

Research on Human Resource Management in the Process of Knowledge Transfer across Borders

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Abstract. With the global business environment increasingly become dynamic, complex and uncertainty, multinational companies will pay more attention to the effective knowledge transfer and integration between headquarters and subsidiary. Human resource management functions an important role in the process of knowledge transfer in multinational corporations. This paper will explore the influence of the human resource to the cross-border knowledge transfer including absorption, learning willingness and communication channels.

Keywords: knowledge transfer; multinational corporations; human resource management

1. Introduction

Surrounding with a dynamic, complicate and uncertainty environment, the key factor of competition is whether the multinational corporation can transfer and integrate global knowledge effectively which can make the company rapidly expand its comprehensive knowledge stock, avoid duplicate investment and quicker learning speed to exceed the rivals' mimic speed, thus keep a lasting advantageous position in global competitions.

2. Knowledge Transfer within MNCs and Human Resource Management

2.1. Definition of knowledge transfer within MNCs

The paper defines knowledge transfer within MNCs as multi-flow process of experience knowledge (as skills and abilities) and strategic external information between parent and subsidiary, as well as among subsidiaries. The experience knowledge contains procurement skills, product design, process design, package, marketing and corporation culture, etc. External information contains the key customs, competitors or suppliers who have global strategic value.

2.2. Explicit knowledge and tacit knowledge

Corporation knowledge exists as two forms which are explicit knowledge and tacit knowledge. Explicit knowledge can express clearly through language, characters, data, charts and formulas, which are standardized, systematic and easy to communicate and share. Tacit knowledge are highly rooted in individuals' behaviors, experiences and the outside surroundings that are hard to express, communicate and exchange clearly, and only can be mastered in practice [1]. Research shows that cross-border transfer of tacit knowledge is harder than that of explicit one, different scholars formulate it from different perspectives, such as Kogut and Zander from knowledge inertness, Szulanski from knowledge stickiness and Simonin from knowledge ambiguity [2].

2.3. Knowledge transfer across borders and human resource management

Human resource management function an important part in the personal communications between parent and subsidiary. Ulrich pointed that, successful knowledge management must rely on human resource

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managers building learning and innovating culture, to encourage all members to learn fast and share new knowledge and skills, thus become the organization practice. Through the research of 40 Europe, Japan and US companies, Mckinsey found that the successful companies, because of implementing human resource management system including incentive measures, fully communication, multi-department team work and rotation, not only fostered workers' desire of knowledge, but also promoted the knowledge to be created, used and transferred. Therefore, how to promote the global knowledge creation, stock and transfer will be important issue to response to global competition.

3. Influence of Human Resource Department to Knowledge Transfer within MNCs

The cross-border transfer of knowledge is costly and will be affected by all kinds of factors. From the view of human resource department functions, the following three aspects will significantly influence the effectiveness of cross-border knowledge transfer.

3.1. Absorptive capacity of subsidiaries' human resource department

Absorptive capacity is the capacity of learning the value of new information and absorption of it to apply in commercial purposes [3]. Szulanski's study showed that the most important barrier of internal transfer of outside practice experience is lack of absorptive capacity of recipient [4].

The absorptive capacity can be evaluate from two points. Firstly, the relevance of subsidiaries' inventory knowledge and external new knowledge. The organization absorptive capacity is a function of existing knowledge structure. This is because the organization needs the relevant knowledge to absorb and apply the new one. When the original knowledge associated with new knowledge, it is easier for the organization to command the new knowledge. That is to say, the former learning has laid a foundation for new study. The more similarity of the original knowledge and new content and situation, the fewer barriers in knowledge transfer. Secondly, the homogeneous nature in original knowledge owners and new knowledge ones. If the recipient and transferor are similar in corporate culture, values, education, social status and way of thinking, the personal communication will be very close and effective and will relieve the hardness of knowledge transfer. Thus, the higher likeness between receiver and transferor, the stronger the absorptive capacity is.

In summary, the stronger of absorptive capacity of subsidiary human resource department, the better of it to accept the knowledge of parent or other subsidiaries is.

3.2. Learning willingness of subsidiaries' human resource department

Learning willingness is the willingness of it to receive the external knowledge and advices. Learning willingness always be effected by the syndrome of "not-invented-here" which means the managers are not will to accept foreign or alien ideas and programs. Localism, the suspicion of off-site source credibility, the doubt of unknowns and the resistance of reform may lead to the organization reject external advices. With the raise of status and enhancing of autonomy of the overseas subsidiary in the multinational corporation network, they are more inclined to refuse the knowledge transfer from parent or other subsidiaries. There are three reasons of syndrome of "not-invented-here". First, subsidiaries are unwilling to rely on parents' or other subsidiaries' knowledge because of the enhancement of autonomy. Second, because of the external power struggle, subsidiaries are unwilling to accept other subsidiaries' knowledge in case to degrade one's value of knowledge asset than others'. Third, the subsidiaries with stronger autonomy right always become the sacrifice of entrepreneurial trap, which is a mind that the people are too persistent with their views because they want to be a sponsor or a founder.

In summary, the stronger of learning willingness of the subsidiary human resource department, the better for it to accept knowledge transfer from parent or other subsidiaries.

3.3. Communication channels between human resource departments of parent and subsidiary or among subsidiaries

Communication channel is the media and means of knowledge to transfer between transferor and receiver. Ghoshal and Bartlett once pointed that, if the communicative channel not existed, the knowledge transfer in multinational corporations wouldn't have been done. Of course, not only the existence of

communicative channels, but also the richness of that will affect the internal knowledge transfer, such as the informal communication, openness and density, are the considerations of the richness of communication channels.

Communication channels between parent and subsidiary or among subsidiaries can be divided into two types of formal ones and informal ones. One typical formal channel is the formal integration mechanism, which aim at establishing a coordination mode on the formal system, politics and standard. The more extensive contacts of one subsidiary to other units in the global network through formal integration mechanism, the higher of communication density and the more abundant of transmission channels are, thus facilitating knowledge transfer. Socialism mechanism stands for informal communication channels, which mean to build an organization mechanism of close personal relations and cognitive convergence. Different to formal integration mechanism, contact through socialism mechanism is informal communication among individuals. Facts prove that the majority of internal information exchange and decision making are happened through informal channels, so more and more multinational corporations chose the personal contacts as the preferred communicative method but not formal system. The socialism mechanism can be divided into two levels, which are horizontal social mechanism and vertical socialism mechanism. Horizontal socialization includes the rotation between subsidiaries or cooperation projects. Vertical socialization includes rotation between parent and the subsidiary participating in project guided by parent.

In summary, the richer of communication channels between human resources departments of parent and subsidiary or among subsidiaries, the better of the subsidiary to accept knowledge transfer from parent or other subsidiaries.

4. Stimulation of Human Resource Management Practice to Knowledge Transfer within MNCs

In the common applied management practice of multinational corporations, following human resource measures play a significant role in the knowledge stimulation, especially the tacit knowledge transfer.

4.1. Manager incentive mechanism

Incentive mechanism of multinational corporations will enhance subsidiaries' learning willingness thereby to promote knowledge transfer. This incentive mechanism displayed itself from the following two aspects. First, motivate the learning willingness of overseas managers. It will stimulate subsidiary leaders to learn new knowledge created by parent and other subsidiaries more positively through awarding participation action of global knowledge share, transfer and associate it to position promotion. Second, make the subsidiaries aware of short inventory of self knowledge. In one side, if the economic development of the country that the subsidiary place is lower than that of the parent, the subsidiary will desire to learn from parent, in the other side, if one subsidiary aware of the gap to other subsidiaries from benchmarking, it will strive to learn from other outstanding subsidiaries.

4.2. Cross-function Team

In multinational corporations, cross-function team is an independent organization composed by different overseas subsidiaries or different department staff to complete some projects or programs. Because if flexible forms of cross-function team and can establish a face-to-face communication in different internal units, it is adopted by more and more multinational corporations.

Cross-function team is advantage to tacit knowledge internal transfer, which means, in one hand, cross-function team provides a face-to-face communication and talk spot for staff; in the other hand, it can give a practice place for members to learn from each other. Because of the different department background and different knowledge and skills, they can mutually observe and imitate when they talk work together, thereby learning and commanding new knowledge.

4.3. Training

Training is an effective manage tool for cross-border knowledge transfer. The significance of training showed in three parts:

First, promote absorptive capacity. Education and training project will promote skills and expand management concept, thus enhance their knowledge stock and being beneficial to the absorption and utilization of new knowledge, particularly the tacit knowledge.

Second, broaden communication channels. Managers from different department can hold formal and informal communication and build close personal relations network through participating training projects.

Third, shape corporation culture. The training projects will share common blueprint and value system among staff to reduce culture gap of transmission units and receiving units and to promote knowledge transfer in different units.

4.4. Staff rotation

Early in 1997, Edstrom and Galbraith firstly noticed the cooperation and control strategies function of rotation with the increasing importance of global knowledge transfer as an effective manage tool in stimulating flowing, rotation is being adopted by more and more multinational corporations. Because tacit knowledge rooted in minds and practices, the most effective transfer of tacit knowledge is staff movement. Rotation can deepen communication between knowledge owners and receivers and reduce culture gap, and conducive to establishing a personal relation network, which will enhance the self-transmission of knowledge and skills. In addition, rotation also contributes to knowledge transmission and practicing from making the staff understanding business operations from different perspectives.

In the human resources management practices, there often existed three types of staff rotation: first, the parent corporation plays a main role in staff rotation, that is to say the parent corporation sent staff to subsidiaries, and thus this type can take the global efficiency in to consideration but can't effectively respond to local needs. Second, subsidiaries play the main role in staff rotation, which means staff movement among overseas subsidiaries, this type can accurately respond to local need but hard to care global efficiency. Third, cross-border staff rotation, as the movement happened between parent and subsidiary or among subsidiaries, this type not only train the sensitivity of local demand but also expand their view to global perspective and be equipped with a global consciousness.

4.5. Community of practice

Community of practice indicates the informal network community established on the basis of work and practice, in which the firm's employees with special skills or positions form the common apperception of interests and goals in the process of mutual communication and help, and have the common desire of sharing their own knowledge and experiences [5].

The process of knowledge transfer in the community of practice can be treated as a benign circulation of "communication-trust-study-share". In community of practice, when members are communicating with each other, a common behavioural mode, a suit of common convention and a kind of common will can be developed, and further create the atmosphere of mutual trust. Under the atmosphere of mutual trust, community members are more willing to learn from others' knowledge and experiences initiatively and quickly. The more members have learned, the more they are willing to share with other members. Sharing knowledge will cause further mutual communication between members, therefore, forming the benign circulation of knowledge transfer in the community of practice.

5. References

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