

# International Knowledge Transfer as a Challenge for Communities of Practice

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## **INTRODUCTION AND BACKGROUND: TRANSFERRING KNOWLEDGE WITHIN COMMUNITIES OF PRACTICE**

Knowledge is widely recognized as a primary resource of organizations (Drucker, 1992). Some authors propose that knowledge is a company's only enduring source of advantage in an increasingly competitive world (Birkinshaw, 2001). The problem and challenge companies encounter is managing it in an effective way to increase their competitive advantages. Knowledge management is therefore concerned with various aspects of creating, examining, distributing, and implementing knowledge.

But knowledge management theory often leaves us with the impression that knowledge can be as easily managed like products and commodities (Shariq, 1999). This Cognitive Model of Knowledge Management (p. 82) is founded on the belief that knowledge is an asset that needs to be managed, but is strongly contrasted by the Communities in Practice Model of Knowledge Management (p. 83), which looks at knowledge management and transfer from a sociological perspective (Kakabadse, Kakabadse & Kouzmin, 2003).

In fact, the transfer of knowledge happens between individuals; it is a mainly human-to-human process (Shariq, 1999). Knowledge has no universal foundation; it is only based on the agreement and the consensus of communities (Barabas, 1990), which make people and communities the main players in the knowledge transfer process. They can share or conceal knowledge; they may want to know more and want to learn. For knowledge transfer on an individual as well as on a corporate level, there "has to be a voluntary action on behalf of the individual" (Dougherty, 1999, p. 264). Knowledge transfer happens for individuals and is conducted by individuals. The base of knowledge transfer is there-

fore a simple communication process transferring information from one individual to another. Two components of the communication are essential: The source (or sender) that sends the message and the receiver to receive the message. Person A (sender) intends to send information to person B (receiver). Person A codifies the information into a suitable form and starts the process of sending the information or knowledge to B. This can take place via talking or writing. The channel which transmits the information might influence the flow of the message and its reception. Receiver B receives the information and decodes it. After this, B tries to understand the information received in his/her context and implements the knowledge in the surrounding environment. The communication model also includes the feedback of the receiver. B starts the whole process again and codifies and sends information back to A. A receives, decodes, and interprets the information or knowledge received.

A prerequisite for effective knowledge transfer is a high level of trust among the individuals and work groups and a strong and pervasive culture of cooperation and collaboration. This trust is developed through work practices that encourage and allow individuals to work together on projects and problems (Goh, 2002). Knowledge transfer is thus performed by communities of practice, which are described as groups of professionals informally bound to one another through exposure to a common class of problems, common pursuit of solutions, and thereby embodying a store of knowledge (Manville & Foote, 1996). Their members show a collectively developed understanding of what their community is about. They interact with each other, establishing norms and relationships of mutuality that reflect these interactions. Communities of practice generally produce a shared repertoire of communal resources, for example, language, routines, sensibilities, artifacts, tools, stories, and so forth. Members

need to understand the community well enough to be able to contribute to it. They furthermore need to engage with the community and need to be trusted as a partner. Finally, they need to have access to the shared communal resources and use them appropriately (Wenger, 2000).

Communities of practice develop strong routines for problem solving via communication and knowledge exchange. If knowledge is transferred within communities of practice, both sender and receiver have a common understanding about the context, the way knowledge is transmitted, its relevance, and integration into the knowledge base of the corporation. Accordingly, communities of practice are generally agreed on to have a positive influence on knowledge transfer processes. Members of a community of practice are informally bound by the gains they find when learning from each other and by efficient problem-solving activities via communication (Wagner, 2000).

## **INTERNATIONAL KNOWLEDGE TRANSFER**

Internationalization of business is also making company operations more geographically distributed (Hildreth, Kimble & Wright, 2000). Consequently, knowledge transfer does not only happen between members of one single community of practice but, on an international scale, between members located in culturally and geographically dispersed company units.

International knowledge transfer refers to the transfer of knowledge between two distant units of an MNC or between two different functional units at the headquarters, between a vendor and a customer, or even between countries. The use of *transfer* implies an image of flow: knowledge flows from its primary holder to the secondary holder (Doz & Santos, 1997). Knowledge transmitted is either expertise or external market information of global relevance, but not internal administrative information (Gupta & Govindarajan, 1991).

An organization can create competitive advantages by the usage of internal or external knowledge (Stock, 2000). Gupta and Govindarajan (1993) state that knowledge can be transferred more effectively

and efficiently through internal organizational, rather than external market, mechanisms. External knowledge transfer involves knowledge that is received from sources outside the company and so connects the corporation to external partners and their knowledge. These partners can be competitors or partner corporations, universities, R&D organizations or consultants (Leonard-Barton, 1995). Internal knowledge transfer takes place among people, groups or communities, departments, company units, and sub-units (von Krogh & Köhne, 1998) and is the transfer of either expertise (e.g., skills and capabilities) or external market data of strategic value within the organization. The knowledge transferred refers to input processes (e.g., purchasing skills), throughout processes (e.g., product designs, process designs, and packaging designs), or output processes (e.g., marketing know-how, distribution expertise) (Gupta & Govindarajan, 1991). The importance of internal knowledge transfer is generally higher than external knowledge transfer.

Knowledge flows and knowledge transfers are strategically important to organizations for several reasons. They transmit localized know-how, which is generated in one subunit to other locations in the organization. Knowledge transfers also facilitate the coordination of work flows linking multiple, geographically dispersed subunits. Furthermore, they can enable organizations to capitalize on business opportunities requiring the collaboration of several subunits. Knowledge flows are also crucial to the orchestrated execution of unified strategic responses to moves of competitors, customers, and suppliers. Finally, knowledge flows enable the recognition and exploitation of economies of scale and scope (Schulz & Jobe, 2001). For multinational corporations, the effectiveness of these processes are of major importance. The differences between local markets and the home market require adaptation of products and operations to local conditions. The capability of multinational corporations (MNCs) to efficiently combine knowledge from different locations around the world is becoming increasingly important as a determinant of their competitive success (Doz et al., 1997). This implies overcoming geographical, cultural, and lingual barriers to transfer knowledge effectively. The company has to be constantly aware that the knowledge accumulated in various parts of

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