

**Knowledge Sharing
in Russian Companies with Foreign Participation**

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Knowledge sharing and cultural distance

A widespread belief among both managers and management researchers is that the process of identifying, capturing and leveraging knowledge, know-how and best practices inside organisations contributes substantially to creating their competitive advantages (Leonard 1995, O'Dell & Grayson 1998, von Krogh 1998). Especially this is true today, because the speed of competition is continuously increasing (Hedlund 1994). By sharing knowledge between its members, an organisation avoids redundancy in the knowledge production, secures diffusion of best practice and enables problem solving by making relevant personal knowledge available to the problem-solving process regardless where it is obtained and stored originally in the organisation. Moreover, knowledge sharing contributes to knowledge creation which is a social process involving sharing tacit knowledge and converting part of the tacit knowledge into explicit knowledge (Nonaka & Takeuchi 1995). Knowledge is created by individuals, but is also expressed in regularities by which members co-operate in a social community: "What firms do better than markets is the sharing and transfer of the knowledge of the individuals and groups within an organisation" (Kogut & Zander 1992: 383).

Knowledge sharing raises issues that are relevant for the competitiveness of the company for the present, whereas other aspects of knowledge management, such as experimentation and access to external knowledge to a higher degree address the future competitiveness of the company. At the same time, managers increasingly realise that organisations possess rich resources of unknown and non-exploited knowledge in the form of know-how, best practices and specific knowledge. Making this body of personal knowledge available to others is a central activity in the knowledge creating company (Nonaka 1994). However, although it may sound simple, sharing knowledge in an organisation is far from being a smooth and self-propelled process. The challenges are related to the knowledge transmitter, the knowledge receiver and to the very process of transferring knowledge.

This paper focuses on a number of specific features of knowledge sharing in the context of Russian companies with foreign participation. It argues that some of the general problems and difficulties in sharing knowledge are reinforced and perpetuated in the Russian business and organisational culture. When foreign companies buy shares of or take over companies in Russia, their first and foremost concern addresses productivity and efficiency issues in the respective Russian organisation. In order to increase the competitiveness of the Russian company on the domestic market and internationally, it is necessary to focus on the ability of the organisation to adapt to the ever changing market conditions. One way to deal with this complex task is to focus on the capacity of the organisation to develop and exploit the available internal knowledge resources and to receive and implement knowledge from foreign companies. The specific benefits for foreign owned companies in Russia by knowledge sharing are speeding up the change process while educating local employees and securing diffusion of knowledge further into the organisation. In order to be successful, however, western owners, managers and expatriates should be conscious of the impediments in knowledge sharing in Russian companies and gain insights about how to organise individual learning processes.

Culture and cultural characteristics constitute a key determinant of managerial practices (Neghandi & Prasad 1971) and have, consequently, a significant impact on the process of knowledge transfer within and among organisations. We assume that significant differences between cultures do exist (Griffeth et al. 1980) and do indeed make a difference, often a substantial difference in the way that managers and employees behave in organised settings (Steers et al. 1992). Cultural characteristics belong to a set of factors that are of a more fundamental, pervasive nature in their capacity to induce valences for a broad variety of domains (Wilpert & Scharpf 1990: 651).

For the purpose of the present paper, we adopt the view of culture as a shared system of representations and meaning (Goodenough 1971, Geertz 1983) that is learned and used by people to interpret experience and to generate social behaviour (Terpstra & David 1991, Hodgetts & Luthans 1991). This theoretical choice implies that culture is not necessarily associated with the whole of a particular society, but is approached in a dynamic way as being related to certain sets of activities

and interactions within the boundaries of a specific group, a consideration that is especially important when dealing with Russia, the country with the largest territory in the world.

Four key factors need to be especially considered when focusing on knowledge sharing in Russian companies with foreign participation.

First, the business contacts between Russia and the West are in general not characterised by rich traditions and a long history. The countries of the former Soviet Union and the western world were rather isolated from each other and there were no strong and frequent contacts at the enterprise level. In Boyacigiller's (1990) framework, one could expect that this leads to an increased cultural distance between Russia and the West. As argued by Lei and Slocum (1992), the lack of experience of collaborating with the partner causes major difficulties in the development of the alliance.

Second, in the context of the present study, the knowledge providers and the knowledge seekers are not merely people from different cultures having different patterns of lifestyles, beliefs, values, views, expectations and codes of behaviour. The cultural distance is higher in this context since the two groups, in our case westerners and Russians, both playing both roles, represent very different ideological, religious and social backgrounds as well. This implies an even larger psychic distance (Johanson & Vahlne 1977, O'Grady & Lane 1996) including differences in legal and structural systems and in the degree of industrial development along with the differences in nationality. In that sense, it is worth bearing in mind that the cultures of some countries prove to be more problematic for individuals of specific national origins to adapt to (McDonald & Pak, 1996: 11).

Third, language plays a significant role in the knowledge sharing process. Its importance becomes even more critical in cross-cultural settings when the partners' native languages differ from each other: in that case ambiguity increases substantially. As pointed out by Simonin (1999: 472-473), "the lack of fluency in a partner's native language may constitute the single greatest obstacle since even well codified knowledge remains inaccessible". The behavioural transparency in such cases gets limited in the sense of reduced extent to which partners understand each other's behaviour. This is the core of communication difficulties and misunderstandings in multicultural settings (Adler & Graham 1989) and affects the processes of learning and knowledge sharing heavily.

Forth, Russian culture is generally considered to be a collectivist culture (Smith 1990, Bollinger 1994, Garrison & Artemyev 1994), although there are recent indications of increasing individualism (Veiga et al. 1995). People in collectivist cultures have generally greater difficulties in dealing with outsiders (Triandis et al. 1988) and that potentially increases the challenges in the process of knowledge sharing in Russian companies with foreign participation.

Bearing these considerations in mind, the question we address in the present paper is: What are the specific features of knowledge sharing in Russian companies with foreign participation?

The field and the study

Empirically, we draw on the examples of two Russian companies with Danish participation in which we have conducted fieldwork during 1999.

Company A operates in the construction industry and is fully owned by a Danish multinational firm. The Russian subsidiary employs approximately five hundred people and has a Danish management team. Company B operates in the telecommunication industry and is partly owned (with a minority of shares) by a Danish company and partly by Russian shareholders. B employs seventy five people and at present, its management is entirely Russian. Both organisations are situated in large Russian cities in the European part of the country. The two Danish parent companies have a rich international experience. However, they differ in terms of having concrete experiences in Russia - while company A is the result of a very fresh Danish investment (about a year), the Danish investor who bought shares in company B has been involved on the Russian market for decades.

The data used in this paper were primarily generated through face-to-face open-ended interviews with both Russian and Danish managers in the two subsidiaries. Observations and informal conversations constituted an important part of the data collection process. In company B

which at present has no Danish representative in the management team, we conducted interviews with Danish managers in the parent company. We also used our insights from a three-year management training project that has taken place in Russia in the period 1997-1999 and where one of us has been intensively involved in conducting and managing the programme. In the framework of this project Russian top and middle managers whose companies are subsidiaries, suppliers or customers of Nordic firms went through a one-year management education and training.

Our qualitative sampling promotes the quality of data as the major concern and relegates representativeness to secondary importance (Gummesson 1991). We conduct “analytic generalisations”, not “statistical” ones (Yin 1994); in epistemological terms, we opt for “logical inference” rather than for “statistical inference” (Smith 1991). In the process of generating field data, “thick description” emerged, description that involves “guessing at meanings, assessing the guesses and drawing explanatory conclusions from the better guesses (Geertz 1973: 20). It is important for us to understand the phenomenon of knowledge sharing in its particular context, e.g. Russian firms with foreign participation. We let the reader hear some of the respondents’ voices by quoting them in the analysis.

Basic problems in knowledge sharing

The knowledge management literature often postulates that tacit knowledge is the opposite of explicit knowledge (Nonaka & Takeuchi 1995, Leonard 1995, Choi & Lee 1997, Kogut & Zander 1993). However, in line with Polanyi’s (1966) work, we assume that all kind of knowledge includes a tacit dimension associated with the fact that “we can know more than we can tell”. In one end of the spectrum, knowledge is almost completely tacit: it is stored semiconsciously and unconsciously in peoples brains and neural systems and it is uniquely personal and complex (Cole 1998, Leonard & Sensiper 1998). In the other end of the spectrum, knowledge is predominantly explicit and codified and thus easier accessible to other people (e.g. blueprints, description of best practice, manuals). According to Zander (1991) and Szulanski (1996), tacit knowledge is more difficult to share and transfer than the more articulated knowledge. Between the two poles, knowledge is partly explicit or articulated and partly tacit, and applying explicit knowledge requires mastery of the associated tacit knowledge. Some authors believe that all tacit knowledge in principle can be articulated (Nonaka & Takeuchi 1995, Spender 1996) as long as the organisation is willing to bear the costs of doing it. However, in reality tacit knowledge is not only shared by articulation but also in a tacit form. Tacit knowledge can mainly be acquired through experimentation, learning by doing and imitating the skills of superior performers within an area.

When knowledge is created, it has an implicit character in the sense that it takes a not-articulated form. In order to share and subsequently leverage the knowledge, one can choose to transfer it in a purely implicit form. In that case, knowledge sharing relies on costly and slow methods like imitation and personal transfer and apprenticeship (Nonaka & Takeuchi 1995). An alternative is to articulate and codify the knowledge e.g. as best practices, manuals, metaphors, cause-effect relations and other kinds of documentation. The benefit of investing in codification and hereby to some extent detaching specific knowledge from individuals is easier and quicker to leverage across time, distance and users. This process of transforming knowledge from an implicit to an explicit state in order to transfer it and vice versa in order to receive it, is not free of cost for the transmitter nor the receiver (Grant 1996, Jensen & Meckling 1996).

Knowledge sharing initiatives encounter the risk of eroding rather than enhancing competitive advantages (Winter 1987). The codification of knowledge for transfer increases the risk of this knowledge being spread further to competing companies e.g. because it is easier for the individual employee to bring away bundles of knowledge and not only the fragmented knowledge he may possess himself. In other words, knowledge sharing initiatives can be a double edge sword to the company. On the one side, codified and articulated knowledge is easier and less costly to replicate and leverage internally. On the other side, once knowledge is articulated, the risk of imitation outside the company increases dramatically (Mahnke 1999, Szulanski 1996). Szulanski’s (1996) systematic empirical investigation of the barriers of transferring best practice inside the company indicates that voluntary and involuntary knowledge sharing needs not to be a tightly

coupled phenomenon. When stickiness of sharing knowledge originates primarily from the characteristics of the situation, the prospective imitator needs to surmount other barriers to imitation even after having unlocked the secrets of superior knowledge.

Besides the difficulties associated with sharing different types of knowledge, there are problems related to knowledge transmitters and knowledge receivers. Unawareness in both ends of the transfer is a major barrier to knowledge sharing (Szulanski 1996). Potential users/receivers are often not aware of the existence of the knowledge they need and likewise, the potential sources are not aware that there may be use for their knowledge somewhere else in the organisation. The larger organisation the larger is the problem of unawareness. As pointed out by the information cost perspective (Grant 1996, Jensen & Meckling 1996), the solution to the problem of unawareness is not to share all knowledge created in organisation but to strive for transferring only the relevant pieces of knowledge. However, the necessary condition to achieve this is knowing in advance what specific knowledge is relevant and to whom.

Knowledge sharing involves uncertainty in respect to what specific piece of idiosyncratic knowledge is to be shared with whom in order to create benefits for the organisation (Jensen & Meckling 1996). Nonaka (1994) suggests that efficient knowledge sharing depends on the willingness of individuals to signal to the organisation which knowledge they possess and to share their knowledge when requested. Individuals and teams that have invested resources in building up a specific competence may not be willing to share this knowledge with others unless they are given the right incentives for doing it. When knowers signal what they know, receivers can decide which specific piece of knowledge they need and acquire it from its owner. A precondition for this is that the potential receiver first of all has, sufficient prior related knowledge to assess the value of the new knowledge (Cohen & Levinthal 1990) and secondly, does not resist using knowledge from outsiders (Katz & Allen 1982).

Knowledge management in companies also takes a point of departure in projects aimed at registering or mapping the knowledge stored in the individuals employed by the organisation. The recent development in IT technology enables knowledge sharing by providing e.g. powerful and user-friendly databases that facilitate knowledge identification and alerting. However, technology alone is not the solution to knowledge transfer. As argued above, the most valuable knowledge cannot or is too expensive to articulate which is obviously a precondition for sharing knowledge electronically. Even if the initial ambitions are to capture all relevant individual knowledge, in reality the registration has the form of a yellow page activity or internal electronic directories and databases where the knowledge is identified by its position in the organisation, but not necessarily moved from a personal domain to a shared domain.

The following sections elaborate on these problems in the Russian organisational context.

Russians as knowledge transmitters

Lack of incentives for sharing knowledge

A potential knowledge transmitter may choose to hoard his knowledge for two reasons. First, he may fear losing his value by sharing knowledge with other people. Second, besides protecting competitive advantages, he may deter from sharing knowledge due to the cost involved. The time spent on sharing knowledge with others cannot be invested in what may appear to be more productive for the individual. Especially in an organisational structure that promotes individual optimisation, the potential knowledge provider has little incentive to overcome the obstacle of time and resources: he will naturally ask himself what he would gain from transferring the knowledge compared with spending the time on activities strictly related to his own performance. Unless knowledge sharing is built into the expectation of the individual and is reflected in the reward mechanism, sharing will not take place.

Organisational structures and incentives may in some situations promote a tendency of units and individuals to optimise their own rewards and accomplishments and, as a consequence, consciously or unconsciously hide knowledge from other units and individuals (O'Dell & Grayson 1998). Thereby they sub-optimize the total organisation. Paradoxically, organisations in which

knowledge is highly regarded as an essential organisational asset may reinforce a tendency of the individual hoarding knowledge from others in the organisation. "In organisations where expertise is highly regarded, but mentoring and assisting others is not, rational people may be unlike to surrender the power they gain from being an important knowledge source" (Leonard & Sensiper 1998: 123). For example, the tradition and culture of consulting companies rewarding individual results in combination with a strong pressure for billing hours make it very difficult to convince consultants that they should spend time on sharing knowledge beyond the limit of their own teams (O'Dell & Grayson 1998: 164).

In our two case organisations, Russian managers and employees aim at accumulating knowledge but not at sharing it. The data clearly suggest that knowledge is approached as an important source of individual power rather than a corporate resource that can be shared:

"To tell you honestly, my primary goal is to develop the competencies of my own department and prove to the others in the company that I am better than the others. We socialise within the department, not across departments although the company is not big." (Russian middle manager, company B)

According to Lawrence and Vlachoutsicos (1990: 282), Russian managers "do not share information with outsiders without a clear explicit instruction" and "they rarely volunteer information". This indicates that the Russian knowledge transmitter is not really willing to share his knowledge even though the organisation has already invested resources in transforming the knowledge into an explicit and easily transferable state, as e.g. information. The resistance to sharing knowledge internally contradicts in a way the argument that Russian culture is a collectivist one as claimed by Smith (1990), Bollinger (1994), Garrison & Artemyev (1994).

The Russians' strong tendency of hoarding knowledge could be explained by a number of reasons. Russians are especially concerned about protecting their individual competitive advantages, since they believe that accumulating knowledge would support their position in the organisation and their further carrier development. They signal / demonstrate in a number of ways the fact that they, in one or another occasion, have acquired new knowledge. At the same time, however, they are not willing to share the content of this new knowledge with others. To illustrate, Russians make visible the diplomas they receive from attending courses, programs, etc. To others by, for example, hanging them at the most visible places in their offices. At the same time, they resist presenting part of the acquired knowledge at seminars, working meetings or other occasions unless they are convinced that this might help them climbing the carrier ladder. In the light of the given example, it is to be noticed that receiving a diploma is an extremely strong incentive for Russians, often stronger than the learning experiences and the acquired knowledge, for attending and participating in a training programme or course.

Another explanation for not sharing knowledge is the experiences accumulated in the socialist past. Following one of our respondents:

"Everybody in Russia was trained to keep things confidential." (Western manager, company A)

This preference not to share was perpetuated by the fear that transmitted information could be misinterpreted, often deliberately, by both the immediate and the following receivers and this would harm the transmitter. In a highly politicised organisational context, as the one in Russia especially before 1991, such misinterpretations could have led to heavy consequences for the transmitter and his network. In that case, the receiver would not have been negatively affected by the misinterpretation: on the contrary, he would have been rewarded if able to "substantiate" the ground of his interpretation. This is very different from a situation when the misinterpretation is associated with the lack of prior knowledge on the receiver's side. In the Russian context, the receiver has a lot of knowledge, which he can deliberately apply in interpreting or misinterpreting new knowledge.

Departmental way of thinking and acting

The single departments in a company possess partial knowledge and only by sharing it across the departmental boundaries, the company can make use of the full body of their knowledge.

However, this is problematic in organisations and even more so in Russian companies where the single units are merely oriented towards their own tasks and goals without considering the company as a whole. This strong departmentalisation in Russian organisations makes the application of well-known techniques of sharing knowledge frequently applied in Denmark (and elsewhere in the West) problematic in the Russian context.

One of the explanations of the merely departmental way of thinking and acting is that there are a number of functions and positions that are replicated in terms of content but are positioned differently in terms of department affiliation. Consequently, the employees are not interested in, and moreover, are afraid of putting that issue forward since this would question and risk their employment. Russian managers prefer as well not to dig into the problem since they are preoccupied with the social and employment security dimension of their organisations rather than with the economic efficiency of the company.

Again another interpretation of the narrow managerial focus was offered by a Russian middle manager in company A:

“The heads of departments do not co-operate because they are overwhelmed by the tasks given to them by the Danish management team and cannot simply find the time to interact. They first take care of their own departments, but then there is no time left.”

Also other Russian respondents used the Danish management team’s working style as an excuse rather than as a reasonable explanation for the lacking co-operation among people from various units in company A. One should notice, however, that the lack of co-operation among departments was a well expressed feature of organisational every-day life before the Danish investor bought shares in company A, as mentioned by the respondents themselves. Although the management group in company B is entirely Russian, the situation there does not differ essentially from the one in company A: departments are merely focused on their own tasks and close co-operation between them is missing.

According to Hansen (1999: 106), “relations at the interpersonal level may substitute for or complement relations at the inter-unit level (and vice versa)”. That might explain the set-up in the Russian organisational context: there is no intensive interface between the single units, however, the interpersonally based interaction is characterised by a high level of dynamics. A number of authors highlight the importance of personal relationships and trust in the Russian context (Dabars & Vokhmina 1995, Holden et al 1998, Ledeneva 1998, Kets de Vries 1998). So did our respondents:

“In Russia, one needs friends or friends of friends. Otherwise, one cannot do anything.” (Western manager, company A).

This could elucidate the fact that Russian managers and employees register the fact of being strongly oriented towards their own department but do not perceive that as a problem. It must, however, be kept in mind that by preventing the diffusion of knowledge across departmental boundaries, for example the time of developing new products is slowed down considerably and the generation of new cycles of learning does not take place.

Fear of admitting mistakes

Another specificity in the Russian organisational context is that sharing problems and talking about mistakes are taboos. Moreover, they do not connect mistakes with a potential for learning. One of the reasons is that they are much more focused on achieving a final result by executing a task that has been formulated prior to their action(s). Russian managers and employees confess that they are not interested in reflecting upon the process of decision-making and their actions. The conviction “we are here to learn, not to discuss our problems” (Hibbert 1990) is widely shared among Russian managers and employees and is among the factors inhibiting their capacity to develop new knowledge. The belief that mistakes and problems are dubious and should be avoided at any cost is deeply rooted in Russian organisational culture:

“Our slogan is ‘We do not have the right to make mistakes!’” (Russian middle manager, company A)

Contrary to the Western belief that “if you do not fail you do not act and develop yourself” Russians explicitly claim that “if they act, they risk making mistakes, therefore, they prefer not to act”.

Whereas Danish managers are ready to discuss problems openly and to give and receive feedback, this seems to be rather confusing for the Russians who do not consider discussions important and try to avoid them especially when they regard problems (Michailova & Anisimova 1999). A part from another interview in company A exemplifies this issue nicely:

Interviewers: Could you give us some examples of problems you have identified after you have started working in company A? You are a newcomer and have, therefore, this fresh look at the company...

Respondent: I cannot talk about problems, I have a boss.

Interviewers: We have the clearance from the management team that our respondents are free to tell what they think.

Respondent: Yes, but you are asking about problems...

Interviewers: The Danish managers gave us several examples of problems they encountered and of mistakes they made...

Respondent: They did...? I do not understand that. This is really peculiar.

The fact that failures are not viewed as learning opportunities and that talking about them is a taboo is embedded in the “coercive bureaucracy” (Adler 1999) typical for the Russian organisational structural context. This configuration is based on positional authority, top-down command and control and autocratic strategy development. Our findings add two more features: the lack of reflection and feedback. They both are important in the sense that they can significantly increase the learning. The reflection issue is closely related to the feedback concern – an important source of feedback is the outcome of the work itself. However, if managers are not able / willing to reflect upon their own work processes, it is very likely that they will miss exploiting this feedback source. And, in turn, the lack of feedback is a barrier for reflection.

Russian managers and employees’ negative attitude towards making and talking about mistakes limits the possibilities of learning from action. It also increases the risk of repeating others’ previous mistakes. Such behaviour limits the potential benefits of knowledge sharing both on organisational and group level.

Russians as knowledge receivers

Reinforcing the not-invented-here syndrome

In many situations, the receivers may hold back from using knowledge from outsiders. Resistance towards using knowledge created elsewhere is referred to as the “not-invented-here” syndrome (NIH) (Katz & Allen 1982). The notion covers a number of reasons for rejecting knowledge created elsewhere, ranging from a general doubt regarding the reliability of the knowledge to preference of developing own ideas and knowledge instead of adopting someone else’s idea. Especially in R&D organisations, external knowledge is often rejected, because it is much more prestigious to create new knowledge instead of reusing knowledge invented elsewhere. If the receiver does not trust the quality of the transferred knowledge (e.g. because he does not trust the source), he will prefer to develop the specific knowledge himself instead of going through a process of validation of the external knowledge before integrating it into his knowledge pool. The NIH syndrome might also take the shape of group thinking where a stable group e.g. project group or management team believes it possesses a monopoly of knowledge of its field and therefore rejects new ideas from outsiders (Katz & Allen 1982).

At least two factors reinforce the NIH in the Russian organisational context: strong group affiliation and mistrust towards knowledge possessed by foreigners.

In Russian companies, there are usually long lasting relationships among organisational members. This makes individuals strongly attached to the group both in terms of formal membership and emotionally. Obolonsky (1995:18) introduces the idea of the “anti-personal attitude” at the cost of the group life. As a consequence, Russian organisational members tend to

resist new ideas coming from outside, because the new information and feedback might fracture 1) the stability and familiarity of the particular group and 2) the organisational order and continuity which they value and respect highly.

The second factor relates to mistrust towards knowledge possessed by foreigners especially in terms of its applicability in the Russian context. Both in the two case companies and in the management education programme mentioned in the methodological section of this paper, we have heard the following statements expressed by Russians many times:

“This does not work in Russia.”

“It is Russia!”

“This is not allowed by the Russian law.”

“This is interesting but not relevant under the Russian conditions – Russia is different.”

These claims are used in most of the cases as protection mechanisms in the sense that if the knowledge possessed by foreigners is both true and applicable, the Russians' existing knowledge becomes less relevant and valuable. These statements are also associated with risk adverse behaviour: Russian employees avoid testing the new knowledge and hence, preventing mistakes and justifying status quo and passivity.

Lack of absorptive capacity

The notion of absorptive capacity has been introduced by Cohen and Levinthal (1990) to describe the capacity to utilise new knowledge. The capacity is based on the presence of prior related knowledge. A systematic empirical study of stickiness of transferring best practice inside the firm led Szulanski (1996) to the conclusion that barriers to transfer best practice inside the firm is lower in situations with prepared recipients, an intimate relationship between source and recipient, norms and processes that supports unlearning of prior knowledge. The Russian recipients do often not possess the knowledge which would allow them to evaluate the value of the new knowledge. Consider the following statement from a sales manager in one of the studied companies:

“I will tell you something and you will not believe it. After the Danes came, they changed the package of the product. Believe it or not, just because of that, our sales has increased...”
(Russian middle manager, company A)

In order to share knowledge without encountering big difficulties, there is a strong need for contextualising people's frames in terms of perceptions, points of view, assumptions, beliefs and projections about the future. Unless their cultural (including professional cultural) embeddedness on the one hand and their dynamic nature on the other hand are taken seriously, knowledge sharing and use will be severely restricted.

Problems shared by knowledge transmitters and receivers

Focusing on hierarchical status

Inequality in status among participants can be a strong inhibitor for sharing knowledge especially from lower levels to higher levels. This barrier is reinforced when the participants draw on distinct knowledge bases and ways of analysing and assessing information.

Russian managers have difficulties accepting that they can learn from employees from the lower levels of the organisation. This is well expressed in their resistance and dissatisfaction when they have to work in a group with people from hierarchically lower levels, for example in the context of management education and training programmes.

Russian managers and employees place relatively high importance on hierarchy and formal status. The hierarchical levels are linked through pyramidal connections and forces. No creativity is required from the hierarchically lower subcultures and top-down, one-way communication makes these tendencies even stronger. On the basis of a study conducted in the largest Russian textile factory in 1990 Welsh et al. (1993) found that participative intervention seemed to have a counterproductive effect on the Russian workers' performance and that participative efforts threaten the Russian cultural value of communal work. Another study which examined 159 managers' views on managerial trials in the transformation to a free market economy and which was carried out in 25

different organisations in St. Petersburg found that one of the most frequent problems mentioned was “lack of employee involvement and motivation” (Longenecker & Popovski, 1994: 38). As concluded by Welsh et al. (1993: 74), “by deliberately holding back, they [Russian workers] could avoid the frustration of being rejected or ignored. In addition, by not truly participating or giving meaningful suggestions in front of outsiders, the workers would not put themselves in the position of expressing problems inhibiting performance, comments they may have feared would be received as complaints regarding co-workers”.

The data from the two case studies, we have conducted highlight similar tendencies:

“I am at a lower management level. That is why I cannot suggest anything to be changed at the upper level.” (Russian middle manager, company A)

“People need to know where their position is located and act accordingly. If employees at lower levels start to intervene with initiatives and suggestions, it can easily become a mess.” (Russian CEO, company B)

Initiative and ambition have been denigrated in Russia. The system tolerated grey, drab and conventional people. Disobedient and independently thinking organisational members were regarded as conflict-prone or anti-social personalities (Michailova 1998). Consequently, openness was inappropriate and those oriented towards personal achievement were excluded (even physically) from the system. Features, such as strong centralisation, dominance of formal rules, one-man authority and no tolerance towards pluralism and diversity constitute a context which does not invite for sharing ideas, knowledge and information across levels – neither top-down nor bottom-up.

Communication and physical distance

The communication problems are especially heavy in company A where none of the Russians spoke English and only one person in the foreign management team spoke Russian at the time when the Danish company took over the Russian organisation. The diversity of meanings generated by the same words is a highly significant issue in organisational life. People’s understandings are not uniform and notions and terms are not used in a vacuum. They involve different associations in different cultural environments. In that sense, notions themselves might be viewed as cultural artefacts and language as a means of communication in a particular culture rather than a universal means of communication. In a context where different cultures interact, the meaning of the notions is used as a matter of continuous negotiation and change and language is a guide for classifying reality into perceptual units that make a difference for people in the culture (Whorf 1956, Terpstra & David 1991). The failure to clarify and negotiate the variety of meanings causes a great deal of uncertainty in the process of sharing knowledge which, in turn, has a heavy impact on organisational everyday life.

A related issue is associated with physical distance as another barrier operating against the sharing of especially the tacit dimensions of knowledge (Leonard & Sensiper 1998). Much knowledge and particularly tacit knowledge is transferred through body language, demonstrations of skills and subsequent imitation and correction. Moreover, it is difficult to create the needed atmosphere of trust between the participants without physical proximity. The product innovation literature and the bulk part of literature on knowledge management propose that a frequent and close interaction between two sub-units or individuals facilitates knowledge transfer (references). The tight coupling of people and sub-units creates a shared understanding or stock of mainly tacit knowledge, which facilitates the knowledge transfer.

On the other hand, a recent study by Hansen (1999) raises doubts about the general validity of the value of a close and frequent interaction on efficiency in R&D projects. Based on an empirical study of 120 new product development activities, he concludes that when the knowledge is highly complex then strong ties are an advantage whereas weak ties are advantageous when the involved knowledge is less complex. Hansen (1999) points out that less tight ties are less resource demanding to establish and maintain than tight ties. Based on that argument, the advantages by having weak ties may be that they obtain the same knowledge with less search cost than with tight interaction. Another argument for the advantages of loose interaction is that it increases the diversity in

knowledge of the participant and thus avoiding group thinking – core rigidities (Leonard 1995). Bresman et al. (1999) also found that the more tacit form of knowledge is best transferred through intensive communication, but when knowledge is relatively articulated, it can be made available to the other party with little regard to personal interaction.

Our findings from the two case companies support partly both lines of argumentation. In line with Leonard and Sensiper (1998), we observed that the physical proximity is decisive for establishing trust and shared understanding in the initial stage of co-operation between the Danish parent company and the Russian subsidiary. In the case of company A, the physical proximity is perceived by both Russians and Danes to be of decisive importance for the ongoing process of transferring Danish technological and managerial knowledge, mainly because this is a very new investment and the co-operation between the two parts is in its initial stage. In the case of company B, the relevance of the physical proximity for knowledge sharing was gradually declining after, as expressed by both Danes and Russians working in company B, “*a high level of trust and mutual understanding*” was established. After three years of very intensive and tight ties, Danes are not represented in the day-to-day management of company B in Russia any longer. Additionally, the knowledge sharing in the company today mainly includes activities that are not based on a highly complex knowledge. These two features go hand in hand in the case of company B, which is in line with Hansen’s (1999) conclusions.

However, we tend to disagree with Hansen (1999) regarding the need for investing in establishing and maintaining tight ties in the beginning of a co-operation in order to be able to loosen the ties later. In a cross-cultural setting, which Hansen (1999) has not considered explicitly, knowledge, even less complex knowledge, cannot be shared between the partners from different cultures without going through a process of establishing tight ties based on mutual trust – especially not in a Russian-Western organisational context. Accumulating experience in collaborating at company level over time leads to development of the attachment between partners (Inkpen & Beamish 1997) and to decreased cultural differences, regardless of their nature or intensity (Meschi 1997) which, in turn, is likely to result in a more meaningful and efficient knowledge sharing.

Conclusion

Sharing knowledge among the members of an organisation is a central activity in today’s organisations. By sharing knowledge between its members, an organisation avoids redundancy in the knowledge production, secures diffusion of best practices and enables problem solving by making relevant personal knowledge available to the problem-solving process regardless where it is originally obtained and stored in the organisation. However, despite these advantages, sharing knowledge within organisations is not a simple and straightforward process. One should believe, for example, that best practices of a high performance unit within an organisation would spread rapidly to other units with a similar function. However, they often do not which leads to a significant loss of competitiveness.

This paper took its starting point in the assumption that knowledge sharing activities are strongly embedded in cultural understanding. Culture and behaviours might be the key drivers or inhibitors of knowledge sharing. A number of basic problems related to knowledge sharing, knowledge transmitters and knowledge receivers are reinforced and perpetuated in the Russian cultural and organisational context.

Specific characteristics of Russians as knowledge transmitters are lack of incentives for sharing knowledge, departmental way of thinking and acting and fear of admitting mistakes. Russian managers and employees are eager to accumulate knowledge but strongly resist sharing it. The single departments in Russian companies are mainly oriented towards their own goals and tasks without considering the company as a whole. The lack of cross departmental co-operation is substituted by intensive interpersonal interaction and networking. Russian employees believe that they “do not have the right to make mistakes”, which is related to their resistance to reflect upon and receiving feedback on action.

Reinforcing the NIH and lack of absorptive capacity are part of the portray of Russians as knowledge receivers. The NIH syndrome is reinforced by Russians’ firm group affiliation and by

their general mistrust towards the validity and applicability of the knowledge offered by foreigners. The Russian knowledge recipient do often not possess the knowledge which would allow them to assess (and appreciate) the value of new external knowledge.

Strong focus on hierarchical status, communication problems and physical distances are problematic areas shared by both the transmitters and the receivers. Formal status is highly valued in Russian organisations and at the same time hierarchically differences are an impediment for knowledge sharing both top-down and bottom-up. Communication difficulties are associated with the fact that in a cross cultural setting the parts involved have different native languages and often communicate through a third language. The challenge becomes even greater when, for example, a Danish investors takes over a Russian company with five hundred employees, none of whom is able to understand any language but Russian – the case of company A. In a cross cultural setting physical proximity is decisive for establishing trust and shared understanding in the initial stage of co-operation and hence knowledge sharing. Even less complex knowledge cannot be shared between the partners from different cultures without going through a process of establishing tight ties based on mutual trust – especially not in a Russian-Western organisational context.

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Abstract

The purpose of this paper is to contextualise some of the well-known difficulties in knowledge sharing on the example of Russian companies with foreign participation. Using case study data, we argue that the specific features of the Russian organisational culture reinforce and intensify many of the general problems of knowledge sharing.