

## Chapter XIII

# The Role of Culture in Knowledge Management: A Case Study of Two Global Firms

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### ABSTRACT

*Knowledge management 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 are more receptive to the process approach. Although culture has been widely cited as a challenge in knowledge management initiatives and 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 the 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.*

## INTRODUCTION

Knowledge management (KM) efforts are often seen to encounter difficulties from corporate culture and, as a result, have limited impact (DeLong & Fahey, 2000; O'Dell & Grayson, 1998). An Ernst and Young study identified culture as the biggest impediment to knowledge transfer, citing the inability to change people's behaviors as the biggest hindrance to managing knowledge (Watson, 1998). In another study of 453 firms, over half indicated that organizational culture was a major barrier to success in their knowledge management initiatives (Ruggles, 1998). The importance of culture is also evident from consulting firms such as KPMG, who report that a major aspect of knowledge management initiatives involves working to shape organizational cultures that hinder their knowledge management programs (KPMG Management Consulting, 1998). These findings and others (Hasan & Gould, 2001; Schultze & Bolland, 2000) help demonstrate the profound impact that culture may have on knowledge management practice and the crucial role of senior management in fostering cultures conducive to these practices (Brown & Duguid, 2000; Davenport, DeLong, & Beers, 1998; DeLong & Fahey, 2000; KPMG Management Consulting; Gupta & Govindarajan, 2000; Hargadon, 1998; von Krogh, 1998).

While studies have shown that culture influences knowledge management and, in particular, knowledge sharing (DeLong & Fahey, 2000; Jarvenpaa & Staples, 2001), there is little research on the broader aspects of the nature and means through which organizational culture influences the overall approach taken to knowledge management in a firm. The purpose of this research is to examine how organizational culture influences knowledge management initiatives. We use a case-study methodology to help ascertain the relationship of the organizational culture to the knowledge management approaches within two companies. The following section discusses knowledge management approaches and organiza-

tional culture. The third presents the methodology. The fourth section presents the two cases, and the fifth discusses the case findings, the implications, and the conclusion.

## LITERATURE REVIEW

### Knowledge Management

Knowledge can be defined as a form of high-value information (either explicit or tacit) combined with experience, context, interpretation, and reflection that is ready to be applied to decisions and actions (Davenport et al., 1998). While all firms may have a given pool of knowledge resources distributed throughout their respective organization, they may be unaware of the existence of these resources as well as how to effectively leverage them for competitive advantage. Therefore, firms must engage in activities that seek to build, sustain, and leverage these intellectual resources. These types of activities, generally characterized as knowledge management, can be defined as the conscious practice or process of systematically identifying, capturing, and leveraging knowledge resources to help firms compete more effectively (Hansen, Nohria, & Tierney, 1999; O'Dell & Grayson, 1998).

Approaches and strategies for managing knowledge have been conceptualized in various ways. One early conceptualization of KM approaches distinguished between the process and practice approaches (Hansen et al., 1999). The process approach attempts to codify organizational knowledge through formalized controls, processes, and technologies (Hansen et al.). Organizations adopting the process approach may implement explicit policies governing how knowledge is to be collected, stored, and disseminated throughout the organization. The process approach frequently involves the use of information technologies, such as intranets, data warehousing, knowledge repositories, decision

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