

## Chapter 5.8

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

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### ABSTRACT

*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 consid-*

*ered 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.*

## **INTRODUCTION**

Knowledge management (KM) efforts often are seen to encounter difficulties from corporate culture and, as a result, to 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, 1998). These findings and others (Hasan & Gould, 2001; Schultze & Boland, 2000) help to demonstrate the profound impact that culture may have on knowledge management practice and of the crucial role of senior management in fostering cultures conducive to these practices (Brown & Duguid, 2000; Davenport, DeLong, & Beers, 1998; DeLong & Fahey, 2000; Gupta & Govindarajan, 2000; Hargadon, 1998; KPMG, 1998; von Krogh, 1998).

Studies on the role of culture in knowledge management have focused on such issues as the effect of organizational culture on knowledge sharing behaviors (DeLong & Fahey, 2000; Jarvenpaa & Staples, 2001) and the influence of culture on the capabilities provided by KM (Gold, Malhotra & Segars, 2001) as well as on the success of the KM initiative (Baltahazard & Cooke, 2003). More specifically, Baltahazard and Cooke (2003) ascertained that constructive cultures (emphasizing values related to encouragement, affiliation, achievement, and self-actualization) tended to achieve greater KM success. Similarly, Gold, et al. (2001) found that more supportive, encourag-

ing organizational cultures positively influence KM infrastructure capability and resulting KM practice. Finally, Jarvenpaa and Staples (2001) determined that organizational cultures rating high in solidarity (tendency to pursue shared objectives) will result in a perception of knowledge as being owned by the organization, which, in turn, leads to greater levels of knowledge sharing.

While studies have shown that culture influences knowledge management and, in particular, knowledge sharing, 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 organizational culture. The third presents the methodology. The fourth section presents the two cases and the fifth, and discusses the case findings, implications, and conclusion.

## **LITERATURE REVIEW: KNOWLEDGE MANAGEMENT APPROACHES AND ORGANIZATIONAL CULTURE**

### **Knowledge Management Approaches**

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 apply 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

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