

## Chapter 5.15

# Multinational Intellect: The Synergistic Power of Cross Cultural Knowledge Networks

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### ABSTRACT

The world of international business is experiencing transformations of such magnitude that existing business models have become either invalid or incomplete. A fundamental force behind these disruptions has been the emergence of the digital networked economy (Ridderstrale and Nordstrom 2004, Flores and Spinosa, 1998) with its supporting internet and communications technology. One significant manifestation of this economy is the emergence of business models designed

to gain competitive advantage by bonding with customers, suppliers and complementors (Wilde and Hax 2001). From the multinational perspective outsourcing and off-shoring have been the most common examples of this approach, but user lead innovation models (von Hippel 2005) based on *Open Source* methods are rapidly emerging as the leading source of competitive advantage. Commitment has been argued to play an important role in determining the success of these relationships (Abrahamsson and Livari, 2002) suggesting that entrepreneurs must be adept at building and maintaining commitment based value networks (Allee 2004, Sveiby and Roland 2002,

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Savage 1996, Gadman 1996, Adams 2004). This paper considers the challenges associated with commitment in multinational value networking and finds them to be most problematic in the diffusion of innovation where increasing levels of commitment are required across national boundaries and cultures. (Mauer, Rai and Sali 2004). Current research into core commitment structures of virtual multinational communities is not been well established. By analyzing data from a range of sources the paper concludes that the success of value networks depends on the desire of participants to acquire history - making identities (Gauntlett 2002, Spinosa *et al.* 1997) by maintaining identity defining commitments across the network. Implications for theory and research are discussed.

## **INTRODUCTION**

Existing theories of entrepreneurship focus on the imagination and creativity of the entrepreneur (Mongiovi 2000) and view market imperfection as the driver of enterprise. This view has led to the formation of a manufacturer – centric culture which has been the mainstay of commerce for hundreds of years (von Hippel 2005). In contrast, the networked economy is producing new business models based on value networking (Ridderstrale and Nordstrom 2004, Flores 1998). Emerging economies are finding themselves on the cusp of these tectonic shifts as their low cost business models are failing to attract multinationals who regard people as a rich source of intellectual capital and innovation (Sveiby and Roland 2002, Savage 1996, Gadman 1996). Allee (2004) describes value networks as webs of relationships that generate material or social value through complex dynamic exchanges of both tangible and intangible goods, services, and benefits. Examples range from Southwest Airlines, Dell, IKEA, Lastminute.com, and Google who have successfully found new ways to accomplish old goals, to Burton Snowboards,

CEMEX's Patrimonio Hoy and the MIT Media Lab Wind-Up Lap Top who are doing entirely different things and shaping marketplace trends (Hax and Wilde 2005, von Hippel, 2005, Flores and Spinosa 1998). For today's multinational entrepreneur the challenge is to be competent in designing, leading and managing value networks which span both user and manufacturer - centric cultures across national boundaries. The underlying assumption behind these networks is that they are fundamentally architectures of synergistic commitment where integrative interaction (Richardson 2003) among members leads to emergent innovation far greater than that achieved by individual effort (Gadman 1996). This chapter proposes that for entrepreneurs wishing to disrupt market trends rather than follow them a core competence is the skill to manage across national relationships by maintaining commitment to a shared concern among all stakeholders. For example, Jake Burton spent the early part of the 1990's showing people how snowboards were a viable alternative to skis even though the latter were perfectly adequate. Today, it is hard to imagine a world without the snowboard.

## **IDENTITY BUILDING AND ARCHITECTURES OF COMMITMENT**

According to Adams (2004) the internet is revolutionary not because of the great search engines and enormous library of interconnected information but because it's two-way communications technology allows large numbers of people to interact to satisfy concerns. Indeed commitment can be viewed as a state of attachment that defines the relationship between an actor and an entity (O'Reilly and Chatman 1986). The quality of this attachment can be measured by the strength of the commitments generated as one actor, group or organization of actors delivers results to another actor, group or organization in such a way that there can be agreement that their concerns were

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