

〔論 説〕

Usage of Knowledge Received from the Japanese Headquarters - An Investigation Among Japanese Overseas Subsidiaries

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Abstract

Knowledge has without doubt become one of the most valuable resource of multinational corporations. Some authors even propose that knowledge is their only most enduring source of advantage. This challenges companies to manage knowledge effectively and to transfer it successfully from one member to another. This task is especially challenging for multinational corporations (MNCs), which are required to combine knowledge from company units in different locations. Knowledge needs to be localized, examined, and transferred to be re-used at another location within the organization. This implies overcoming geographical, cultural and lingual barriers. This paper investigates intercultural knowledge transfer within Japanese multinational corporations and their overseas subsidiaries. It discusses the antecedents that increase usage of knowledge received from Japan at the receiving company unit. An empirical investigation among 122 Japanese subsidiaries in Austria, Germany and Korea was conducted and revealed that personal attributes of the knowledge recipient are of great importance. His/her experience of living in a foreign country, low cultural distance towards Japan and a high level of Japanese language proficiency are the most influential factors on usage of intercultural knowledge transfer within Japanese multinational corporations.

Introduction and Research Motivation

Knowledge is widely recognised as a primary resource of organisations (Drucker, 1992). Some authors even propose that knowledge is a company's only enduring source of advantage in an increasingly competitive world (Birkinshaw, 2001). The problem and the challenge companies encounter is to manage it in an effective way to increase their competitive advantages. Knowledge management is therefore concerned with various aspects of creating, examining, distributing and implementing knowledge.

One of the major aspects of managing knowledge is to transfer it effectively between various members of the corporation. This paper therefore focusses on the transfer of knowledge between

company units of differing cultural backgrounds. Overcoming cultural barriers is especially important for MNCs, since most of their company units are geographically dispersed and differ in their national culture. Cultural differences are not easy to handle when it comes to knowledge transfer. Differing views on knowledge management may produce conflicting strategies and often lead to miscommunication between units. So far, cultural aspects in the transfer and communication of corporate knowledge are questions that have not yet been fully explored by scientific research (Gieskes, et al., 2002).

The focus of attention is the knowledge transfer within Japanese multinational corporations (MNCs), namely the knowledge transfer between the headquarters in Japan and their overseas subsidiaries in Germany, Austria and Korea. The purpose of this paper is to explore how cultural differences between the company units can influence knowledge transfer processes. Since the recipients in Japanese MNCs overseas are often Non-Japanese, we expect this fact to influence knowledge transfer between the headquarter located in Japan and its overseas subsidiaries. We argue that the usage of knowledge transfer within the MNC may be influenced by the knowledge recipients' personal intercultural experience, language skills and attitudes towards Japan and the Japanese headquarter.

The remainder of the article is organized as follows: The next section provides a review of the relevant literature on the relevance of knowledge in Japanese corporations and on theoretical findings on knowledge transfer. Next, antecedents of effective intercultural knowledge transfer are presented and summarized. Furthermore, the methodology applied in our experiments is described. Finally, the survey findings are furnished and implications arising from the results are discussed. The paper concludes with some directions for future research.

Receiving Knowledge from the Japanese Headquarter

In management science literature Japan is generally seen as a very unique country, which has developed an equally unique culture (Kranias, 2000). This viewpoint is also common in the discussion of Japanese knowledge management (Nonaka and Takeuchi, 1995). The Japanese approach to knowledge is strongly influenced by the Japanese philosophical tradition, which has itself been

strongly influenced by Chinese thinking, as well as Confucianism and Indian religious systems, notably Buddhism. At the root of Japanese philosophical thinking is the quest for oneness and harmony (Holden, 2002). One of the main aspects of this philosophical approach is communication without language, or according to Hall's culture concept "high-context communication" (Hall and Hall, 1990).

The tradition of communication without language which the Japanese call *isshin denshin*, has been strongly influenced by Zen Buddhism. This influence originated in China in the early Tang Period (AD 618-907) and has had major impact on tradition of thinking about communication; it is believed that the most important things cannot be communicated in language, that language is only useful for somewhat secondary and trivial messages (Scollon and Wong-Scollon, 1995). Japanese managers therefore put more emphasis on tacit knowledge (Takeuchi, 2001). A Japanese company requires employees to understand without being told exactly what to do. Business practise also relies more on tacit understanding, e.g. written contracts are kept simple or do not even exist in cases where a Western firm expects such articulation. Social situations have to be "read" with great precision. Tacitness and the talent for working with tacit knowledge are important (Hedlund and Nonaka, 1993). This strongly influences the way knowledge is perceived in Japanese management. People are spatially involved with each other, information flows freely. People are highly contexted and the emphasis is on stored rather than on transmitted information. Furthermore, channels are seldom overloaded because people stay in constant contact. Interpersonal contacts take precedence over everything else (Hall and Hall, 1990). Japanese firms use symbols, analogies and similar means to codify tacit knowledge. These types of codes represent a codification of the tacit knowledge only understood by them (Dutrénit, 2000).

Not surprisingly, collecting information without giving any away is considered the key to the strength of Japanese business. Information gathering is institutionalized within Japanese culture and Japanese business. Unlike Westerners, Japanese do not question or pass judgement on the usefulness of this information (March, 1990). Crossan and Inkpen (1995) refer in their work on learning in a Japanese-American alliance to an American manager who supports these impressions: "The Japanese people are not afraid to ask questions and they spend a lot of time doing that. There are always Japanese people visiting, both from Japanese parent divisions and from Japa-

nese parent world headquarters, and it is not always clear what they are here for. Sometimes they just observe, other times they ask a lot of questions” (Crossan and Inkpen, 1995). This attitude towards knowledge also influences the way it is managed within a company. Japanese knowledge management does not only consist of data or information that can be stored in the computer, it also involves emotions, values and hunches (Takeuchi, 2001). Japanese corporations practice group awareness building programs, such as singing the company song and performing exercises every day, along with quite rigorous introduction procedures that often require up to several months in which the new employees spend time together on group assignments or outdoor activities (Choi and Lee, 1997).

These findings imply that, Japanese employees and their Western counterparts do have a differing understanding of sharing knowledge with their colleagues and among partners (Inkpen, 1996). This suggests that knowledge management and accordingly knowledge transfer styles differ Japan and the countries Japanese subsidiaries are located in. Implementing knowledge received from Japan may be affected by these differences. Li (1999) showed that communication between individuals in high-context countries¹ (as Japan) and low-context countries (as Germany) differs significantly in the amount of information transferred. Within knowledge transfer relationships between members of differing cultures interlocutors communicated less information than between members of the same cultural background. He also showed that low-context/low-context communication relationships do not differ from high-context/high-context relationships in this term. These differences in the communication between high-context and low-context cultures lead to tremendous losses of relevant knowledge within the transfer process between these groups (Li, 1999). Richter (1995) reports that, due to cultural differences, many German foreign investors in Japan are very capable of accessing corporate knowledge located in their subsidiaries, but do not manage to transfer it back to Germany and implement it there successfully.

¹ Li (1999) refers to Hall’s concept of high-context and low-context countries.

Knowledge Transfer

The concept of knowledge transfer is difficult to capture, because there is no clear distinction between the transfer of knowledge and the creation of new knowledge (Bresman, et al., 1999). We usually refer to the 'transfer' of knowledge between two distant units of a MNC or between two different functional units at the headquarters, between a vendor and a customer, or even between countries. The use of 'transfer' implies an image of flow: knowledge 'flows' from its primary holder to the secondary holder (Doz and Santos, 1997). Knowledge flows and knowledge transfers are strategically important to organizations for several reasons. They transmit localised know-how, which is generated in one sub-unit to other locations in the organization. Knowledge transfers also facilitate the co-ordination of work flows linking multiple, geographically dispersed sub-units. Furthermore they can enable organizations to capitalise on business opportunities requiring the collaboration of several sub-units. Knowledge flows are also crucial to the orchestrated execution of unified strategic responses to moves of competitors, customers, and suppliers. Finally, knowledge flows enable the recognition and exploitation of economies of scale and scope (Schulz and Jobe, 2001). Knowledge flows or knowledge transfer refer to the transfer of either expertise or external market information of global relevance, but not to the transfer of internal administrative information (Gupta and Govindarajan, 1991). Some knowledge within MNCs is internally produced and other knowledge is strongly based on external knowledge inputs.

Knowledge management literature generally gives the impression that knowledge transfer happens between company units and that knowledge can be as easily transferred as products and commodities. But company units are social systems and consist of people who interact with each other. In fact the transfer of knowledge happens between individuals, it is a mainly human-to-human process (Shariq, 1999). Accordingly, people are the main players in it. They can share or conceal knowledge, they may want to know more and may want to learn. For knowledge transfer on a corporate as well as an individual level, there "has to be a voluntary action on behalf of the individual." (Dougherty, 1999; p.264). This paper is therefore based on the premise that knowledge transfer within MNCs is happening between individuals working for the same corporation.

The base of the knowledge transfer process is thus a simple communication model. The communication process transfers information from one individual to another. Two components of the communication are essential: The source (or sender) that sends the message, and a receiver to receive the message. Sending a message can be considered a communicative act by the sender, receiving a message a communicative act by the receiver. Communication refers to the whole process of communicating the message from sender to receiver and defines the exchange of information via messages (Axel and Prümper, 1997).

As the communication model only deals with human communication, it has to be extended to meet the needs of intra-organizational knowledge transfer. Knowledge transfer within MNCs does not only take place via oral communication, but by many other means. Knowledge can be coded via more abstract forms such as data, or less abstract forms such as people and objects. Still sender A has to think about the way knowledge is to be codified and starts the sending process. Receiver B receives the knowledge in its codified form, has to de-codify and implement it into his working environment after this.

The context in which the knowledge transfer process happens, can easily influence the effectiveness of final knowledge implementation. Sender A needs to know about Sender B's decoding context to make sure the knowledge sent is being decoded and interpreted correctly. This means that receiver B needs to send A some meaningful information about his context and A needs to share with B some elements of the own context (Doz and Santos, 1997). Consequently, the communication model has to integrate context factors also.

Intercultural Knowledge Transfer within Multinational Corporations

Doz and Santos (Doz and Santos, 1997) indicate that sender and receiver need to be informed about each others contexts and accordingly codify the knowledge they want to send. In reality this might not always be the case. Individuals in geographically dispersed units of an organization do not always know details about the context of the other's unit. National culture shapes people's actions and also their communication patterns. Culture can therefore be seen as an important context factor and a very influential aspect on the knowledge transfer process itself

and on the outcome of it.²

Regarding communication processes culture generally plays a very prominent role. Individuals willingly participate in knowledge transfer, if they share a sense of identity with their colleagues (Bresman, Birkinshaw and Nobel, 1999). They prefer to share information with similar persons. Consequently, communication between people that have the same background is generally more effective than communication with people that do not share a similar background (Dodd, 1997). Human communication implies that what is said by the speaker is not always received, comprehended, or retrieved by the listener. Thus, most miscommunication arises because of the differences in patterns of discourse (Scollon and Wong-Scollon, 1995). If individuals with differing cultural backgrounds communicate, there is a very big chance of misunderstanding due to their differences in communication patterns. This is not only true for communication aspects, but also for knowledge transfer issues. Culture influences people's and individuals' actions and consequently also creates the context for the managerial practices necessary to transfer knowledge. Cultural differences can so affect managerial activities in international business. Williams et al. (1998) come to the conclusion that cultural differences across countries affect the probability of cross-national business relationships. They may lead to misunderstanding and barriers in intercultural communication. Transfer processes can be hindered by a feeling of enstrangement when happening between individuals of differing cultural backgrounds. On top of this knowledge sharing in multinational corporation often happens between individuals that are located in geographically different places and therefore may not know each other personally. Cultural differences can so become impediments for knowledge transfer processes within MNCs.

The question arises whether the transfer of knowledge between company units located in Japan and overseas can work successfully. How can cultural and lingual barriers between knowledge sender and knowledge receiver be overcome? What influence factors do foster or inhibit the usage of transferred knowledge in the overseas subsidiaries? These questions are so far not investigated by management research, even though is a special need in studies addressing this field empirically is evident (Gieskes, Hyland and Magnusson, 2002).

² Knowledge transfer can certainly also be affected by various other factors like, the the attributes of knowledge itself (tacit or explicit, ambiguity), organizations sepcific influences (eg. knowledge sharing culture, organisational structure) or other factors like knowledge routines etc.

Usage of Intercultural Knowledge in the Overseas Subsidiary

Sustainable advantages of a company depend less on the fact to have the right and valuable information, but on the efficient use of this information (Porter, 1985). The usage of knowledge at the receiving company unit and its implementation in the local management activities are therefore the major goal of any knowledge transfer process. There is no consensus on the measurement of marketing knowledge usage in scientific literature. Still the majority of scholars agree upon the multidimensional nature of this concept. Moorman (1995) distinguishes between two different knowledge utilization processes: The conceptual utilization process and the instrumental utilization process. The conceptual usage of knowledge uses information to make a current problem understandable and clearer (Deshpande and Zaltman, 1982). The enactment of conceptual utilization processes often involves behaviours, the focus in these behaviours is on influencing the way organizations process information or their commitment to it, which are more cognitive and affective in nature and, therefore, more indirect in their influence on strategies as compared with instrumental utilization (Moorman, 1995). Instrumental usage of knowledge on the other hand refers to the direct application and implementation of the received knowledge to solve a particular problem (Deshpande and Zaltman, 1982). For example, in a marketing department these processes refer to the extent to which an organization directly applies marketing information to influence marketing strategy-related actions (Moorman, 1995).

Influence Factors on Usage

Since we assume that the knowledge transfer in corporations is mainly happening between individuals the presented variables focus on the knowledge recipient in the overseas subsidiary.

Cultural Openness

Cultural openness is a set of abilities and cultural knowledge, primarily based on past experience, which enables a person to engage in appropriate and meaningful interactions with people of divergent national and organizational cultures. People who develop a cultural openness also improve the overall cultural interaction (i.e. national culture adjustments over time due to the intercultural communication between relationship partners) (Griffith and Harvey, 2001). When adapt-

ing to new situations and their requirements, human beings have always found ways to deal with differences. Results are mutually beneficial, demonstrating the fact that change and adjustment are happening (Casrnir, 1999). Enhanced cultural openness helps to develop a basic insight into communications patterns (i.e. skills necessary for intercultural communication). Thus, cultural openness leads to a more interactive communication between individuals from different cultural backgrounds and to higher communication competence. Cultural openness of the sender therefore strongly influences the fluency of cross-cultural communication as well as the success of knowledge transfer. Communication takes place via a more explicit and procedural ways to avoid uncertainties experienced before, which allows knowledge received to be interpreted more easily and to be integrated into local management activities to a higher degree.

H 1: A high degree of cultural openness of the knowledge receiver will be positively associated with the usage of knowledge received from the Japanese headquarters

International Experience

Communication of two organizational units can be influenced by the degree of consistency of core elements among the national cultures of its members (Fox, 1997; Li, 1999). The knowledge recipient needs to be aware of the context of the knowledge sender. The more each party understands the other's situation, perspectives, and culture, the easier it is to use symbols that will be codified and de-codified in a similar way (Thomas, 2002). Once individuals come into prolonged contact with individuals from other cultures in a shared environment, the "other" as well as the related concepts of difference and change comes to foreground of any individuals perception (Casrnir, 1999) and can improve the flow of intercultural communication. Experiences of having lived in a foreign country and interacting with individuals of a different nationality and lifestyle can improve intercultural skills. Improving intercultural skills mainly takes place via experiencing intercultural communication challenges and conflicts. The higher the experience in intercultural communication the higher the knowledge of possible misunderstandings and possible solutions. Since individual cross-cultural communication is the base for knowledge transfer, we assume that intercultural knowledge transfer is also positively influenced by a high degree of international experience.

H 2: A high degree of experience of having live in a foreign country by the knowledge receiver will be positively associated with the usage of knowledge received from the Japanese headquar-

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Perceived Cultural Distance

The concept of cultural distance is trying to measure the extent to which different cultures are similar or different from each other and has been applied to a multitude of research questions especially in the area of foreign direct investment (Shenkar, 2001). Concerning companies it shows the degree to which the norms and the values of two firms differ because of their separate national characteristics. The degree of cultural distance is considered one of the major obstacles in successful performance in cross-cultural business relationships (Williams, Han and Qualls, 1998). Not surprisingly, one of the main assumptions, concerning MNCs, is, that the higher the cultural distance between cultures, the worse the performance of foreign subsidiaries (Shenkar, 2001).

Cultural distance can be defined on a country and corporate level (Makino and Beamish, 1998). In this paper the construct of cultural distance refers to perceived cultural distance by the individual (sender) involved in the knowledge transfer process. The intercultural communication process between these interactors is strongly influenced and complicated by the cultural distance (i.e. the cultural novelty) between partners (Griffith and Harvey, 2001). The reason for this is that communication competencies do vary by cultural distance and develop differently based on a person's level and frequency of past interactions, the past success of intercultural communications, and the level of internationalization (Kim, 1988). The greater the cultural distance between people who are attempting to communicate effectively and thus the less consistent the communication environment, the less likely there will be sufficient social bonding among individuals to facilitate effective communication (Griffith and Harvey, 2001). When it comes to knowledge transfer, cultural distance matters, because it raises barriers for understanding other members of the corporation (Simonin, 1999). Johanson and Vahlen (1997) define cultural distance as the result of culture-based factors that impede the flow of information between the firm and its partners (Johanson and Vahlen, 1977).

H 3: A low perceived cultural difference towards Japan will be positively associated with the usage of knowledge received from the Japanese headquarters

Language Ability

One obvious consideration in cross-cultural knowledge transfer is language as an instrument being used by the partners communicating. Despite this, the aspect of language is a neglected factor in prior research on multinational corporations (Marschan-Piekkari, et al., 1999). Language ability refers to the ability to speak, read, listen and understand another culture's language and allows verbal messages to be communicated (Li, 1999). Language is man's most important tool of communication and an instrument for transferring cognitive, affective and conative information (Rosengren, 2000). This implies the sender and receiver own a certain language ability to do so. It reflects the ability to interact and empathize with members of other cultures and, if necessary, resolve occurring communication problems.

Speaking of knowledge transfer the language abilities of both, the individual in the subsidiary and the individual in the headquarter generally have to be satisfactory, because a lack of language ability may make even well codified knowledge inaccessible (Simonin, 1999). Knowledge transfer in a surrounding, which implies a common language, increases the probability of understanding, but also the shared fund of knowledge and a shared system of meanings (Doz and Santos, 1997). When no shared language is available or language skills at subsidiary level are very poor these units may consciously try to avoid or resist the headquarters' efforts to control by "hiding behind the language" or passively adopt patterns of non-cofirmative behaviour (Björkman and Marschan-Piekkari, 2002). Simonin (1999) refers to language differences as a factor increasing cultural distance, and Richter (1996) showed, that if subsidiaries' employees lacked a satisfying level of English or any other appropriate language to communicate with the headquarter, the company was not able to gain learning successes by communicating with the headquarter and thus gaining new knowledge. The language ability of the knowledge sender may also influence the way knowledge is transferred. The higher the language ability of the sender the more likely he will prefer to interact verbally and to talk directly to his/her counterpart. If the language ability is limited, the sender or receiver prefers to communicate via means that reduce the possibilities of misunderstandings. In any event, language abilities of both, sender and receiver of knowledge within the MNC have to be satisfactory to guarantee knowledge transfer without losses.

English Language Skills

Speaking English is often regarded a prerequisite for employees in a MNC. English can easily be considered "the world language". English is being routinely used in about 75 countries. This leads to the fact that about two billion people, or a third of the world's population is exposed to English in their daily life (Crystal, 1997 in Kameda, 2000). Westerners from English-speaking nations have in general felt little need to develop abilities in other languages, since English is considered the de facto international language (Melville, 1999) and organizations generally assume that the language factor can be overcome "because most people do speak some English anyway". Not surprisingly, English is mostly prescribed as a common language within many multinational companies in Europe (Kameda, 2000). We can therefore assume that also in Japanese MNCs English is mostly used to communicate with European and other overseas subsidiaries. Accordingly, good English skills may positively influence the transfer of knowledge within the Japanese multinational corporation.

H 4: A high proficiency in English language will be positively associated with the usage of knowledge received from the Japanese headquarters

Japanese Language Skills

But communication within Japanese multinational corporations naturally not only happens in English but also in Japanese. It might be very possible that members of big Japanese organizations have received English language training over many years and therefore are able to communicate with their foreign colleagues. Still this is not always the case. English language skills of Japanese managers might therefore often not be very satisfying when communicating with foreigners. Often an interpreter is used for important meetings because many Japanese lack confidence in their language ability and are embarrassed about their English (Melville, 1999). Hayashi (2003) argues that Japanese managers have insufficient grammatical and social competencies in English. Richter (1995) reports of a case where no one member of the Japanese subsidiary of a German multinational could speak English or German well enough to communicate with the headquarters.

In any event, Japanese business people prefer using Japanese when discussing business issues. Some of them, who have spent a longer period overseas, might be proud of showing their language ability and enjoy using English, but this is considered an exception. In all cases the lan-

guage is considered the crucial aspect in communicating within the subsidiary and in communicating with overseas departments (Haghirian, 2003). We can therefore conclude that the interaction and knowledge transfer between oversease subsidiaries with their Japanese headquarters will be improved if local knowledge recipients show a high proficiency of Japanese language.

H 5: A high proficiency in Japanese language will be positively associated with the usage of knowledge received from the Japanese headquarters

Methodology

The study presented was conducted in autumn 2002 in Austria, Germany and Korea. The sample presented in this paper is based on a research project investigating knowledge transfer within German and Japanese MNCs. It consists of 122 Japanese subsidiaries in Germany, Austria and Korea, which are directly communicating with their Japanese headquarters. All interviewees were addressed with a standardized questionnaire in their mother tongue. The following table gives an overview of the sample.

Table 1 : Overview on Sample

Subsidiary in	Nationality of Interviewee					Total
	German	Austrian	Japanese	Korean	Other	
Germany	28	4	7			39
Austria	6	36			4	46
Korea			5	32		37
Total	34	40	12	32	4	122

The following pie chart gives an overview on the industries in which the companies examined are involved (Figure 1).

Apart from the items investigating the language abilities of the interviewees, all measures were assessed via a 5-point-Likert-type scale ranging from "strongly agree" to "strongly disagree". The scales were reverse-coded where appropriate.

Results and Discussion

Table 2 shows the the correlations between the factors hypothesized to impact usage of inter-cultural knowledge transfer from Japan, respectively.

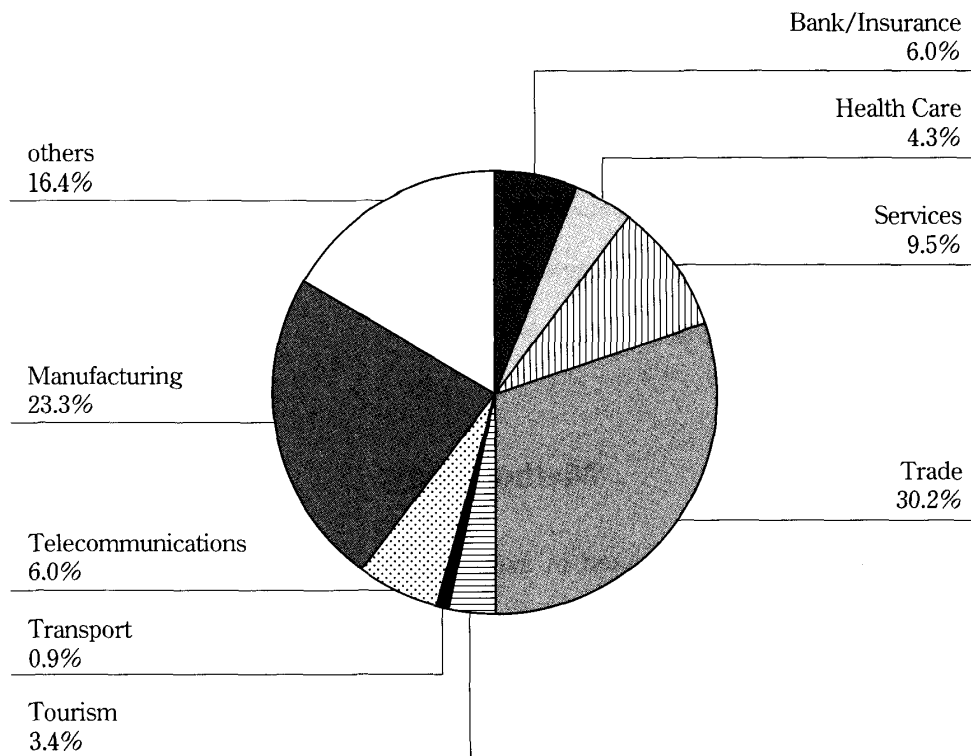


Figure 1 : Industries of Investigated Companies

Table 2 : Correlations

	Usage	Cultural Openness	Experience of Living in a Foreign Country	Cultural distance towards Japan	Language Skills English	Language Skills Japanese
Usage	1					
Cultural Openness	0,11	1				
Experience of Living in a Foreign Country	-0,26*	-0,02	1			
Cultural distance towards Japan	-0,27*	0,11	-0,34**	1		
Language Skills English	-0,13	0,21*	-0,10	-0,17	1	
Language Skills Japanese	0,31**	0,16	0,20*	0,27**	-0,14	1

Hypothesis 1 predicts that cultural openness of the knowledge receiver in the overseas unit will be positively correlated to the usage of intercultural knowledge transfer. This hypothesis could not be supported. Cultural openness does not influence the usage of knowledge received. This is quite surprising, since a mindset that favours no change in local activities is supposed to influence knowledge transfer processes in a negative way (Crossan and Inkpen, 1995). It may result in an ingrained attitude of "this is how we do it here" and may therefore be a barrier for the

usage (Gieskes, Hyland and Magnusson, 2002). In any event, before the significant impact of this variable can be dismissed in general, more research on the issue would be warranted.

Hypothesis 2 deals with the foreign experience of the knowledge receiver, and could not be supported either. The results of the analysis show, that the experience of the knowledge receiver shows a negative influence on usage of the knowledge received. The results show that the higher the experience abroad, the lower the usage of knowledge received from Japan. Knowledge receivers need to know the sender's context to interpret knowledge correctly and integrate it into their daily activities and routines. It seems clear that receivers who have spent a large while abroad are therefore more capable of understanding knowledge from overseas better and use it more intensely.

This results are quite surprising. But within Japanese MNCs the usage of knowledge received from a Tokyo headquarters can heavily on the interpretation of tacit meanings and the context surrounding the knowledge message itself. It does not necessarily mean that recipients who have stayed abroad or in Japan for a longer while are more experienced in understanding, because they are more experienced in interpreting these often invisible contextual factors. The data also shows that interviewees with long experience of living in a foreign country, have very good Japanese skills. But understanding Japanese and having lived in Japan may even increase the perceived cultural distance of the knowledge receiver.

Hypothesis 3 deals with perceived cultural distance of the knowledge receiver and its influence on knowledge usage. Perceived cultural distance shows a significant influence on the usage of the knowledge received. We can therefore conclude, that the attitude towards Japan and the Japanese headquarters play a crucial role within the subsidiary. These results are supported by the work of Hamada (1996), who showed that the a perceived cultural barrier of Americans when communicating with Japanese colleagues can create problems in transmitting informal information. Even if Hamada only refers of personal interaction within one single company, we can conclude that cultural barriers when communicating knowledge between units in Japan and Europe may be even perceived as higher and therefore hinder knowledge transfer even more. Crossan and Inkpen (1995) point out that cultural differences inhibit knowledge sharing. Interactors perceive

each other as very different from each other and do not intent to learn from each other or to exchange information. They refer to too great differences between the knowledge exchange partners as one of the main obstacle to organizational learning.

Hypothesis 4 indicates that a high level of English language proficiency will be positively related to the effectiveness of intercultural knowledge transfer. This hypothesis could not be supported, which may explain, why knowledge management literature so far does not suggest that language may be an obstacle when transferring knowledge.

Surprisingly, the results of hypothesis 5 show that the ability to speak the headquarters' language influences the usage of the knowledge received significantly. The better the Japanese skills the higher the usage of the knowledge received. Speaking Japanese naturally implies an interest in Japanese culture and language. Japanese language can not be compared to any Western language. It takes a minimum of two or three years of intensive study to master this language at a conversation level. In Japanese language reading and writing systems are separate, and there are "few Westerners who have systematically learned both-realistically, doing so requires a university-level intensity of study" (Melville, 1999). Knowledge recipients who speak Japanese at a satisfying level has less problems reading and understanding knowledge from Japan. It is therefore easy to implement.

Conclusion

This paper set out to investigate knowledge transfer between Japanese company units and their overseas subsidiaries. Its premise is the assumption that knowledge transfer mainly happens between individuals within headquarters and subsidiaries and not between company units themselves, as cognitive oriented management literature suggests. In MNCs knowledge transfer takes place via the interaction of an international workforce and is often overcoming long geographical distances. Knowledge sender and receiver may have differing cultural backgrounds and not speak each others language. These facts may hinder or inhibit effective knowledge transfer within the dispersed company units within an MNC.

Regarding the results of the investigation we can see, that the knowledge receivers attitude towards Japan as a country and his or her interest in Japan's culture and language strongly influence the usage of the intercultural knowledge transfer process. The attitudes, strategies perceptions of knowledge recipients and their influences on knowledge transfer and sharing processes are a topic not yet investigated in management research.

On issues of further research, the paper offers at least three potential research avenues. First, the detailed process of transferring knowledge between company units of differing cultural background should be investigated in greater detail. To explore this issue further more qualitative research may be adequate. A major point of interest are should be given to the role of the knowledge recipient. Secondly, the aspect of perceived cultural difference of knowledge sender and receivers are another interesting point of future investigation. Finally, the issue of language in intercultural knowledge transfer needs to be revisited.

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