

Chapter 1

Transferring Knowledge through Cross–Border Communities of Practice

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ABSTRACT

The aim of this chapter is to explore the use of Cross –Border Communities of Practice (CCoP) as way for managing knowledge in a global socio-economic environment, mainly referring to the rising economies. In doing so, some important issues related to cross-border knowledge transfer have been investigated, taking into account the impact that cultural diversities have on individuals' propensity to cooperate, as well as on their attitude to transfer and to share knowledge. The Authors explain the role that Global Managers have as “cultural bridges” in multicultural teams, thus enabling the last ones' transformation into a CCoP. With reference to both the opportunities and challenges that characterize the rising economies, CCoP arises as the best suitable way to transfer knowledge at international level, when firms from developed countries encounter firms from emerging countries.

INTRODUCTION

The expansion of markets, both domestically and internationally, intensifies environmental turbulence, impelling firms to enhance flexibility and to improve the knowledge base they have.

In this context knowledge has become one of the most strategically-significant resources, and there is an increasing recognition that the ability to create, transfer, use and protect knowledge assets is a key issue for firms' competitive advantage (Lucas, 2006; Schulz & Jobe, 2001; Gupta & Govindarajan, 2000).

Several Authors (Gupta & Govindarajan, 2000; Szulanski, 1996; Bartlett & Ghoshal, 1989; Hedlund, 1986) have investigated the knowledge transfer process within firms over a long period of time, analyzing the conditions upon which knowledge creation and transfer may be fostered within them. The

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explosive growth of international cooperation and of strategic alliances as firms' way to enter into new and emerging markets has affected the complexity of academic research about topic: firm's accessibility to a broader knowledge-base through external learning has attracted the attention of both practitioners and scholars in strategic management, which have analyzed knowledge transfer process from both an intra-organizational and inter-organizational perspective.

Hedlund (1986) and Bartlett & Ghoshal (1989), for example, investigated how MNCs structure may foster or limit knowledge flows within multinationals; Gupta and Govindarajan (2000) observed that intra-organizational knowledge transfer depends on the richness of transmission channels, as well as on the units motivation to acquire knowledge, and their capacity to absorb it; Szulanski (1996) emphasized that "*the movement of knowledge within the organization is a distinct experience, not a gradual process of dissemination*" (p. 28). In his view, knowledge transfer is an exchange process between the source and recipient units based on four steps: initiation, implementation, ramp-up and integration.

Many Authors have analysed knowledge transfer process referring to the type of knowledge involved, tacit versus explicit; simple versus complex and independent versus systemic (Nonaka, Takeuchi, 1995; Kogut, Zander, 1992) or to the nature of business activities and firm's reward system (Lei, Slocum, Pitts, 1997). Similarly, Bhagat et al. (2002) sustain that the effectiveness of cross-border knowledge transfer depends on the *donor*, as well as on the *receiver* organization's capacities to use institutional mechanisms, such as licensing agreements or patents related to intellectual property rights, to accomplish such transfer.

But knowledge transfer is affected by culture, too.

Culture impacts on knowledge creation and diffusion at different levels: at a context level, knowledge spreading is affected by national culture, which improves, or limits, not only individuals' propensity to cooperate one to each other, but also their capacity to transfer and absorb knowledge (Steensma et al., 2000; Tiessen, 1997). At organizational level, culture influences knowledge creation, and sharing by: a) shaping the assumptions about what knowledge is, b) defining the relationship between individual and organizational knowledge, c) creating the context for social interaction that determines how knowledge will be used in a particular situation; and finally, by d) defining which type of knowledge will be used in a specific condition (De Long & Fahey, 2000).

According to the above considerations, culture may considerably affect the cross-border knowledge transfer, because of the cultural differences existing among geographical dispersed partners. If cultures significantly differ, managers may feel frustrated, thus undergoing uncertainty and *cultural shock*. When a cultural shock arises, negative effects on work climate, as well as on knowledge transfer between and among the actors, soon develops. The larger the cultural distance among the partners is, the more evident are the effects of the *cultural shock* when it occurs. The challenges of *cultural shock* increase when firms (from developed countries) internationalise into rising economies (such as Brazil, Russia, India or China, but also South Africa, Thailand, Malaysia, or Singapore).

The mainstream literature recognizes the importance of emerging countries within the global arena, as well as the business opportunities they present for firms coming from the developed countries. But firms entering into emerging countries are compelled to manage not only the opportunities, but also the challenges that characterize the local markets, among which cultural diversities may particularly affect the effectiveness of cooperation and knowledge transfer among the parties, as well as the winning strategies, at least.

An important premise for knowledge transfer effectiveness is, therefore, partners' capacity to create a positive climate for discussion and knowledge sharing (Day, Dosa, Jorgensen, 1995), through the establishment of an informal "space for human interaction", that crosses the international borders.

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