



## **Chapter XII**

# **Information Technology Support for Interorganizational Knowledge Transfer: An Empirical Study of Law Firms in Norway and Australia**

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### **ABSTRACT**

*This chapter explores some important and contemporary issues concerning the knowledge-based view of the firm. Law firms represent an industry that seems very well suited to knowledge management investigation. Law firms are knowledge intensive, and the use of advanced technology may well transform these organizations in the future. This chapter reports empirical results from Norwegian and Australian law firms on their use of IT to support their knowledge management practice. IT plays a critical role in inter firm knowledge management efforts. This interorganizational study documents that the extent of knowledge cooperation had a significant impact on the use of IT to support interorganizational knowledge management. The extent of interorganizational trust did not have any significant impact.*

## INTRODUCTION

Little empirical research has been conducted on information technology (IT) support for knowledge management. Most published research develops recommendations for successful knowledge management without empirical basis (e.g., Davenport et al., 1998; Fahey & Prusak, 1998). The study presented in this chapter complements existing research by focusing explicitly on the use of IT to support knowledge management in law firms, while contributing to the body of empirical knowledge management research (e.g., Alavi & Leidner, 2001; Ruggles, 1998). This research makes a contribution to the emerging knowledge-based view of the firm applied to professional service firms. This chapter explores some important and contemporary issues concerning knowledge management by viewing organizations as knowledge systems, and it reports results from a survey of Norwegian law firms on IT support for interorganizational knowledge management. Furthermore, this chapter reports results from an identical survey in Australia, and it makes a comparison between the two survey results.

## RESEARCH ASPECTS

### Knowledge

In this chapter we apply the knowledge-based view of the firm that has established itself as an important perspective in strategic management. This perspective builds on the resource-based theory of the firm. According to the resource-based theory of the firm, performance differences across firms can be attributed to the variance in the firms' resources and capabilities. Resources that are valuable, unique, and difficult to imitate can provide the basis for firms' competitive advantage. In turn, these competitive advantages produce positive returns (Hitt et al., 2001).

The special capabilities of organizations for creating and transferring knowledge are being identified as a central element of organizational advantage (Nahapiet & Ghoshal, 1998). Knowledge embedded in the organization's business processes and the employee's skills provide the firm with unique capabilities to deliver customers with a product or service. Scholars and observers from disciplines as disparate as sociology, economics, and management science agree that a transformation has occurred—knowledge is at center stage (Davenport et al., 1998).

### Knowledge Management

Knowledge management (KM) was introduced to the business world to help companies create, share, and use knowledge effectively. Knowledge management can be defined as a method to simplify and improve the process of sharing,

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