Managing Knowledge across Borders

Expanding local knowledge through global networks requires greater sensitivity to cultural issues—just not the ones you might imagine.

**SUMMARY**

Beneath the borderless world's free-flow of capital, technology, production capacity and materials is the robust flow of knowledge. Just as transportation technologies facilitate the worldwide production and distribution of goods and services, communication technologies make it increasingly feasible to manage global economies of scale by effectively collecting and distributing information.

Practiced in the global enterprise, KM can guarantee coordination, synchronize production, develop agility and promote a cohesive corporate culture and present a consistent customer experience, regardless of location.

Many facets of knowledge management are indifferent to borders. But there is more to international KM than just distance: it crosses languages, time zones, currencies and international jurisdictions. And culture, which is so critical to successful knowledge sharing, is vastly complicated by geography.

This writing sample is provided for your personal use only. For more, please visit REFLECTEDKNOWLEDGE.COM

---

**By Steve Barth**

There is nothing new about the idea of managing knowledge across borders. It was a time-honored pursuit even when Marco Polo carried the Chinese intellectual asset we now know as pasta back along the Silk Road. Just as long as there have been goods and services to trade with our neighbors, there have also been ideas. What is the age-old tradition of telling stories around caravan campfires if not a form of international knowledge management? How different is that from conversations in airport terminals today?

Take a subject as potentially irritating as sand—in this case, sand problems in offshore oil production at BP Amoco, the world's third-largest energy company with almost 100,000 employees exploring for or producing oil in 27 countries. The company finds it very valuable if a handful of engineers from the six or seven business units dealing with offshore production occasionally meet to exchange experiences.

"When we want to share information, we have peer-group forums," explains Niloy Shah, business information manager of upstream IT for operations on the Gulf of Mexico shelf. "It is a combination of finding like businesses with like technical, organizational or cultural problems and then lumping them together to share information."

Peer groups will get together physically in London or Houston twice a year. The rest of the time, they collaborate virtually on the company's intranet and mail system using discussion groups. While the technological infrastructure of BP Amoco's peer group forums is fairly basic, it's the commitment to participate that makes the process work, according to Shah.

Beneath the borderless world's free-flow of capital, technology, production capacity and materials is the robust flow of knowledge. Communication technologies make it increasingly feasible to manage global economies of scale by effectively collecting and distributing information.

**Global reach**

Of course, by this last decade of the twentieth century, global economic integration has become significantly more complex. While globalization has dramatically broadened the horizons of business opportunity, it has also widened the field of competition. KM is one response to the need to be more competitive. Taking your own business global is another.

"The world became borderless because of the migration of information," says Japanese consultant Kenichi Ohmae, whose 1989 book, *The Borderless World*, pushed businesses to recognize a new global paradigm. Jobs migrated over telephone lines, call centers shifted to Dublin, software development moved to Bangalore, supply chains stretched across the map and satellites delivered Hollywood entertainment to the most distant corners of the planet.

Practiced in the multinational enterprise, KM can guarantee coordination, synchronize production, develop agility and simultaneously promote a cohesive corporate culture and present a consistent customer experience, regardless of location.

Many facets of KM are indifferent to borders. But there is more to international KM than just distance: it crosses languages, currencies, time zones and international jurisdictions. And culture, which is so critical to successful knowledge sharing, is vastly complicated by geography.
Managing knowledge within a single building is complicated enough. Managing knowledge in a dispersed organization requires robust technological and procedural infrastructures. And one might expect that managing knowledge across international borders is even more difficult.

In fact, however, the same sensitivities to cultural issues evident in a single workplace apply globally. It is still more important to understand corporate cultures than ethnic cultures. And crossing functional boundaries can be more problematic than crossing national borders.

**Lesson 1: Decide what kind of company you are: multinational, international—or transnational.**

There is more than one model for taking your business overseas, which often makes a big difference in how the knowledge flows.

Christopher A. Bartlett and Sumantra Ghoshal, in *Managing across Borders* (Harvard Business School Press, 1998), define several varieties. To the authors, a global business might treat the world market as an integrated whole—and therefore presumably focus on seamless delivery of process knowledge. A multinational often treats its holdings as a portfolio of fairly separate entities, acting independently but reporting back to headquarters. In either case, the most important flows of information are from the center to the periphery and from the outside inward. In between is the international firm, taking the knowledge of the parent company, adapting it for local use and bringing knowledge and experience acquired in the field back to see if it can have value elsewhere in the organization.

In addition to these traditional models, Bartlett and Ghoshal suggest a new model more appropriate for the borderless world. While others talk about “multi-local business,” they refer to “the transnational corporation,” a new configuration of assets and activities, roles and responsibilities, to facilitate multiple learning processes. In other words, taking the knowledge-enabled enterprise on the road.

**Lesson 2: Design KM systems that adapt to local conditions.**

Will you expand a local system, integrate several local systems or create one from scratch with global input? The starting point is to examine why the enterprise needs a worldwide KM system and what it needs to accomplish on the global scale.

“That has to be very clear if you are going to take knowledge management international,” warns William Latshaw, a consultant in the organization practice of Arthur D. Little who is also responsible for ADL’s own global KM efforts.

“If it is already burned in stone and you have got the system and spent millions of dollars on the implementation, you aren’t likely to want to change things for the rest of the world,” Latshaw explains. On the other hand, overseas units that may already have a knowledge management system already have their own practices and their own reasons for doing it.

Above all, he adds, “Just as in any change management effort, senior managers have to be the role models so people know they are serious about knowledge management. If they’re not, people will smell the stale air and just wait until it blows over.”

If possible, Latshaw recommends involving the entire worldwide organization as early as possible in what he calls an adoption method. “Make the rest of the world part of the process, maybe in a discussion group that gets their questions legitimized by leaders in the organization,” he says. “They will have different needs that you don’t understand or are not aware of. The conversation about why knowledge management is important and what it means to different people allows the design of the knowledge management effort that is being rolled out to change and adapt to what folks want.”

For example, Latshaw says, North Americans tend to be more interested in what you know. The knowledge base is likely to reflect that by emphasizing the latest methodology, case studies and process information. In most other parts of the world, it is more important who you know. So a localized database that manages what they know about people would have to fit into a larger system—but perhaps not be available outside of a local area. “In some of these areas, the pot is only so large. There are only so many customers you can sell to, so you cannot screw up with a client. So you might work differently than in North America, where there are an endless number of people you can pitch to.”

If you don’t work on the cultural norms from place to place, your KM system will be resisted at every point. “You could have the best technically evolved system and everybody’s desktop could have wonderful abilities to do things, but they aren’t going to input the information, or be truthful about the information they put in; they aren’t going to put in the stuff that they think makes them different and valuable.” Latshaw explains. “And if they are competing for resources and kudos internationally, they aren’t going to give this information to other plants.”

**Lesson 3: Map the cultural roadblocks.**

Even more than with a domestic KM project, the technology must be preceded by anthropological. “When you are crossing cultural boundaries, in terms of practical business applications, you need to know a number of key things,” suggests William L. White, president of FutureThink Consulting Group. “How do people work in groups? Do they easily share information? What systems do they use to share information? How pervasive is it, and at what level and with what frequency do they use it? What are the values and beliefs in this particular culture and in this company? What I have discovered working in Saudi Arabia, Japan, Korea and South America is that you run into totally different attitudes toward teamwork, following rules, common protocols, languages, even what is important to males and females.”

White emphasizes that different cultures’ belief systems, community hierarchies, persistent taboos and gender relations are all critical to how they share information among themselves and with those outside their circles. At best, insensitive communication is inefficient; at worst, it can be alienating.

“These are very important, because each country adopts its own standards about how they will filter American advice and counsel. You have to have channels for understanding how best to communicate information, based on what value and styles of thinking are going to be embraced. So if I am going to conduct group meetings, put out newsletters or go through electronic access modes, what are the prescribed formats and etiquette for each one?”

For example, White points to the lingering effects of Shintoism on Japanese business culture. Physical objects and pictures are particularly important in communication and networking because everything is a tangible embodiment of meaning. “Picking up a business card in Japan, you would never just glance at it and toss it aside, because from Shintoism, you’re dealing with the soul and spirit of the individual.”

In particular, White says it is important to remember that almost every society outside of the United States has a more rigid
“There is a three-layer architecture at work in most societies. You have to deal with the upper strata according to one set of belief systems that prevails in that society with those who run the show. You are going to deal differently at the next level with the empowered managers, and at the third level, you are dealing with the people who are supplying the data, the information and the paperwork,” White explains. Dealing with Mexican businesses, for example, owners often don’t trouble themselves with details, but you have to socialize with them before they trust you to work with functional experts. In Mexico, the majority of business owners speak English, about half of the second-tier managers will, but very few do in the next layer down.

He gives another example from the other side of the world: “In South Korea, the Ph.D.s were putting together a process flow for an electronics company. But when they brought it back to their bosses, they would suppress decisions made by junior team members.”

**Lesson 4: Anticipate miscommunication in multicultural teams.**

Nowhere will these cultural differences be more apparent—or more valuable—than in work teams that draw from the entire organization. Hugh Leonard, a Los Angeles-based consultant writing a book on “cultural convergence” in multicultural teamwork cautions that there are both advantages and disadvantages to diversity in collaboration. It’s not just that people with different cultural backgrounds will have different approaches to the same problem, they might not even agree that there is a problem at all.

“Obviously they bring knowledge about markets in different countries. But when people talk about markets and marketing, about sales, about how to communicate new products, they tend to approach it from very different angles according to their cultural orientation,” Leonard says.

In fact, he says, the very definition of marketing differs between the United States and Japan. While here carried out by a professional marketing department, in Japan the function is more likely to be assigned to a team combining representatives from different departments. Frequently, marketing is done by engineers meeting engineers at the client organization to discuss the advantages of the new product.

“Multicultural teamwork is a two-edged sword. It can be very rich with different kinds of meaning and potential, or it can be very disconcerting and frustrating and confusing—even when using the same terminology—because people don’t accept that there are other perceptions and therefore other realities. So in a multinational team, you have to have people operating while intensely aware of their own cultural programming. Then, if you are listening to a Chinese talk about an issue or task, then a Frenchman, you begin to switch immediately to their perception of reality.”

But there is more to the anthropology of international management than just blending regional traditions. Those have to be balanced with the functional subcultures in a large enterprise, with the overall corporate culture that prevails throughout the organization and often with the various cultures at work in your clients’ companies.

**Lesson 5: Optimize your corporate culture for knowledge sharing by understanding and leveraging inherent values.**

“If you want a large, multinational knowledge management structure, you really have to look at how the culture is affecting what you do,” Martin Hall says. When two Scandinavian steamship lines merged to become the world’s largest provider of ocean-going vehicles and roll-on/roll-off transportation services, Hall’s Values Technology consulting firm was called in to study the organization, which operates in more than 160 countries with about 10,000 employees and another 10,000 contractors.

“Their expertise is managing a series of relationships. Picking up a BMW in Germany and getting it to the dealership in California involves as many as 300 discreet relationships. Each of these 300 pieces is a pocket of knowledge—such as a crane operator’s skill.” But Hall’s client wanted to do more than mechanize enterprise-wide systems by tying a procedures database to a process workflow. They wanted to examine each of those relationships, whether employees or contractors, to see how to give customers a consistent experience from end to end.

“They came to us for our cross-cultural tools because they felt those relationships could be managed better,” Hall says. Values Technology does this by examining values throughout the organization. “Values are the filter that puts information in context to become knowledge. In an organization, you will eventually value things in a common way with those you work with in order to get along with them. It’s a natural desire.”

Not that every employee will value everything the same. One might stay with the company to feed his family while another loves the work, but in a large company there will be 20 or 30 values of which most people have at least 10 in common. Document analysis, behavioral questions and other methods identify the common values.

For these two shipping companies, the common denominator was honesty. Historical analysis traced this to traditions of honor among sailors, and the importance of mutual dependence and trust.

“Now you can add attributes to your data that gives it a cultural flavor and see what kinds of values are represented by given actions,” Hall says. So it becomes obvious that vendors or contractors cannot bring into the culture the idea that it’s okay to fudge the truth.

“This is what I call values management; harnessing the values, not controlling them,” Hall says. “You can’t tell them they must have these values. You want to know what is in their culture that can support achieving your objectives. For example, if I want group behavior, maybe I should be rewarding groups rather than individuals.”

For instance, the line’s ships are crewed mostly by Irish and Filipino sailors. So Hall looked at what are high values in Filipino culture that can be used in training to support the line’s values. “In the Philippines, family is very important, so what can the company do, since you may be gone on the ship for nine months, to support the family orientation?”

In another case, Hall was engaged by Alcoa to improve the effectiveness of a worldwide safety campaign. At Alcoa, safety was the paramount value. But in Brazil, workers were not responding to the rigid safety codes and warnings. “We found that safety was a concept not really understood the way Americans think of safety. But human dignity—dignifying the human being—was very important. So we were able to reframe the concept of safety as respect for other human beings, by not letting them get hurt. It totally flipped things around from ‘follow the rules so no one gets hurt’ to ‘support other human beings.’ Then they could do safety initiatives.”
Lesson 6: It may be more important to be sensitive to corporate cultures than to ethnic cultures.

This becomes more important as the nature of the business moves away from manufacturing toward knowledge-based value creation. The way in which the knowledge is managed on a global scale becomes the hallmark of the company’s image and reputation.

“If you have a hamburger chain, the various steps to producing the hamburger can be unified everywhere. I suppose it’s easier to have a unified and consistent company, whether it is local or geographically spread out. You still have a machine producing the same standard product, even though there is lots of knowledge that goes into that type of business,” says Margareta Barchan, founder and CEO of Celemi, based in Malmo, Sweden. “But when you are a knowledge company, and you are spread geographically, it is even more important to manage the knowledge so that it is consistently received by clients, regardless of where we are in the world. Knowledge is what actually constitutes the company. You need to rely on the people. Since you can’t instruct them on every detail of what to do, it has to be driven by knowledge and values.

“It’s a way to glue the same fabric of values to the organization so you are branded uniquely wherever you are in the world. You rely on Celemi carrying out the same service wherever you are.”

By emphasizing the capture of the knowledge gained through each interaction of consultant and client, the value remains in the organization even if Celemi loses specific employees or clients.

“We build lots of standards inside the organization: templates, formulas, manuals. Even if these people leave, there is a ‘learning process design’ that remains our property,” Barchan explains. “That has been working well wherever we are, but using it has to be adapted locally to each market and each client. The tool can be the same, even if it is used differently in the United States, Japan or Sweden.”

Barchan has discovered other benefits, too, from having a unified way of managing knowledge. “In our case, we are very often serving global clients, and it is very good to have capture teams made up of Celemi people from different locations serving the same client. It develops competencies in individuals, gives us flexibility and creates a shared culture within our organization because people are going from one project to another.”

Lesson 7: Be sensitive to the different cultures of functional competencies within the corporation.

It all comes down to communication. And sometimes communication from one country to the next isn’t even as difficult as from one department to the next.

“Whether crossing geographic or national borders, or crossing borders of certain competencies in the firm (asset management versus insurance, for example), the problems start with the lack of a shared vocabulary, of a shared competitive landscape, of a shared view of how the business actually works,” says Patricia Seemann with the firm Group 21, who consults on intellectual capital and knowledge management issues to the board and chairman of Zurich Financial Services Group, in Switzerland. “The key purpose of knowledge management is to help people create that shared context.”

According to Seemann, Zurich describes itself as a multi-local firm, rather than multinational. Managing more than $415 billion in assets, Zurich has 300 strategic business units (SBUs) in more than 60 countries with “manufacturing units,” as they describe the teams that generate insurance and investment products in every country.

“We want to maintain our local adaptivity, accountability and responsibility—capital is allocated at SBU level. But on the other hand, we need to stop manufacturing everything in every country. We need to start managing competencies and capabilities on a global level. And how do we manage that tension? That’s the key challenge when it comes to managing knowledge at the firm.”

“I would say the anthropologists are our most important partners,” Seemann observes. “We use a lot of anthropological methods to look at how people really do their work and how that work functions in the customer context. That is critical to understanding how knowledge is created and shared and what gets in the way. It’s anything from cubicle walls that are too high to the way certain call center systems support knowledge or don’t.”

One of the cultural issues that comes up in Seemann’s practice goes directly to the question of how information is made available to others. “Knowledge management creates an enormous transparency in an organization. And depending on the culture, transparency is more or less welcome. That’s not a power question, it’s just the way people believe work should be done,” she explains. “If you are still in a culture that believes in mysteries, miracles and authorities, as it were, then the notion that everyone should have access to the same level of knowledge is less acceptable. Whereas, in the United States, Germanic countries and the Anglo-Saxon world we would say of course it should be transparent. Latin countries have more of a problem with that.”

Overall, Seemann says, the goal is to identify and manage intellectual assets with as much diligence as any other form of capital. At Zurich, there is human capital (people and their experience), structural capital, which stays when people go home at night (everything from buildings to technology systems to process definitions and org charts), and social capital (all the stuff in the firm that allows people to collaborate).

“What kind of intellectual capital is needed to support the strategic intent of the firm?” she asks. “How do we manage that in the same deliberate fashion as we do for financial capital?”

This article was originally published in the October 1999 issue of Knowledge Management magazine. Steve Barth was a founding editor at KMM from 1998 and before that, senior editor at World Trade magazine.