Managing Knowledge Across Geographical Boundaries: The Case of a Multinational Firms

Jean-Michel Quentier
ESC-Bretagne Brest (Brittany School of Management)

EXECUTIVE SUMMARY

While scholars regard MNEs as superior to markets due to their ability to effectively manage knowledge across geographical boundaries, how they accomplish this has not been examined. We develop and test a model that highlights the role of organizational incentives in influencing employees to search for and employ geographically distant knowledge. Data from 166 knowledge-based MNE projects indicate that outcome-related incentives motivate employees to search outside their geographical comfort zone, which in turn enhances project performance. Moreover, more codified distant knowledge, while easier to obtain and interpret, is seen to be much less effective in this regard than tacit knowledge.

Keywords: Knowledge governance mechanisms; Global and local knowledge; Learning