

## *The Governance of Knowledge Sharing in MNCs – Does Institutional Context Matter?*

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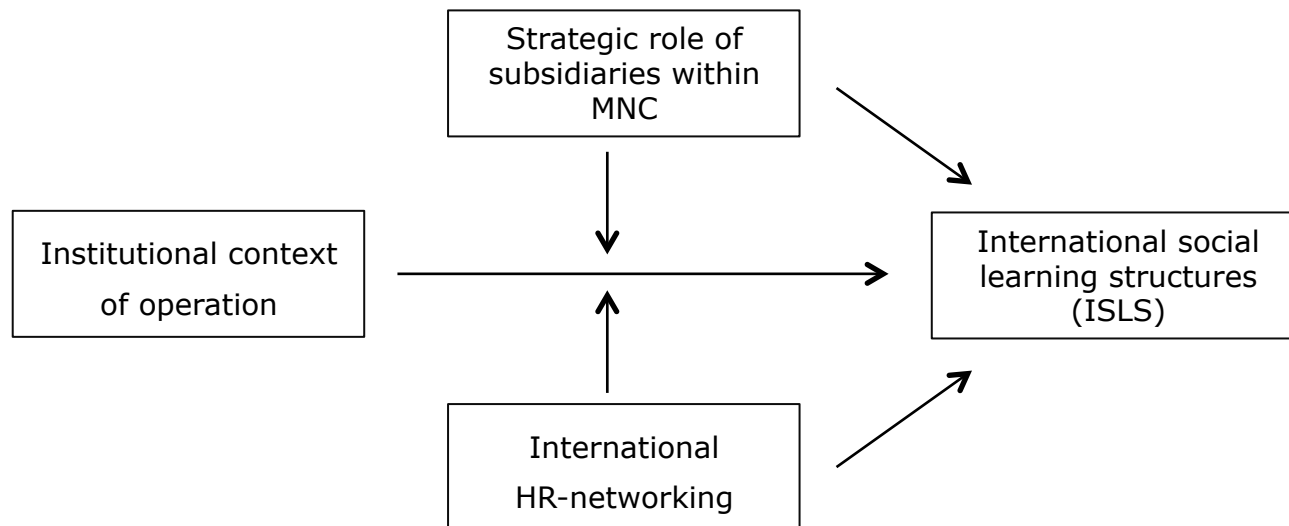
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## Main research questions and model

How MNCs internationally utilize mechanisms for socialization and networking in order to facilitate knowledge sharing and organizational learning between managers

**(international social learning structures (ISLS)):**

- A. Does the institutional context of operation influence the utilization of ISLS?
- B. In what degree do organizational factors influence the use of ISLS?



## **Brief background**

- Lack of empirical investigation on organizational learning and mechanisms for knowledge sharing across multiple countries/ institutional contexts, specifically related to IHRM  
(Tregaskis et. al, 2010; Mcdonnel et. al, 2010)
- Lack of understanding on how institutional context of operation influences MNCs - the majority of research on IHRM and institutional context concentrate on country-of-origin effects and parent company influences  
(Björkman, 2006)
- Need to better understand the interaction between institutional factors and organization-level factors  
(Björkman & Lervik, 2007; Gooderham & Nordhaug, 2010)

## International social learning structures (ISLS)

**“a set of cross-national organizational structures based on social interaction that support knowledge sharing and learning across the units in the MNC”**

**(based on Tregaskis et al. (2010:473)).**

- Expatriate assignments
- International project groups or task forces
- International formal committees
- International informal networks
- Secondments to external organizations internationally (e.g. suppliers, customers, universities, private R&D facilities)

Number of ISLS utilized, 0-5

## **Institutional context**

- Varieties of Capitalism - Hall & Soskice (2001)
  - Liberal Market Economies (LME)
  - Coordinated Market Economies (CME)
  - Mixed Market Economies (MME)
  
- Categorization based on Hall & Gingerich (2009)
  - LME – Ireland, UK
  - CME – Denmark, Norway
  - MME – Spain
  
- Varieties of Capitalism (VOC) or national institutional contexts?
  
- Argumentation for the utilization of ISLS and whether this should differ between institutional contexts based on VOC?

## Institutional context

- Skill and innovation systems
  - Incremental versus radical innovations
  - Firm-specific versus general skills  
(high versus low employment protection)
- CME based companies will have more use of intra-organizational learning mechanisms because they are more dependent on firm specific skills promoted through intra-organizational learning networks.
- CME based companies are more dependent on their home institutional context, and therefore less likely to share knowledge and learning within the MNC. LME based companies depend more on radical innovations demanding more rapid knowledge sharing and learning across national borders within the MNC.

Hypothesis 1a:

Companies operating in LME countries will tend to utilize a higher number of ISLS than companies operating in CME or MME countries.

## Institutional context

Hypothesis 1b:

Indigenous companies from LMEs have a higher utilization of ISLS compared to indigenous companies from CMEs and MMEs.

Hypothesis 1c:

Company units with LME as institutional origin will tend to use a higher number of ISLS across institutional contexts, if compared with units with CME and MME as institutional origin.

→ Interaction between institutional context and firm-level factors. Not possible to separate HRM policies and practices from institutional context and the interplay with firm-level factors (Nordhaug & Gooderham, 2010; Björkman & Lervik, 2007)

## Organizational factors

### Strategic role

Hypothesis 2a:

*The degree of **autonomy** of subsidiaries within the MNC will negatively influence the utilization of ISLS.*

Hypothesis 2b:

*The unit's degree of **interdependency** with other units in the MNC will positively influence the utilization of ISLS.*

Hypothesis 2c:

*The degree of strategic importance of the subsidiaries within the MNC in terms of **knowledge resources (R&D)** will positively influence the utilization of ISLS.*



## Organizational factors

### International HR networking

Hypothesis 3a:

*The more **integrated global HR network** in the MNC, the more extensive is the utilization of ISLS.*

Hypothesis 3b:

*MNCs with a **body which develops HR policies** that apply across countries will have a higher utilization of ISLS.*

## **Institutional context and organizational factors**

- HRM policies and practices are products of both the institutional context and business strategy.
- The importance of business strategy varies between LME and CME contexts.
  - CME context – institutional level factors high importance in explaining HR strategy.
  - LME context - institutional environment will have minimal influence and the business strategy high importance in forming HRM strategy (more autonomy).

(Gooderham & Nordhaug, 2010)

Hypothesis 4:

*Organizational factors will have a stronger influence on the utilization of ISLS in MNCs operating in LMEs than MNCs operating in CMEs or MMEs.*

## Methodology

Country	Indigenous owned	Foreign owned	Total	Method
Ireland	47/ ? (?%)	213/ ? (?%)	260/517 (50.3 %)	Face-to-face
Denmark	30/115 (26%)	81/311 (26%)	111/426 (26%)	Online survey
Norway	31/73 (42%)	45/217 (21%)	76/290 (26%)	Online survey
Spain	83/ ? (?%)	247/ ? (?%)	330/1085 (30.4%)	Face-to-face
UK	44/ ? (?%)	258/ ? (?%)	302/2148 (14.1%)	Face-to-face
<b>Total</b>	235	844	1079/4466 (24.7%)	

- Preliminary analysis using Hierarchical multiple regression analysis (OLS)

## Preliminary results

