Strong or invisible hands? – Managerial involvement in the knowledge sharing process of globally dispersed knowledge groups

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ABSTRACT

This paper investigates factors affecting the effectiveness of knowledge sharing in globally dispersed expert groups in a professional service MNC. We specifically focus on possible moderating effects of managerial involvement on the relationships of dispersion and trust with the individual satisfaction with knowledge sharing within such groups. We test our hypotheses in the context of a large multinational software company. This paper contributes to a deeper understanding of how knowledge is shared in globally dispersed settings in the MNC and challenges traditional assumptions on the appropriate level of analysis in studies of knowledge flows within MNCs.

1. Introduction

Knowledge sharing across globally dispersed units, in a setting where knowledge has become ever more crucial to success, has been identified as one of the main challenges of the network multinational corporation (MNC). Many MNCs are struggling to improve their abilities to source from geographically separated "pockets of knowledge", and then recombine and apply the knowledge in other locations, as they have realized that this leveraging capability is the basis of higher performance and sustained competitive advantage (Barney, 1991; Grant, 1996; Kogut & Zander, 1992). However, it is necessary to consider that the key to successful knowledge sharing is the availability of the right knowledge at the right time and in the right location, so that an individual group member is able to accomplish his or her tasks effectively. This suggests a focus on the effectiveness of knowledge sharing at the individual and group level and takes a dynamic view of knowledge flows (c.f. Ambos & Ambos, 2007). In this light, MNCs need to ensure that knowledge is shared effectively throughout the whole organization (Gupta & Govindarajan, 2000; Nohria & Ghoshal, 1997). Research has shown that this can best happen through the use of informal and formal integrative mechanisms (Hansen & Lovas, 2004; Kleinbaum & Tushman, 2007). Similarly, Bell and Zaheer (2007), among others, postulate that internal networks facilitate knowledge sharing across the whole MNC.

In past years, costs of information and communication technology have dramatically decreased, offering new opportunities to connect individuals (both formally and informally) who until then had to travel considerable distances in order to communicate directly. These increased lateral linkages within the overall networked MNC have made it possible for traditionally co-located work groups or communities of practice to evolve into globally dispersed expert groups or networks (Hildreth, Kimble, & Wright, 2000; Tallman & Chacar, 2011). IT intensive communication is a common and useful tool for companies seeking competitive advantage on the global level, as are formal and informal work groups (Galbraith, 2000; Govindarajan & Gupta, 2001). Dispersed structures along geographic and cultural dimensions offer individual members the possibility to turn to colleagues from different contexts for support in accomplishing their tasks.

When moving from a co-located to a globally dispersed setting, the question of how much (if any) managerial involvement and intervention is necessary for the proper functioning of geographically dispersed knowledge groups becomes key. Distance – both geographic and cultural – has been shown to reduce knowledge transfer effectiveness (Ambos & Ambos, 2009). It is without doubt that work groups in which members from different nationalities are dispersed across multiple locations must be shaped and cultivated for the members to efficiently identify and use relevant knowledge for the accomplishment of their tasks. In particular, sharing tacit knowledge about how the knowledge system works is essential to ensure the smooth transfer of technical information. This suggests that the structure should be managed consciously to
establish strong intra-group relational ties (c.f. Kleinbaum & Tushman, 2008).

The question of how to best do this leads us to the identification of a dilemma inherent in many organizational settings in the MNC. It is based on the insight that co-located knowledge communities evolve naturally (Liedtka, 1999) through informal and formal ties between members who successively build up a common architectural knowledge based on their engagement in the same practice or sharing of the same interests (Tallman & Chacar, 2011). This natural evolution is possible as members can easily meet and interact and the same local demands are put upon them. The literature on communities of practice also suggests that formal interference in these natural processes may actually hinder the development of relationships (Gulati, 1995; Tallman & Chacar, 2011), and thus likely to negatively impact knowledge flows. Additionally, active stimulation of knowledge flows may not always be the best alternative for organizations seeking to derive knowledge benefits – there may well be situations in which knowledge sharing is not beneficial to organizations (Ambos & Ambos, 2007). As a result, any management involvement requires a “light touch”.

Conflicting with this line of argument is the insight that when engaging a setting of globally dispersed actors (as is common in the contemporary MNC), these informal networks actually need some managerial involvement to assist in the relationship and team building that generate common practices and shared architectural knowledge. As interaction becomes less natural across distances, dispersed actors rarely (if ever) have the possibility to meet in person (Maznevski & Chudoba, 2000). This means that they have reduced possibilities to build the relationships necessary for the development of common architectural knowledge. Research on communities of practice has examined whether these networks can be created purposively (Saint-Onge & Wallace, 2003; Thompson, 2005; Wenger, McDermott, & Snyder, 2002). The overall consensus seems to be that managers of geographically dispersed groups must encourage interaction among the members and enforce meetings so that people can more easily form social relationships necessary for effective knowledge sharing. Globally dispersed knowledge groups need to be supported and managed more actively by a relational “heavier hand”.

Based on these two contradictory ideas, and similar to Tallman and Chacar (2011), we posit that managerial involvement is needed for globally dispersed knowledge groups to evolve and remain established in the first place. The effects of this involvement are somewhat uncertain – either, and comparable to the co-located setting, it may hinder members of these dispersed knowledge groups from effectively sharing knowledge, or it may actually help them in establishing and maintaining social relationships on which they can base their knowledge flows. In this paper, we try to explore parts of this dilemma and attempt to answer the following research question: To what extent does managerial involvement in building relationships and encouraging participation affect the effectiveness of knowledge sharing in globally dispersed expert groups and how does managerial involvement interact with other aspects of community building in dispersed groups?

In addressing this question, this paper makes three contributions. First, by setting out to investigate the effects of managerial involvement on the effectiveness of knowledge sharing in globally dispersed settings, we take a first step in finding an answer to this problem essential to the contemporary MNC. Second, this paper adds to the knowledge literature by investigating factors complicating or facilitating knowledge sharing within globally dispersed group settings in the MNC. Third, as Bell and Zaheer (2007) have pointed out, a deeper understanding is necessary of how knowledge sharing within networks at different levels of analysis is affected by geography, both within and across organizational boundaries. Given that the MNC’s knowledge increasingly is generated by or shared within globally dispersed groups, studying knowledge sharing only at the inter-unit level is potentially limiting. Despite some exceptions (Felin & Foss, 2005; Foss, 2008; Foss et al., 2009; Foss & Pedersen, 2004), prior research has largely missed the opportunity to develop a clearer understanding of the micro-foundations of knowledge sharing within the MNC (e.g. Minbaeva, 2008). This paper offers a step in this direction by taking a disaggregated mezzo-level approach through the focus on knowledge-sharing group structures.

The following section introduces the concepts of interest in this study and puts forward our hypotheses. We begin with the specifics of globally dispersed group settings that distinguish them from co-located settings. Then, we discuss the possible moderating effects of managerial involvement on group dispersion and interpersonal trust. The subsequent methodology section lays down the sample, research setting, and the measurement of our constructs. Finally, we present our results and end with a discussion of the managerial and academic implications of our study.

2. Conceptual background and hypotheses

2.1. Knowledge and communities

Increasingly, scholars have taken up the idea that knowledge creation and dissemination in the MNC takes place in dispersed group structures or internal networks of practice. This insight particularly holds true for epistemically complex (tacit) component knowledge, which needs common architectural knowledge in order to be successfully transferred (Lesser, Fontaine, & Slusher, 2000; Tallman & Chacar, 2011). Membership of such an epistemically community is obtained through engagement in specific practices (Brown & Duguid, 2001; Grandori, 2001; Hakanson, 2005). While we know that knowledge sharing in these groups can create value for the firm, they tend not to show in the organizational charts of many MNCs. They frequently span unit boundaries and are based on common interests and practices, rather than formal assignments. As such, the role of managerial involvement in building and supporting such groups is likely to be poorly defined and subject to considerable variation.

2.1.1. Trust

Network theory predicts that weak ties are favorable for finding new knowledge, whereas strong ties support the transfer of complex knowledge (Hansen, 1999). Knowledge dissemination is facilitated by strong ties. Several MNCs have tried to establish closed networks of globally dispersed knowledge sharing groups. At the group level, which is the focus of this paper, studies have shown that information and communication technologies cannot prevent breakdowns in the transfer of knowledge across distributed sites (Chudoba, Wynn, Lu, & Watson-Manheim, 2005; Cramton, 2001). Knowledge needs a common ground of understanding so that all individuals involved in the knowledge sharing process can extract whatever is useful to them (c.f. Ambos & Ambos, 2009).

When moving to a dispersed setting, however, the contextual knowledge of other sites is reduced. This increases the coordination complexity in acquiring “situated knowledge” (Gibson & Gibbs, 2006). For this reason, human-related factors such as interpersonal trust and interpersonal ties (Ahuja & Carley, 1999; Jarvenpaa & Leidner, 1999; Kanawattanachai & Yoo, 2002) have been considered as facilitators of knowledge sharing among dispersed actors. Several researchers have shown that trust and group cohesion (Joshi, Lazarova, & Liao, 2009; Maloney &
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