research design and of its four stages in pages 7-9, where the information requested above was included. These changes are highlighted in yellow.

In answer to the questions above:

2. The interviews in the first stage lasted around sixty minutes and took place within one month; in the second stage, they lasted between sixty and ninety minutes and data collection and analysis during this stage lasted six months; in the third stage, interviews lasted between forty the sixty minutes and data collection and analysis took four months.

3. We introduced tables 1-3 in respectively pages 8 and 9, to outline the roles of each interviewee during the three stages of data collection.

4. Ten different hotels were involved in stage one and four hotels were involved in stages two and three; while stage one was a pilot leading to the formulating the focus of this study, stages two and three form the basis of the study.

5. The members of the clique involved in the study were the four hotels included in stages two and three.

Second, the Results section must be revised as a table or figure explaining the findings is necessary. This would make the work more neat.

We have changed the findings section (section 4), to present the data in tabular form. We introduced tables 4, 5 and 6 on, respectively, pages 11, 13 and 14, presenting the key themes and exemplar quotations. In addition, we introduced a final sub-section in section 4, labelled summary of findings, in pages 14 and 15, and a table 7, which provides an overview of the findings, in page 15. These changes are highlighted in yellow and the tables are included in a separate file, as required in the submission guidance.

Finally, the work must be compared with other works involving formal/non-oligopoly sectors. This could lead to a broader understanding of the phenomenon analyzed.

We included text, highlighted in yellow, in pages 19, 20 and 21 to explain the types of market competition (perfect and imperfect) and the specificity of oligopolies within those. On page 21, we

1
2
3 now explain that two previous studies exploring knowledge sharing within coepetitive contexts in the
4 tourism sector, in markets characterised by open competition, have reported different findings: in one
5 case (New Zealand), the underlying competition inhibited knowledge sharing practices; in another
6 study (in Finland and Italy), actors switched between higher cooperation and higher competition
7 depending on whether the season was high or low and moving from short to longer term cooperation
8 required an understanding of the benefits of promoting the destination brand. This differs from the the
9 case of companies operating in the oligopolistic market in our study, which are driven primarily to
10 long term to cooperation.
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