

INTRA-ORGANIZATIONAL KNOWLEDGE TRANSFER PROCESSES

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Abstract: *Knowledge is the essential force that pulls up the companies' strings in the game called "business survival". Companies that are able to create knowledge, but also to transfer it through the organization and modify it so they can implement it in their knowledge gaps can be called "wise organizations". The aim of this paper is to confirm the importance of knowledge transfer for sustainable competitive advantage, as well as to explain the circumstances which influence knowledge to be best transmitted from one organizational unit to another. Knowledge transfer is examined as a phase of the knowledge management supply chain. It does not imply a complete replica of knowledge in a new location, but effectual transmission and adaptation of knowledge to recipient's specific setting. The company has to detect and identify the barriers to knowledge transfer and also has to know how to reduce them. Casual ambiguity, tacitness and lack of motivation to share are often observed as common impediments of knowledge transfer for MNCs. The company, also, has to amplify the potential of knowledge transfer facilitators which are crucial for solid knowledge management. The paper supports the knowledge-based view of the firm.*

Keywords: *intra – organizational, knowledge, transfer*

1. INTRODUCTION

In the twenty – first century landscape, firms must compete in a complex and challenging context that is being transformed by many factors, from globalization, technological development, and increasingly rapid diffusion of new technology, to the development and use of knowledge (Hitt, Keats & DeMarie, 1998). This new landscape requires firms to do things differently in order to survive and prosper. Specifically, they must look to new sources of competitive advantage and engage in new forms of competition. This, in turn, requires a clear understanding of the nature of competition and competitive dynamics (DeNisi, Hitt, Jackson). In this dynamically changing landscape, firms have to learn the fastest way of how to use "the new century resources", so they can win the fight over their business rivals.

An argument usually put forward is that we have gone from an industrial age in which the most important resource was capital, into an age in which the most critical resource is knowledge. Firms who have gained competitive edge over their rivals, have done so through innovative recombination of knowledge (Bresman, Birkinshaw & Nobel, 1999). On many occasions, knowledge has been described as a key force and a fundamental source of sustainable competitive advantage in the hyper – combative markets in today’s global economy. Nonaka (1991) stated that in an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge.

The proponents of the knowledge – based view of the firm consider knowledge as the most strategically significant resource of the firm. They argue that because of the difficulty to imitate knowledge, it is the majordeterminant of sustained competitive advantage and superior performance.

There has been a debate in the past among economists that only parent company can create and transfer knowledge to subsidiaries, but nowadays, views have changed. MNCs are complex and differentiated cross – border organizations that manage knowledge flows in multiple directions, including exchanges within local clusters, transfers between parent and subsidiary and transfers between subsidiaries (Andersson, Forsgren & Halm, 2002, Ghoshal & Bartlett, 1990, Mudambi & Navarra, 2004). Every foreign subsidiary inherently provides some minimum geographically-unique knowledge that allows a parent to exploit opportunities that exist in local resources and/or output market (Gupta & Govindarajan, 2001).

2. DEFINING KNOWLEDGE AND TYPES OF ORGANIZATIONAL KNOWLEDGE

There is neither consensus among researchers on what is the most appropriate definition of knowledge, nor any prospect of developing one in the near future. An overview of various knowledge definitions is beneficial as a takeoff, enabling a better understanding of implications that knowledge has on companies’ competitive advantage.

Knowledge is not a static and passive projection of what is learnt. It is very dynamically constructed concept that changes constantly. In organizations, knowledge is the source of power.

Knowledge is defined by the Oxford English Dictionary as (i) expertise, and skills acquired through experience or education; (ii) the sum of what is known; (iii) awareness or familiarity gained by experience of a fact or situation.

In many cases, information is accepted as the fundamental basis of knowledge. However, information needs to be interpreted, and understanding what information means requires knowledge (Bolisani & Scarso, 1999). Thus knowledge can be seen as the capacity, embodied in the minds of people and embedded in social practices, to interpret information (Davenport & Prusak, 1998). In organizations, knowledge is embedded in documents or databases, in organizational processes, routines and norms and is obtained from individuals, groups, or organizational routines either through structured media or through person-to-person contact (Davenport, 1998).

Knowledge, itself, sometimes can be seen as the highest competitive advantage only if it is understood through the prism of action. Having information and data available doesn’t assure competitive advantage. But if information and data are translated into actionable

system, then competitive advantage can be expected. This implicates that the importance of knowledge lies in execution – effective application of information and data resources and completion of action – oriented decisions.

There are different types of knowledge and there are different ways of creating, transferring, sharing, and using it. The classification of knowledge dates back to Aristotle, who made a difference between three types of knowledge: theoretical and universal; instrumental knowledge, practice related and context specific; and experience – based, normative, related to common sense and context specific (Johnson and Lundvall, 2001). Partially related to this ancient classification is the recently proposed classification that consists of four types of knowledge. Know-how is a description of knowing how to do something; know-what is knowledge about facts, know-why (referring to scientific knowledge) and know-who (involving information about who knows what, and who knows how). The first two are easy to codify and generally belong to the explicit form of knowledge, know-how and know-who are difficult to translate into codes, and can consequently be regarded as tacit knowledge.

2.1. Explicit and tacit knowledge

Explicit knowledge can be precisely and formally articulated. It can be codified as information in the form of formulas, reports or designs, and is therefore relatively easy to document, acquire, transfer, share, communicate and store. It consists of some systematic language and is codified through words, numbers and codes (Hedlund 1994). This codification makes it amenable to transfer (Riesenberger 1998). The transfer can take place orally or in written form, using blueprints, patents or computer programs. According to Hanson and Haas, knowledge is transferred explicitly if it takes the form of written or electronic documentation, most commonly existing when employees write down things they know and make them accessible to others. Its ready accessibility has led to many ways of using it as a management tool. Explicit knowledge must rely on being tacitly understood and applied. A wholly explicit knowledge is unthinkable (Polanyi, 1966).

Tacit knowledge. Explicit knowledge only represents the tip of the iceberg. The other type of knowledge is called tacit knowledge and is connected with ideas, perceptions and experience. Polanyi (1966) says that it is personal, context - specific and therefore difficult to articulate. This personal dimension makes it hard to formalize and communicate. Tacit knowledge is deeply rooted in action, commitment and involvement in a specific context (Nonaka, 1994). It is non - verbalized, intuitive and unarticulated (Hedlund 1994), depends on the experience of the individual, includes beliefs and emotions (Nonaka and Takeuchi, 1995; Riesenberger 1998), personal skills and acquired knowledge (Bennett and Gabriel, 1999). According to Pan and Scarbrough (1999), tacit knowledge is not available as a text... It involves intangible factors embedded in personal beliefs, experiences, and values. Platts and Yeung (2000) consider tacit knowledge as “knowledge – in - action” which presumes that this knowledge hasn’t been articulated as opposed to explicit knowledge that is readily accessible within the organizational domain. Knowledge is transferred tacitly if it is passed from person to person, as in face to face meetings, emails and telephone conversations (Hanson and Haas). Because of its implicit nature it is difficult to formalize and to transfer, but it is precisely this experience - based tacit knowledge which – because of the difficulty in imitating it – creates the basis for a sustainable advantage (Zack, 1999).

But, it is often stated that the boundary between tacit and explicit knowledge is rather blurred and flexible and that tacit knowledge may be overemphasized.

3. KNOWLEDGE TRANSFER AS A PHASE OF THE KNOWLEDGE MANAGEMENT

Unfortunately, there is no universal definition of knowledge management (KM), just as there is no consensus as to what constitutes knowledge in the first place. The so – called “integrative” approach to knowledge management is based on the fact that only the combination of human and technological resources gives an optimal result for the company.

Knowledge management can be defined as a set of practices used in a company in order to identify, create, represent, distribute and enable adoption of knowledge. Blair (2008) and Birkinshaw (2001) see knowledge management similarly. According to them, knowledge management represents a process or a set of techniques used to facilitate the generation and flow of knowledge into and within the company. Alavi and Leidner (2001) argue that “knowledge management is distinct but interdependent process of knowledge creation, knowledge storage and retrieval, knowledge transfer and knowledge application.” The aim that the company is determined to accomplish with knowledge management is to improve the performance, achieve sustainable competitive advantage, succeed in innovation, share the lessons learned and advance the company continuously. Knowledge management efforts can help individuals and groups to share valuable organisational insights, to reduce redundant work, to avoid reinventing the wheel per se, to reduce training time for new employees, to retain intellectual capital as employees turnover in an organisation, and to adapt to changing environments and markets (McAdam & McCreedy, 2000) (Thompson & Walsham, 2004).

According to the definitions given above and the literature examined, the process of managing knowledge can be divided into several stages and knowledge transfer can be identified as just one phase of it. It is a question of transferring knowledge through the organization – from one organizational unit to another (or to all other parts of the organization). Knowledge transfer is all about organizing, capturing and distributing knowledge and ensuring its availability for future users. The accent here is on the “distribution” stage of the knowledge management process. Because the character of knowledge is fundamentally different from physical goods, the transfer of knowledge becomes more complicated than physically moving something from A to B (Arrow, 1969). Knowledge transfer is a complex organizational matter because (1) knowledge resides in organizational members, tools, tasks, and their sub - networks (Argote & Ingram, 2000) and (2) much knowledge in organizations is tacit or hard to articulate (Nonaka & Takeuchi, 1995).

Argote & Ingram (2000) define knowledge transfer as “the process through which one unit (e.g., group, department, or division) is affected by the experience of another”. They argue that knowledge can be transferred by moving a knowledge reservoir from one unit to another or by modifying a knowledge reservoir at a recipient site. That can be done by moving company’s members and technology from one organizational unit to another. Communication and training can modify reservoirs at the recipient unit. The knowledge transfer can be measured by measuring changes in knowledge or changes in performance.

Szulanski (1996) was among the first who introduced the concept of knowledge transfer as a communication model in the knowledge management literature. He conceptualized knowledge transfer as a message transmission from a source to a recipient in a given context. Knowledge transfer is thus seen as a dyadic exchange of knowledge between source and recipient. The critical feature of this concept is the time – lag between the sender and recipient.

3.1. The sub – stages of knowledge transfer

The knowledge transfer, as a stage of the knowledge management, can be split up to several sub – stages. According to the literature reviewed, the knowledge transfer process consists of the following:

1. identifying the knowledge holders within the organization
2. motivating them to share
3. designing a sharing mechanism to facilitate the transfer
4. applying the knowledge transferred.

The first step of the knowledge transfer process is the identification of the knowledge holders that possess the knowledge that has to be delivered to the receiver. At this point, of great importance is accepting the possibility that the source of knowledge sometimes can be hidden and not as apparent as expected. A continuous process of searching and selection has to be conducted, so the non – context – specific knowledge sources can be excluded. A successful identification of the knowledge holders requires active support of the organization's leadership.

After detecting the knowledge sources, the next step is to persuade (or motivate) them to share the knowledge. The real answer is to help them see for themselves that knowledge sharing is in their direct interest. The old paradigm was “knowledge is power”. Today it needs to be explicitly understood that “sharing knowledge is power”. If organizational units understand that sharing their knowledge increases their effectiveness; helps them in their development and progression; rewards them for getting things done (not for blind sharing); and brings more recognition, then knowledge sharing will become a reality (Gurteen, 1999). The third step of the transferring knowledge process, after identifying knowledge holders and motivating them for sharing, is the construction of a transfer mechanism – a strategy that will make the knowledge transfer as easy as possible. The strategy may vary, depending on what type of knowledge is being transferred. Below are listed some of the most commonly used strategies by MNCs when they are transferring knowledge between their organizational units:

- mentorship
- simulation
- guided experimentation
- work shadowing
- paired work
- communities of practice
- narrative transfer (storytelling) - as a mean of transferring tacit knowledge
- cross - project learning
- best practice transfer

- master - apprentice relationship
- collaborative technologies (groupware, etc)
- knowledge repositories (databases, etc)
- knowledge brokers (some organizational units take on responsibility for a specific “field” and act as first reference on whom to talk about a specific subject)
- social software (wikis, social bookmarking, blogs, etc).

The fourth and final step is application of the transferred knowledge. The knowledge has to be applied, so it can be retained in the recipient unit. The organization is enabled to learn, not by the knowledge itself, but by the results of the knowledge application. Before it is assimilated into the core routines of the company, the knowledge has to be found acceptable to the company members. Only then it can be diffused. A lack of acceptance is one important possible reason for failure in the transfer process, not uncommonly caused by lack of absorptive capacity of the receiver. At the end of the transfer process, knowledge has to be institutionalized, so it can become an integral part of the recipient unit.

4. CHARACTERISTICS OF MNCs’ UNITS THAT ENGAGE IN THE PROCESS OF KNOWLEDGE TRANSFER

4.1. Characteristics of the knowledge provider

Provider’s motivation to share knowledge

In their attempts to develop a clearer understanding of the knowledge sharing between providers and recipients, researchers have noted the critical role of motivation (e.g., Argote and Ingram, 2000; Alavi and Leidner, 2001; Hansen, 1999; Goodman and Darr, 1998; Spender and Grant, 1996; Szulanski, 1996).

Gupta and Govindarajan (2000) foresee that the same factors that increase the motivational disposition of the knowledge provider to transfer its knowledge to other units may have a positive influence on the extent of knowledge flows. If a relationship between the source and the receptor of knowledge exists prior of the knowledge transfer process, then it can be expected that the bond created between them will increase provider’s motivational disposition for sharing knowledge. Szulanski (1994) confirms that, by stating that “lack of relationship between source and recipient” can be the major barrier of knowledge transfer. The motivation of knowledge providers is important for engaging in the effort and time required to transfer knowledge and overcome concerns about ownership of information (Davenport and Prusak, 1998, Goodman and Darr, 1998, Hansen, 2005, Kostova, 1999).

4.2. Characteristics of the knowledge receiver

Receiver’s motivation to obtain knowledge

If a MNC aspires for an effective knowledge transfer, then the existence of motivation in both – provider and receiver, is necessary. A receiver will be motivated to accept and ap-

ply the transmitted knowledge only if its knowledge stock is on a really low level and if it is obvious that the knowledge received will contribute for receiver's higher performance. Unfortunately, in some organizational units, when they have the role of receivers, can be detected the "Not – invented – here" syndrome. The "Not – invented – here" syndrome is a name for the tendency of individual and organizational rejection of external solutions to internal problems in favor of the internally developed solutions, although there is no reason to believe that the internal solution will be superior.

The "Not-Invented-here" (NIH) syndrome, closely related to the "Let's re – invent the wheel" syndrome, has at least two drivers: (i) ego – defense mechanisms (Allport, 1937; Sherif & Cantrill, 1947), which can force managers to block any information that suggests that others are more competent than they are, and (ii) power struggles within organizations (Pfeffer, 1981), which can lead some managers to try to undervalue the potential power of peer units by pretending that the knowledge stock possessed by them is not unique and valuable. In order to overcome the NIH syndrome, countervailing forces are indispensable. They can be manifested as subsidiary's eagerness to learn or domineering pressures from the headquarters.

Either way, if these countervailing forces aren't present, the NIH syndrome will be seen as a barrier to knowledge transfer. According to Gupta and Govindarajan (2000), the factors that increase the motivational disposition of the receiver to adopt knowledge, most likely will have a positive impact on the extent of knowledge transferred. This statement is confirmed by Szulanski's (2000) findings about the significance of recipient's motivation.

Awareness of the value that provider's knowledge stock has

The idiom "Ignorance is bliss" can not be further from the truth when knowledge transfer is in question. Ignorance is a state in which one lacks knowledge, is unaware of something or chooses to subjectively ignore information.

At some companies, particularly large ones, neither the source nor the recipient knew that someone else had knowledge that they required or that someone else would be interested in knowledge that they had themselves.

If the receiver unit has great potential for perceiving or estimating the value of a subsidiary's knowledge stock, then the attractiveness for transferring that knowledge will be higher. If the subsidiary is aware of the knowledge stock's relevance and non – duplicative nature, then knowledge outflows can be expected.

Receiver's absorptive capacity

The existence of motivation and awareness of the value of knowledge stock are two of the conditions necessary to facilitate knowledge transfer, but an even more significant condition for the recipient organization is to possess appropriate absorptive capacity in order to assimilate and utilize such knowledge (Cohen and Levinthal, 1990, Leonard, 1995, Dyer and Singh, 1998).

The main point is that the more absorptive capacity is developed by the receiver, the more likely it is that knowledge transfer occurs.

Absorptive capacity involves not only the ability to assimilate new external knowledge but also the ability to apply such knowledge to commercial ends and thus create the opportunity for profit (Cohen and Levinthal 1990, Tsai 2001). Gupta and Govindarajan (2000)

predict that the absorptive capacity of a receiver will be positively correlated to the inflows of knowledge to that unit. Szulanski's (2000) findings confirm Gupta and Govindarajan's research that the absorptive capacity of the recipient becomes highly significant during implementation.

5. CONVENTIONAL AND REVERSE KNOWLEDGE TRANSFER

There can be distinguished two main streams of knowledge flows within a MNC: conventional and reverse. In conventional knowledge transfers, the parent company can dictate the subsidiary to accept knowledge developed at home, by using control mechanisms. Conventional knowledge transfer can be seen as "transplantation" or "supplantation" (Mudambi, 2002). It's most probable that when a local firm is acquired by the MNC, the parent company will infiltrate its own knowledge as a supplement of subsidiary's existing knowledge. This was especially true for transition economies in the 1990s because they were impatient to learn from their new foreign owners. In that way, the knowledge from the parent company is replicated in the subsidiary. In reverse knowledge transfers, the subsidiary is the source of the knowledge directed to the parent company. The subsidiary can be motivated to transfer its knowledge because it can strengthen its strategic position in the MNC (Gupta & Govindarajan, 2000; Mudambi and Navarra, 2004). But the parent company will engage in this transfer if it's beneficial from its point of view (Gupta & Govindarajan, 2000; Kogut & Zander, 1993; McDonald,

Tüselmann, Voronkova & Dimitratos, 2005). There are many ways how can parent companies benefit from a reverse knowledge transfer. They can use the knowledge transferred from the subsidiary to access local knowledge, to better coordinate the global strategy, to improve the development of new products, technologies or services (Ambos, Ambos & Schlegelmilch, 2006), to control and monitor subsidiaries' power (Yamin & Forsgren, 2006). Parent companies might also play a role in channeling knowledge to the appropriate MNC unit, orchestrating knowledge transfer processes in their own network (Criscuolo & Narula, 2007, Phene & Almeida, 2008). Because of the principal - agent relationship, the parent firms' commitment to learning from subsidiaries is less than the subsidiaries' commitment to learning from their MNC parents. In other words, conventional transfer is a 'teaching' process whereas reverse transfer is a 'persuading' process. The subsidiary has to persuade the parent firm that its knowledge can fit the parent's needs (Yang, Mudambi & Meyer, 2008). This persuading process can depend on subsidiary's strategic position in the MNC network.

6. STRATEGIC SIGNIFICANCE OF SUBSIDIARIES IN THE KNOWLEDGE TRANSFER PROCESS

In today's global challenging environment, MNCs can no longer be seen as centrally managed entities. That means that the parent company's position in MNCs network differs from the one they had in the past and that subsidiaries have learnt how to gain higher autonomy and use it to strengthen their position in the MNC's system of entities. The subsidiary's role shifts from the simple adoption of technology transferred by the parent company to the creation and development of local competences complementary to the rest of the MNC

(Bartlett and Ghoshal, 1989; Birkinshaw, 1996; Gupta and Govindarajan, 1991; Kuemmerle, 1997). Their role has changed from competence exploiting subsidiaries to competence creating subsidiaries. Competence exploiting subsidiaries mainly adapt products, processes and technologies developed in the parent company to the local needs and conditions. Competence creating subsidiaries possess richer knowledge and they introduce new products and technologies. They may act as a source in the knowledge transfer process between them and the parent company.

The extent to which subsidiaries are involved in intra-firm knowledge exchange may differ according to their level of autonomy. A greater degree of autonomy is often considered positively related with subsidiaries' knowledge creation and development (Ghoshal and Nohria 1989; Gupta and Govindarajan 1991; Nohria and Ghoshal 1994; Persaud 2005), based on the idea that independent subsidiaries have strategic mandates that favour local responsiveness (Bartlett and Ghoshal, 1989). In contrary, a lower level of autonomy might reduce the subsidiary's enthusiasm for intra-firm knowledge transfer (Cantwell and Mudambi, 2004; Tsai, 2002).

The extent to which subsidiaries are involved in knowledge transfer activities depends on the strategic mandate that they have. Certain subsidiaries engage in intra-company transactions, but others do not. The ones that do engage can do it in high or low levels of transaction inflows/outflows. Depending on their role in the exchanging process, they can be distinguished as providers (sources) or receivers (receptors) of the knowledge transferred.

6.1. Subsidiaries' strategic roles depending on their engagement in the knowledge transfer process

The nature of subsidiaries' operations often varies. Whilesome subsidiaries are mandated to contribute to the MNC by creating and disseminating new knowledge, the primary aim of others is to implement or exploit headquarters' knowledge in the local context (Gupta and Govindarajan 1991; Kuemmerle 1997; Asakawa 2001; Birkinshaw 2002; Ambos and Schlegelmilch 2004).

According to Gupta and Govindarajan (1991) knowledge flow patterns between organizational units represent a core dimension along which subsidiaries' strategic context can differ. They distinguish four types of roles that subsidiaries can have according to their involvement into the knowledge transfer process. The typology is based on their interpretation of the MNC as a network of capital, product and knowledge flows, with the highest importance given to the knowledge flows. The roles are consistent with (1) the magnitude of knowledge flows i.e. the intensity of subsidiaries' engagement in knowledge transfer and (2) the directions of the knowledge flows, which means wheatear subsidiaries are knowledge providers or recipients.

The subsidiaries that are categorized as Global innovators serve as MNC's fountainhead of knowledge and provide other subsidiaries with significant knowledge. Because of its expertise in a specific knowledge area, the global innovator is a role model for the subsidiaries in other countries. The Global innovator has high knowledge outflows and low knowledge inflows. The Integrated player role has certain similarities with the Global innovator role because it implies a responsibility for knowledge creation. But, an integrated player is not self-sufficient in fulfillment of its own knowledge needs. That's why when a subsidiary has

the Integrated player role, it creates and receives knowledge at the same time. The Integrated player has high knowledge outflows and also, high knowledge inflows.

If a subsidiary has the Implementer role, then it engages in little knowledge creation and relies on information, resources and knowledge created in other subsidiaries or in the parent company. The Implementer has low knowledge outflows and high knowledge inflows.

When subsidiaries have the Local innovator role, they are relatively independent and have a local responsibility and engage in creation of country/region – specific knowledge in all key functional areas. However, this knowledge doesn't have much competitive use outside the country in which the Local innovator operates. These types of subsidiaries have low knowledge outflows and low knowledge inflows.

7. BARRIERS TO THE INTRA – FIRM KNOWLEDGE TRANSFER

The intra – organizational knowledge transfer is not an easy going process. Uncertain as it is, knowledge transfer takes time and incurs costs.

Sometimes, the reason for knowledge transfer difficulty can be found in the lack of motivation to share knowledge, but other times, the impediments can be of greater infra-structural significance. One of the most thorough research on knowledge transfer barriers has been conducted by Gabriel Szulanski. He has identified three components as strong predictors of knowledge stickiness (difficulty to transfer):

- Causal ambiguity
 - Lack of absorptive capacity
 - Poor sender/receiver relationship
- usual ambiguity is a lack of clarity about how knowledge components cause certain outcomes.

That is the reason why more and more knowledge is harder to communicate and transfer. The

second barrier for knowledge transfer is the lack of absorptive capacity. Cohen and Levinthal (1990) defined absorptive capacity as the “ability to recognize the value new external information, assimilate it, and apply it to commercial ends”. The lack of absorptive capacity is related to recipient's inability to recognize value of new knowledge as an obstruction component to knowledge transfer. The third barrier, according to Szulanski, is the nature of the relationship between the knowledge source and the recipient. If knowledge is transferred between people of two different organizational units and there is personal bond, tie or link between them which can pre-establish trust, then it's less probable that they will incorporate each other's knowledge into their own work.

Andreas Riege has made a literature review that lists sets of potential knowledge - sharing barriers. He has divided the barriers into three categories: individual, organizational and technological.

Individual knowledge sharing barriers:

- general lack of time to share knowledge, and time to identify colleagues in need of specific knowledge;
- apprehension of fear that sharing may reduce or jeopardise people's job security;

- low awareness and realisation of the value and benefit of possessed knowledge to others;
 - dominance in sharing explicit over tacit knowledge such as know-how and experience that requires hands-on learning, observation, dialogue and interactive problem solving;
 - use of strong hierarchy, position-based status, and formal power (“pull rank”);
 - insufficient capture, evaluation, feedback, communication, and tolerance of past mistakes that would enhance individual and organisational learning effects;
 - differences in experience levels;
 - lack of contact time and interaction between knowledge sources and recipients;
 - poor verbal/written communication and interpersonal skills;
 - age differences;
 - gender differences;
 - lack of social network;
 - differences in education levels;
 - taking ownership of intellectual property due to fear of not receiving just recognition and accreditation from managers and colleagues;
 - lack of trust in people because they misuse knowledge or take unjust credit for it;
 - lack of trust in the accuracy and credibility of knowledge due to the source; and
 - differences in national culture or ethnic background; and values and beliefs associated with it (language is part of this).
- Organizational knowledge sharing barriers:
- integration of KM strategy and sharing initiatives into the company’s goals and strategic approach is missing or unclear;
 - lack of leadership and managerial direction in terms of clearly communicating the benefits and values of knowledge sharing practices;
 - shortage of formal and informal spaces to share, reflect and generate (new) knowledge;
 - lack of transparent rewards and recognition systems that would motivate people to share more of their knowledge;
 - existing corporate culture does not provide sufficient support for sharing practices;
 - deficiency of company resources that would provide adequate sharing opportunities;
 - external competitiveness within business units or functional areas and between subsidiaries can be high (e.g. not invented here syndrome);
 - communication and knowledge flows are restricted into certain directions (e.g. top-down);
 - physical work environment and layout of work areas restrict effective sharing practices;
 - internal competitiveness within business units, functional areas, and subsidiaries can be high;
 - hierarchical organization structure inhibits or slows down most sharing practices; and

- size of business units often is not small enough and unmanageable to enhance contact and facilitate ease of sharing.

Technological knowledge sharing barriers:

- lack of integration of IT systems and processes impedes on the way people do things;
- lack of technical support (internal and external) and immediate maintenance of integrated IT systems obstructs work routines and communication flows;
- unrealistic expectations of employees as to what technology can do and cannot do;
- lack of compatibility between diverse IT systems and processes;
- mismatch between individuals' need requirements and integrated IT systems and processes restrict sharing practices;
- reluctance to use IT systems due to lack of familiarity and experience with them;
- lack of training regarding employee familiarisation of new IT systems and processes; and
- lack of communication and demonstration of all advantages of any new system over existing ones.

8. BENEFITS OF INTRA – FIRM KNOWLEDGE TRANSFER

In today's global network of inter - dependable business relationships between the units of a single MNC, there seems to be a small number of MNCs that still underestimates the potential power of sharing knowledge. The fundamental question that has to be addressed and answered here is: What are the benefits of knowledge transfer for the provider and receiver unit, as well as, for the MNC as a whole? Answering this question requires thorough understanding of the knowledge transfer process. The benefits of knowledge transfer go beyond "simple" financial return. Only a fraction of the benefits can be expressed in terms of money. The benefits also lie in other, less tangible, advantages that can be gained. The impact of successful knowledge transfer can be seen in terms of:

- Achieving higher productivity
- Availability of increased knowledge for the development of products and services in other organizational units
- Achieving shorter new product development cycles
- Making easier to distribute innovation and organizational learning
- Influencing the expertise of people across the organization
- Strengthening the network connectivity between individuals from different organizational units
- Increasing the interconnections between the organizational units
- Allowing workers to obtain relevant insights and ideas that are necessary for efficiently executing their assignments
- Solving intractable and wicked problems
- Achieving higher customer satisfaction

9. CONCLUSION

Today's inconsistent business environment is embedded with more and more organizations that base their competitive advantage on knowledge resources. They especially emphasize the significance of the knowledge transfer processes within the organizational framework. Effective and sustainable knowledge transfer can be very complex. Knowledge cannot survive in vacuum because subsidiaries aren't knowledge islands. That is the reason why executives are eager to engage in processes that will ensure "two – way" benefits. The receiver's gains from the transfer are quite obvious and clear. It's the provider that may need to be persuaded of the value of the process. A MNC's competitive advantage relies on resources that are not being possessed by many competitors. It is necessary that those resources are developed or made valuable within the organization and hard to duplicate outside of it. The focus on resources that are developed within the organization and difficult to imitate puts organizational knowledge in a preeminent position as the principal source of competitive advantage (Spender and Grant, 1996; Teece, Pisano and Shuen, 1997). Knowledge transfer avoidance can result in significant drain of business wisdom that may decrease innovation, lower the growth capacity and reduce company's effectiveness.

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