Strategic Knowledge Management in Multinational Organizations
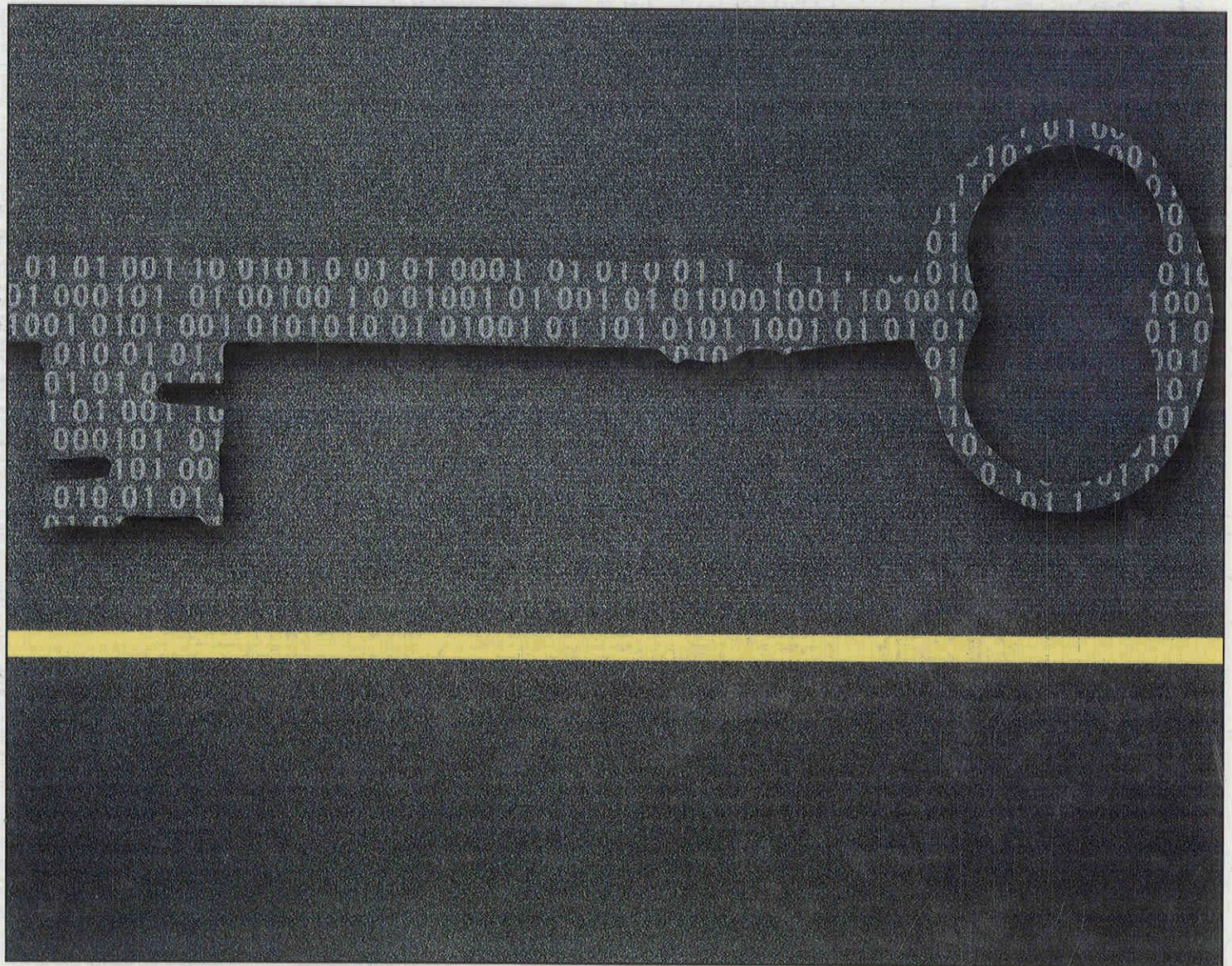
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Section I
Organization

Chapter I

This chapter introduces human resource management (HRM) practices that help multinational companies (MNCs) overcome knowledge transfer barriers (knowledge-driven HRM practices). It argues that MNCs can institute various HRM practices that impact knowledge transfer barriers associated with behavior of knowledge senders and receivers. HRM practices relevant for absorptive capacity of subsidiary employees form two groups—cognitive (job analysis, recruitment, selection, international rotation, career management, training, and performance appraisal) and stimulative (promotion, performance-based compensation, internal transfer, orientation programs, job design, and flexible working practices). The application of cognitive HRM practices enhances the ability of knowledge receivers to absorb transferred knowledge, while the use of stimulative HRM practices increases their motivation. Temporary and permanent types of international assignments respectively influence the ability and motivation of expatriate managers to share their knowledge.

Chapter II

The digital networked economy has gone global and is reshaping traditional business models. "Free" and "open source" software (Raymond, 1999), along with more recent successes in the private, public, and social sectors, offer a vision of a radically new globally networked economy. This economy is characterized by new sources of value creation and competition, as barriers to entry are lowered and substitution made easier. It also requires a more stratified, localized approach to the marketplace (Hart & Milstein, 2003) to meet more specialized demands from customers and the societies and environments within which they live. These challenges have implications for almost every aspect of a firm's strategy and business model, especially its ability to leverage these networks to create value through innovation. Yet, most multinational firms are ill-equipped to take advantage of the knowledge creation derived

from high-value relationships with suppliers, complementors, and customers. This chapter shows the importance of developing a corporate strategy which takes into account ways in which an innovation focus must integrate with installed business processes. The chapter considers the challenges associated with knowledge disclosure, diffusion, and utilization (Snowdon, 2002; Spinosa, Flores, & Dreyfus, 2001) across value networks and concludes that while successful examples exist in "free" and "open source" software projects (Raymond, 1999), commercialization of innovation becomes more challenging when increasing levels of personal and financial commitment are required (Mauer, Rai, & Sali, 2004). Choosing the most appropriate value networking strategy can have serious implications for success. This chapter adds to studies on knowledge creation and knowledge transfer in multinational corporations by proposing a conceptual model of commitment-based value networking strategy. It is hoped this will contribute to future research by offering a theoretical foundation upon which this research may be based, and explains why and under what conditions people in commitment-based value networks share knowledge.

Chapter III

The Impact of Group Relationships on Knowledge Sharing: A Cross-Cultural Study /

Organizations nowadays typically have several locations geographically dispersed around the world. Organizations distribute their resources around the world to reduce cost and remain competitive. As a consequence, globally distributed working teams are common, thereby rendering a need for knowledge sharing cross-culturally. This chapter presents a series of studies investigating the impact of cultures on how people handle knowledge management issues. It shows how in-group/out-group relationships determine people's attitudes towards knowledge sharing in a global working environment. Findings of this project would help organizations' executives understand better how to encourage their members to reap benefits from using the knowledge management systems.

Chapter IV

This chapter argues that first-level call center technicians are the new knowledge worker of the 21st century. As such, these technicians are ideal candidates for knowledge management tools. The objective of the chapter is to introduce these technicians to the IT community and, by way of a case study, show how decision-tree-type help tools can increase technicians' productivity. The chapter ends with recommendations for IT practitioners who are interesting in implementing these tools in their call centers.

Chapter V

KAFRA: A Context-Aware Framework of Knowledge Management in Global Diversity /

Multiple case studies in India, The Gambia, and Nigeria are the background for an empirically grounded framework of knowledge management (KM). Cultural diversity and gaps in the provision of infrastructure make managing knowledge challenging but necessary in developing countries. These cultural and infrastructural issues are also related to governmental, educational, political, social, and

economic factors. These environmental factors interact with organizational variables and information technology to enable or constrain knowledge management processes in the creation and protection of knowledge resources. The framework can help organizations to prepare their KM projects, to reveal problems during the project, and to assess its outcomes.

Chapter VI

Knowledge management (KM) approaches have been broadly considered to entail either a focus on organizing communities or a focus on the process of knowledge creation, sharing, and distribution. While these two approaches are not mutually exclusive and organizations may adopt aspects of both, the two approaches entail different challenges. Some organizational cultures might be more receptive to the community approach, whereas others may be more receptive to the process approach. Although culture has been cited widely as a challenge in knowledge management initiatives, and although many studies have considered the implications of organizational culture on knowledge sharing, few empirical studies address the influence of culture on the approach taken to knowledge management. Using a case study approach to compare and contrast the cultures and knowledge management approaches of two organizations, the study suggests ways in which organizational culture influences knowledge management initiatives as well as the evolution of knowledge management in organizations. Whereas in one organization, the KM effort became little more than an information repository, in the second organization, the KM effort evolved into a highly collaborative system fostering the formation of electronic communities.

Section II
Technology

Chapter VII

The potential benefits of utilizing knowledge management (KM) technologies in multinational and global organizations are of particular significance due to the inherent geographic distance and diversity of such organizations. Unfortunately, the process of constantly changing technology can be extremely disruptive at both the individual and organizational level. This chapter explores the relationship between KM technology change within the organization and the Theory of Organizational Loss of Effectiveness (LOE). "The general Theory of Organizational Loss of Effectiveness is predicated upon organizational behavior resulting from a loss of stability, e.g. technology change, within an organization." (Grady, 2005) The loss of stability, in the context of this theory, occurs when a defined set of symptoms develop in individuals and groups undergoing a change in technology. The assertion is that the development of these symptoms is predictable, and when viewed collectively, results in an organizational loss of effectiveness.

Organizations need well-architected systems for knowledge management (KM). This chapter begins with a review of approaches adopted by organizations for developing KM solutions. It defines a set of components that can form the building blocks for developing a knowledge management system. The relevance of the principles of Service-Oriented Architecture (SOA) to KM solutions is explained. It presents the architecture of a generic knowledge management system based on the components defined and the principles of SOA. It then discusses the patterns for implementing the architecture, followed by maturity levels of knowledge management systems.

Information and knowledge management technologies and globalization have changed how firms in service industries formulate, implement, and sustain competitive advantage. This research project contributes to our understanding of the relationships between global knowledge management technology strategies and competitive functionality from global IT. Based on field research, this study found that global knowledge management technology strategies have a positive impact on competitive advantage from information technology applications functionality from global IT. This study provides recommendations to international engineering, procurement, and construction industry executives regarding the impact of knowledge management strategies and global information technology on competitive advantage of firms in their industry.

This chapter raises issues concerning data, information, and knowledge sharing in organisations and, in particular, compares an organisational cultural analysis of why such sharing is often difficult to achieve with an organisational political one. The issues raised are often insufficiently attended to by practitioners who are attempting to build technological information and knowledge management systems. The driver for the chapter is that despite impressive advances in technology and its now almost ubiquitous presence in organisations, as well as academic study over several decades, many of the benefits originally expected concerning improved data, information, and knowledge sharing have not materialised as expected. Basic reasons for this lie in the lack of attention to the cultural foundations of organisations and because matters relating to organisational power and political matters are often misunderstood, overlooked, or ignored. These different perspectives are discussed and contrasted in order to tease out the important differences between them and assess the prospects for a synthesis. It is concluded that while there are important commonalities between the two perspectives there are also fundamental differences, notably regarding what are causes and what are effects and, therefore, how to go about effecting change regarding data, information, and knowledge sharing.

A large number of tools are available in the software industry to support different aspects of knowledge management (KM). Some comprehensive applications and vendors try to offer global solutions to KM needs; other tools are highly specialized. In this chapter, state-of-the-art KM tools grouped by specific classification areas and functionalities are described. Trends and integration efforts are detailed with a focus on identifying current and future software and market evolution.

Section III
Learning

Within a framework of international strategy for multinational corporations, this chapter examines the important opportunities afforded by taking a more inclusive approach to the foreign subsidiary host country workforce (HCW). It argues that past international management writing and practice, with its expatriate bias, has neglected consideration of this important resource. Not only can the HCW help expatriate managers be more successful and have a better experience in the host country, but it can contribute to and benefit from the corporate knowledge base, leading to more effective global knowledge management. The authors discuss means by which a multinational corporation can effectively include the HCW in its knowledge management activities.

This chapter presents a case of knowledge sharing between multinational companies. The companies cooperated to develop a common best practice for the development of company standards through sharing their practices. The chapter describes how this best practice was developed and tested. Experiences in this successful project may help other multinationals also profit from knowledge sharing. Critical success factors are the willingness to be open, the culture of cooperation, and the involvement of academia.

Multinational companies (MNCs) are facing important challenges within the current economic context. Rapid technological changes, the globalization of the economy, the existence of increasingly demanding consumers are, among other factors, the origin of the difficulties involved in achieving and sustaining a

competitive advantage in the long term. One of the keys for overcoming these difficulties is to manage knowledge-based resources appropriately. However, in order to be able to manage these resources, the multinationals need to know, with complete transparency, just what these resources are, and this is achieved by quantifying them. The quantification of knowledge-based resources and the preparation of intellectual capital statements represent two strategic challenges for the MNCs.

Chapter XV

As innovation and technology management grow in complexity, the need for interorganizational cooperation increases. Part of this cooperation requires the understanding of how knowledge management and learning processes may function to support a successful research and development collaboration in multinational enterprises. To further this understanding we introduce a typology to help categorize various collaborative efforts within a research joint venture environment. The typology is based on two dimensions: the locus of the research joint venture knowledge and the knowledge management approach. This matrix leads us to deduce that different research joint venture (RJV) strategies can emerge as a result of these two dimensions. Finally, an evaluation of this relationship is completed using information and practices from data acquired from a broad-based study of European-based RJVs. Implications for research and management of these types of projects are also introduced throughout the chapter.

Chapter XVI

This chapter aims to provide a complete characterization of the different perspectives of customer relationship management (CRM) and its potentialities to support knowledge management practices in a multinational context. It describes the strategic and technological dimensions of CRM and how its adoption supports the development of a learning and customer-focused organization, with special emphasis on multinational corporations. CRM strategic approach entails the adoption of customer-focused initiatives and the development of learning relationships with customers. On the other hand, its technological dimension integrates a variety of different information and communication technologies, which makes a powerful system for improving the process of knowledge acquisition. This way, different subsidiaries of a multinational corporation can develop their learning capability so that they can better identify local market demands. As a result, the corporation is able to more accurately create a global knowledge stock about its different markets in different regions of the world.

Chapter XVII

This chapter uses organizational learning as a lens to study how firms implement enterprise system. The core research questions are: what are the critical organizational factors affecting organizational learning in ES implementation? How do these elements shape the learning process and thereby influence ES implementation outcomes? To address these questions, we conducted comparative case study with

two organizations that have recently adopted ES and achieved significantly different results. Based on the empirical findings, we propose a framework that describes how organizational factors affect the four constructs of organizational learning in ES implementation context—knowledge acquisition, information distribution, information interpretation and organizational memory.

Section IV
Leadership

Chapter XVIII
Managing Knowledge Diversity in Distributed Organizational Structures /

Knowledge in organizations can be compared with human memory. There is no unique place for creating and conserving knowledge. Knowledge in multinationals realizes its potential with various tools of management. The diversity of tools leads to the issue of coordinating levels of management. How can one manage different tools of KM without disrupting the knowledge creating process? To address this issue we analyze several knowledge management strategies of high-technology industries (computer, telecommunications, and pharmacy). In these cases diversity encourages implementation of knowledge management tools. The precision of these tools indicates the firm's competence in managing and diffusing knowledge. An important conclusion that can be drawn is that several factors (redundancy, diversity, discussion, and duration) can reinforce these competences and, in fact, network mechanisms in organizations.

Chapter IXX
Knowledge Management Success: Roles of Management and Leadership /

Globalization and free market philosophy characterize the current economic environment of increased competition, and it has posed far greater challenges than ever for organizations to meet customer needs and demands. The global competition is compelling organizations to develop products and services faster, cheaper, and better in order to sustain competitive advantage in the marketplace.
Twenty-first century economy is setting new trends and unique styles of business operations because of continuous advancement of information technology and communication technologies. These technologies have offered more avenues to conduct business effectively and efficiently. Many organizations participating in the global economy have two distinct features associated with their operations, outsourcing and virtual teams, which have become feasible because of these technological advances. These two features have an impact on how organizations manage knowledge, and they deserve further discussion.

This chapter looks at managing knowledge workers within the business environment of a matrix-organized multinational organization, using oil and gas contractor Production Services Network for illustration. It looks at the influence of business needs, and human and organizational culture and strategic factors on KM; the importance of communicating business drivers; and adverse demographics; it also outlines some future trends that managers and KM staff in multinational matrix organizations should be preparing for. It is hoped that discussing examples of KM in practice, within the context of globalization, demographic changes, and rapid developments in technology, markets, and business relationships, will ground some familiar theory in some new and evolving territory, providing interest to both academics and practitioners.

The purpose of this chapter is to explore organizational knowledge-based practices. A distinguishing feature of the successful post-Network Age enterprise is its intrinsic entrepreneurial character that manifests itself in key organizational knowledge practices relating to organizational culture, processes, content, and infrastructure. The chapter reports on the outcome of field research in which entrepreneurial firms in four geographic regions were analyzed with the help of a diagnostic research tool specifically developed for profiling organizational knowledge-based practices. The diagnostic tool was applied in firms located in the U.S.'s Silicon Valley, Singapore, The Netherlands, and Israel. Key practices that were found to be common to leading-edge firms in all regions included: a propensity for experimentation, collective knowledge sharing, and collective decision making. The chapter describes the research in terms of a cross-cultural comparison of the four regions, derives key determinants of competitiveness, and profiles regional characteristics that enhance innovation and entrepreneurship.

While the managerial rationale for adopting customer relationship management (CRM) has been fairly well articulated in the literature, research on strategy development is scant. Moreover, reports of "CRM failures" in the popular business press have done little to inspire confidence. To date, what little research has been conducted in the area of CRM strategy development has been confined to a single country (often the U.S.). Global CRM strategy development issues have yet to be specifically addressed, particularly which elements of CRM strategy should be centralised/decentralised. The present study examines the complexities of global CRM strategy using the case of a leading financial services company. Interviews are conducted in 20 countries. Global Head Office and external IT consultant perspectives are also considered. Our findings confirm that a hybrid approach has wide practical appeal and that

subsidiary orientation towards centralisation/decentralisation is moderated by firm/market size and sophistication.