

THE IMPACT OF BUREAUCRATIC CULTURE ON MARKETING KNOWLEDGE TRANSFER WITHIN INTERNATIONAL JOINT VENTURES

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1. INTRODUCTION

International Joint Venture is a form of international strategic alliance that brings together two or more firms, especially between firms from developed and developing countries, to engage in a joint activity, to which each member contributes resources and hopes to gain higher value of the resources (Iris & Henry, 2002). IJV has also been suggested as a vehicle to provide opportunities for each partner to gain access to existing knowledge and develop new knowledge (Paul & Iris, 2003). While the numbers of IJVs are increasing, the understanding of how to achieve high performance through international partnership is still limited (Destan et al, 2005).

In a study, Hauke (2006) has pointed different factors that impact knowledge transfer, in which organizational culture is the critical factor. Organizational culture plays a very important role in achieving success in international business strategic alliance. It may positively influence by stimulating communication and cooperation between employees and business partners. In contrast, it may negatively impact knowledge transfer; reduce the competitive advantage of enterprises (Hauke, 2006). That is why people should be aware the role of culture in knowledge acquisition in enterprises.

Organizational culture is a broad concept which has many dimensions. The purpose of this article is to link knowledge acquisition to the theory of bureaucratic culture, considering the impact of bureaucratic culture on marketing knowledge transfer within IJVs.

The rest of the article is organized as follows: firstly, it presents literature. Then a conceptual framework is developed. Finally, the conclusion and managerial implications of the research are drawn out.

2. LITERATURE REVIEW

2.1. Knowledge

In an organization context, knowledge has been considered as one of the factors of micro-competitiveness which can be characterized as the ability to raise productivity and develop new products and market in terms of more fierce completion (Hauke, 2006). Knowledge is defined as a mixture of experience, value, contextual information and expert insight that enables evaluation and absorption of new experiences and information (Davenport & Prusak, 1998).

2.2. Knowledge management

Knowledge management is the process of creating value from the intangible assets of an enterprise. It deals with how best to leverage knowledge internally in the enterprise and external to customers and stakeholders (Konstantinos et al., 2005). Moreover; according to James (2003), knowledge management (KM) is not really about the management of knowledge. It concerns to all the activities that relates to the establishment of appropriate policy, technical managerial and cultural infrastructure, in which knowledge can be more effectively created, shared and used. There are two main types of knowledge, namely tacit and explicit. According to Nanaka, as cited by Stenen (2005), tacit knowledge is knowledge that is internal to a person such as cognitive learning, mental models and technical skills. Explicit knowledge is knowledge that has encoded into media external to a person including paper documents, electronic database.

2.3. Knowledge acquisition in IJVs, the critical analysis

When introducing a framework for knowledge acquisition in JV, Tiemessen, as cited by Le (2004), did not mention knowledge acquisition at individual or group level within IJVs (Figure 1). The network perspective of IJVs provides an understanding of how knowledge can move between partners and the IJV. Knowledge transfer is determined as the first phase of the knowledge acquisition process: transfer, transformation and harvesting.

In fact, since IJV network shows multiple relationships and flows of resources, knowledge transfer is also occurring at individual, group, product line or department within JV (Linda & Paul, 2000) when experience in one unit affects another unit. For example, one manufacturing team may learn how to better assemble from another within the same JV. Knowledge being transferred is embedded in the practices, routines, technologies, and individuals that permit the implementation of new techniques designed to improve performance (Leyland, 2006).

According to the framework of McGrath and Argote, as cited by Linda and Paulin (2000), knowledge in organization is embedded in three basic elements: members, tools and tasks and various subnetworks that formed by combining or crossing the basic elements.

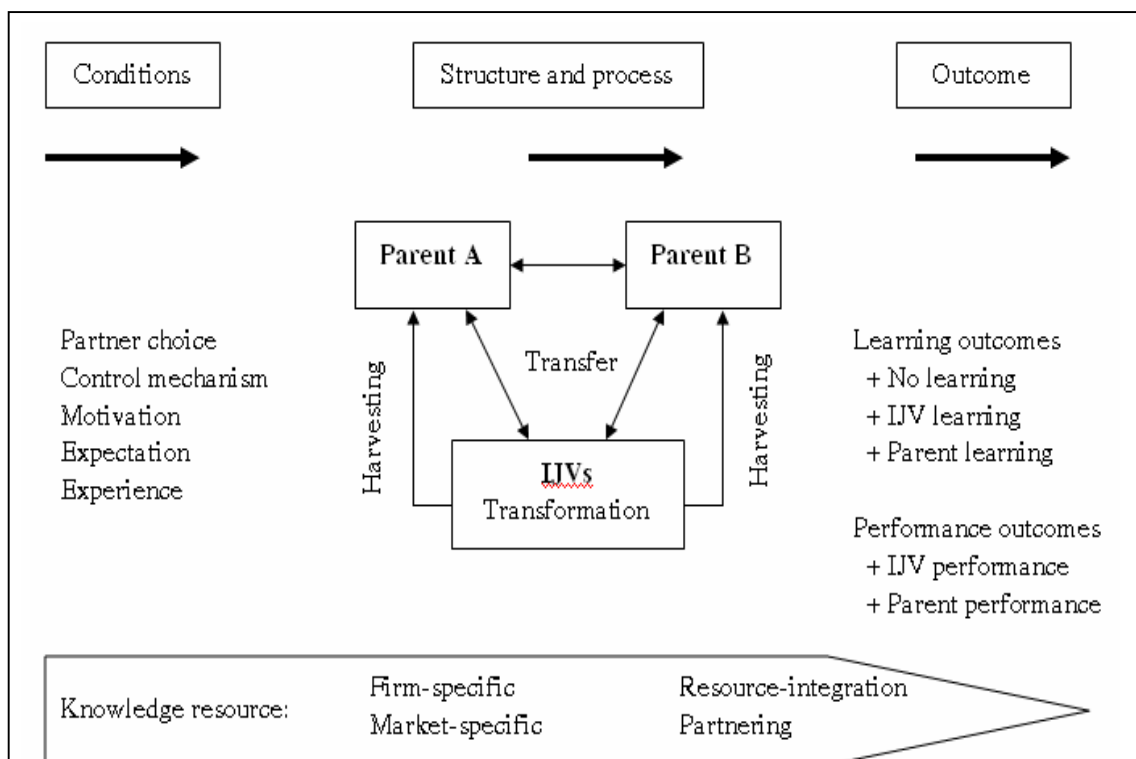
In the IJVs context, knowledge transfer manifests itself through change in knowledge or performance of local partners. Thus knowledge transfer can be measured by change in knowledge or change in performance (Linda & Paul, 2000).

2.3. Organizational culture and knowledge activities

IJVs are characterized by the presence of at least two cultures that interact together in order to form a new culture. Success of a JV relies on the creation of a coherent and unitary culture that combines elements of both (Carlos, 2005). Although growing popularly, IJVs have proven difficult to manage in which the different of culture between partners within IJVs has significantly contributed to such difficulties. The basis for the attribution is that cultural differences are associated with increased difficulties in communication and coordination; areas that are essential for cooperation between the parties. (Jeffrey et al, 2007).

It is often argued that the performance of organization is dependent on the degree to which values of culture are widely shared (Knapp, 1998). According to Krefting, as cited by Lai (2007) and his colleges, organizational culture may create competitive advantage by defining the boundaries of organization in a manner that facilitates individual interaction by limiting the scope of information processing to appropriate level.

Culture is a basic building block to knowledge activities. Creating a knowledge friendly



culture is a very difficult task, but it should be, because it is one of the most crucial factors of success for knowledge activities (Lam, 2005).

Figure 1. Knowledge management in JV, Tiemessen et al., asited by Le (2004)

2.4. Bureaucratic culture

The theory of organization presents three types of organization: bureaucratic organization, performance-based organization and learning organization (Appelbaum & Reichart, 1997). There are different cultures corresponding to different types of organizations, namely: bureaucratic culture, performance-based culture and organizational learning culture. Bureaucracy and bureaucratic culture was first observed and written by Max Webber (1864-1920) which was developed in Germany in the late of 19th century. He considered bureaucracy as the ideal type of such formal organizations which are efficient, rational and honest. Moreover, according to Jarvis (2003), bureaucratic culture has the great capacity to be elegant, to work slickly, to empower and let them operate in coordinate way.

However; according to Jain (2004), bureaucratic culture is synonymous corruption, inefficiency, concentrate of power, misuse of power, poor decision-making, low creativity and managerial frustration.

There are numbers of characteristics of bureaucratic culture (Claver et al , 1999):

- **Hierarchy:** delimited jurisdictions and resources are assigned from the top to offices.
- The management style is **authoritarian**, so there is high degree of control.
- The decision-making is repetitive and **centralized**.
- **Individuals search for stability**, therefore it is oriented towards **obeying orders**.
- There is **little communication**.
- **High degree of conformity**.
- There is **reluctance to change**.

In the scope of this research, it is examined how the last three characteristics impact on marketing knowledge transfer within IJVs: Little communication, High degree of conformity, Reluctance to change (Figure 2).

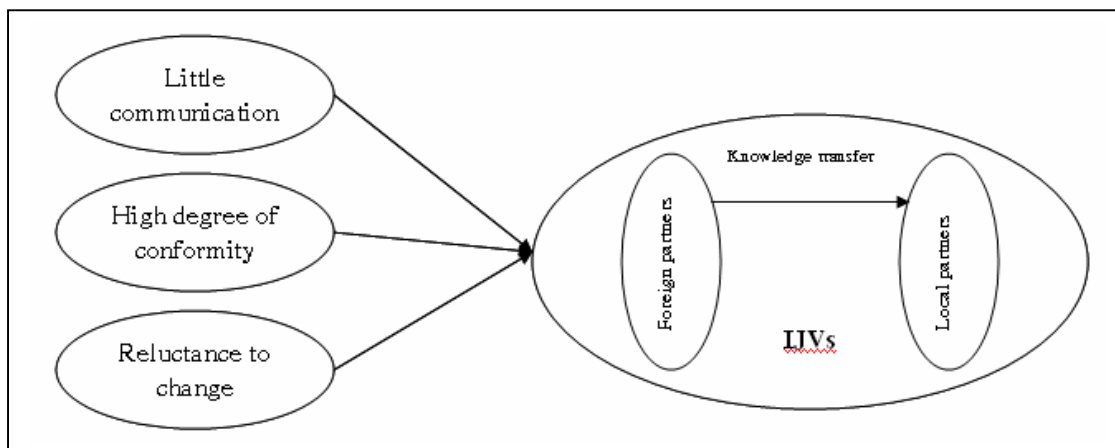


Figure 2. The conceptual framework shows the impact of Bureaucratic culture on marketing knowledge transfer within IJVs

Little communication: In the past, some scholars have argued against the positive effects of intra-communication. There are a number reasons for this conclusion such as decreased productivity level and member distraction. In recent knowledge transfer study; however, the important of communication in the process of knowledge transfer between intra-firm units such as new product development teams as well as inter-firm alliance partners has been theoretically argued and empirically researched (Joshi et al, 2007). Nonaka (1994) believed that the transfer of organizational knowledge occurs through processes of conversation and assimilation, including conversation from tacit to formal (and vice versa) and the transfer from individual to collective (and vice versa). Moreover, according to Swee (2002), if the communication between the knowledge recipients and the source of knowledge is difficult, the knowledge transfer is less likely to occur.

Borrowing the idea from Leenders, as cited by Joshi (2007), the frequency of intra-team communication is critical to knowledge transfer and creativity among new product development team members. Communication leads to socialization which nurtures relationships important for team-orientated values, collaboration, cooperation and participative decision making. More than that; by building on the knowledge of various team members, teams facilitate the exchange and internalization of knowledge and insight (Joshi et al, 2007).

High degree of conformity: it is not always valued because it may block and limit the capacity of people or parts of JV to respond quickly to events that have not been programmed into the organization systems of policies, procedures and rules (Jarvis, 2003).

Reluctance to change: Bureaucratic culture rewards safe, riskfree and its tendency is to limit creativeness, outward-looking and innovative approach. According to Rechard and Alina (2006), creativity theory suggests that knowledge activities is improved by breaking a way the premises. Moreover, a study from Takashi (1998) shows that reluctance to change prevents a team from reaching a better concept.

The question for research is rising here: to what extent do these factors influence marketing knowledge transfer within IJVs?

The model should be tested by the empirical research, in which it is going to assess and refine the measurement scales.

3. CONCLUSION

3.1. Overview

When all is said and done, the bureaucratic culture has been reviewed as the factor that significantly impacts on marketing knowledge transfer within IJVs between foreign partner and local partner. To achieve the purpose, the current research has been lasted several stages: literature review, critical analysis, conceptual framework proposed.

3.2. Theoretical contribution

The current research is among the attempts to link the acquisition knowledge to the theory of bureaucratic culture in IJVs.

3.3. Managerial contribution

Understanding the role as well as the process of the impact of bureaucratic culture on marketing knowledge transfer will help manager to develop and to implement knowledge activities in IJVs efficiently and effectively.

3.4. Further research

The current research just mentions on the impact of bureaucratic culture on the first phase: knowledge transfer, of marketing knowledge acquisition in IJVs. It can be taken the further

research on the impact of bureaucratic culture on marketing knowledge transformation and knowledge harvesting.

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