



## Journal of Knowledge Management

Managerial practices and operative directions of knowledge management within inter-firm networks: a global view

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### Article information:

To cite this document:

Manlio Del Giudice Vincenzo Maggioni, (2014), "Managerial practices and operative directions of knowledge management within inter-firm networks: a global view", Journal of Knowledge Management, Vol. 18 Iss 5 pp. 841 - 846

Permanent link to this document:

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# Managerial practices and operative directions of knowledge management within inter-firm networks: a global view

Manlio Del Giudice and Vincenzo Maggioni



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## Abstract

**Purpose** – The purpose of this special issue is to cover a substantial range of approach to knowledge management penetrating inquiry that goes beyond intra-organizational learning processes to include inter-organizational perspectives.

**Design/methodology/approach** – As pointed out by the literature on various aspects of the knowledge processes within and between organizations, the work has been organized coherently with two “strains” of topics: the first one focused on managerial practices and operative directions of knowledge management, the other one pointed out on applications of knowledge management to inter-firm networks. Qualitative as well quantitative papers have been welcomed.

**Findings** – Opening up the idea of pluralism as a driving force in the knowledge economy pushes the organizations in a permanent cumulative process of adaptation and re-creation through innovative means of social interaction in global environments.

**Research limitations/implications** – The dynamic nature of the field is reflected in the fact that this project expanded to encompass emerging works on knowledge models and concepts that grew from conversations within the network.

**Originality/value** – This special issue aims to extend the current understanding on how diversity of approaches enhances the process of discovery: the authors convey the sense of where the stimulating challenges lie.

**Keywords** Knowledge management, Inter-firms networks, Knowledge clusters, Knowledge networks, Knowledge sharing, Technology transfer.

**Paper type** General review

## Introduction

Scientific and technological advances have long been recognized as being among the main drivers of national social and economic development. However, with respect to firm-level competitive advantage, widespread recognition that **knowledge is the primary way to achieve superior performance has come much more recently** (Cardoso *et al.*, 2012; Nicotra *et al.*, 2014). Furthermore, the need to create new knowledge and to improve the learning process is a reaction to the challenges posed by globalization. Strong internal demand, for example, is no longer an undisputed advantage when the cost of international transport decreases when consumer confidence against domestic firms is reduced or when they are not the majority of trade barriers. Then, the process of learning and the creation of new knowledge are seen as firms' replies against a changing economic and institutional environment. It's interesting to note that to learn using external resources, it is necessary that the organization is inserted into a system that allows it to exchange knowledge through direct contacts with other actors. The relational networks can in fact be regarded as the relationships between agents that cooperate to acquire resources. This definition leads to the economics network approach, an interpretive model that provides a framework for analyzing the relationship between learning, innovation and networks. Thus, knowledge is being increasingly recognized as the most important resource in

Received 29 June 2014  
Revised 29 June 2014  
Accepted 3 July 2014

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organizations and a key differentiating factor in business today. It is increasingly accepted that knowledge management can lead to the much needed innovation and improved business performance in organizations. Understanding knowledge as a key resource for innovation can be viewed as a knowledge management issue. Although there are several perspectives on knowledge management, they all share the same core components, namely, **people, processes and technology** (Carayannis and Alexander, 2002). Knowledge management plays a crucial role in the development of sustainable competitive advantage through innovation whether in products or services (Quintane *et al.*, 2011). **Knowledge management is also crucial for exploiting business relationships and extract value from the external networks of the organization.** This special issue aims to present and discuss research focused on the role of knowledge management for innovative solutions in organizations and inter-firm networks (Ahuja, 2000; Wolf *et al.*, 2011) as well as to shed light on recent advances of knowledge management in knowledge-intensive industries (Del Giudice and Straub, 2011; Chase, 2004, 2006). The scientific objective of the special issue is to identify challenging problems on the role of knowledge management on designing and implementing innovative products, services or inter-organizational forms as well as to identify future directions of research for the role of knowledge management regarding these issues.

### Design and methodology

This special issue presents original research findings aiming at contributing, at a practical level, new knowledge for both researchers and managers interested in the knowledge management and sharing within inter-firm networks. The papers here presented include contributions from worldwide: they have been selected among almost 100 submissions and discuss empirical findings across multiple levels of analysis in a wide range of sectors. Empirical research using qualitative, quantitative or mixed methods have been welcomed. The Guest Editor has considered conceptual papers that draw on the existing literature and develop innovative contributions that improve the understanding of the topic, as well. Thus, the guest editor has been looking for a wide variety of papers that may contribute to the creation of a solid evidence base concerning knowledge management in organizations and inter-firm networks. The research methodologies used for gathering empirical data vary from quantitative surveys to exploratory case studies based on qualitative data. Several rounds of blind peer review have been necessary, and they resulted in the final form of this volume on July 2014 for publication here. All articles selected demonstrated relevance to the understanding of social software and its implications for knowledge management. Readers of this special issue should be technically savvy, scientifically demanding and drawn to practically relevant phenomena. The special issue has been organized coherently with two “strains” of topics: the first one focused on managerial practices and operative directions of knowledge management, the other one pointed out on applications of knowledge management to inter-firm networks.

### Managerial practices and operative directions of knowledge management

The papers included in Part I provide a solid grounding to readers interested in managing various aspects of the knowledge processes within organizations (Del Giudice *et al.*, 2010; 2011; 2013); they have been selected to provide an overview of key contributions from

different theoretical perspectives and to explore a variety of approaches and tools in different settings.

The contribution by Cruz-González *et al.* examines the different directions of external knowledge search and to investigate their individual effect on performance at the firm level. Findings reveal six distinct external search patterns and indicate that, while market sources such as customers and competitors are positively associated with performance, knowledge acquired from general information sources, other firms beyond the core business and patents and databases has no significant effect. Yet, an important implication emerges from this work: more openness to external knowledge is not always better. As the authors point out, it is necessary to carefully evaluate the potential gains and pains of each type of partner and source.

Because scholars of knowledge management have borrowed ideas from many areas of scientific inquiry, Rathi, Given and Forcier provide an approach for making sense of multiplicity of models and concepts in the changing economic context. The authors seek first to identify key inter-organizational partnership types among non-profit organizations (NPOs), and, second, to determine how knowledge sharing takes place within each type of partnership. Results explore the value of social media specifically in facilitating external relationships between NPOs, firms and the communities they serve. Specific practices within these relationships also arise from examples; in particular, the use of social media to support informal and community-driven collaborations. Twitter, as a popular social networking tool, emerges as a preferred medium that supports inter-organizational partnerships relevant to NPOs.

Questions of great concern to many organizations suggest that the type of information made available in organizations, who has access to it, and the points at which it is provided are, therefore, factors of special significance. The message of Ferguson and Taminiau is that inter-organizational online communities bring together stakeholders with often highly diverse, even conflicting knowledge claims. Building on practice-based knowledge management theory, one might expect that the more diverse a community is, the more challenging knowledge sharing and learning are likely to be. However, the comparison of two inter-organizational communities shows contrary results. Namely, a community with diverse participants, and a higher concentration of conflicting knowledge claims, was far more apt at facilitating mutual learning than a uniform community. The findings provide theoretically and practically significant insights for knowledge management by showing how the negotiation of knowledge claims facilitates mutual learning in inter-organizational online communities.

There is a need to deepen insights into the relationship between contextual factors, different informational and communicational structures and firm's effectiveness. Jiménez-Jiménez discusses how multinational companies require from mechanisms to capture and apply new knowledge that could be used in their current operations to be competitive. One of the objectives of this knowledge is the generation of innovations. In this paper, the author tries to show how the degree of internationalization is related to the generation of innovations. For this purpose, many companies demand knowledge management processes that capture and apply information from local and international markets. This transferred knowledge could be combined with the internal and external

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knowledge from their social capital structure. The results show that this process of learning fosters the generation of innovations on the local headquarters.

Interest in knowledge, organization learning and innovation management is fueled by social and economic challenges: organizations must have a broad spectrum of competence, including the ability to foster their acquisition of knowledge. Wadell, Björk and Magnusson provide specific recipes for understanding how R&D employees acquire user information through their social networks and how this information is used in the development of new products. The results show that many R&D employees lack social networks through which they can acquire user information. Moreover, the results reveal that many R&D employees' establish cost-efficient relationships to people with a direct experience of using the company's products. These relationships provide R&D employees with different information than relationships to people with an indirect use experience (like for instance marketers) offer. However, weak relationships are essential as a complement to strong relationship. Furthermore, the study shows that it is essential to consider not only relationships conducive to user information within specific product development projects but also to consider relationships that are used in different projects over time.

Kweh's *et al.* study investigates the effect of intellectual capital on the operating efficiency of non-life insurance firms in China. The ability of Chinese non-life insurance companies to properly manage their IC is crucial in promoting sustainable growth. The authors use the DSBM model proposed by [Tone and Tsutsui \(2010\)](#) to evaluate operating efficiency using a dynamic process and apply the innovative two-stage approach involving DEA followed by an OLS regression analysis.

In the field of knowledge management, the term “intangible assets” is understood in a broader context. Romano *et al.*'s contribution aims at identifying institutional and environmental factors that might affect academic patent activities. The results demonstrate that the patent activity is mainly influenced by the presence of Universities' internal policies that regulate such a field. The adoption of a regulation is a signal for academics of the university inclination and attempt to develop an environment conducive to patent activities, and to offer structured support to inventors in the different phases of the patenting process.

### **Application of knowledge management within inter-firm networks**

The studies in the second section of this special issue reinforces the main theme explored throughout this research, the contention that inter-organizational learning in a global context challenges organizations to develop new skills and structures, including new and multiple forms of learning.

The primary purpose of Kuei-Hsier's study is to examine the relationships among a firm's industrial cluster involvement, organizational learning and its ability to successfully adapt to external environment. The study finds that being positioned in an industrial cluster enhances a firm's learning and further leads to a firm's desired adaptive outcomes. The findings provide business executives and policy-makers a new way of thinking with respect to how to develop holistic learning practices and improving inter-firm trust to appropriately adapt to the fast-changing environment.

Rapid technological change and a wealth of information and communication media have transformed structures, management and goals of organizations. Research conducted in the recently developed knowledge creation paradigm explores how an organization can not only process information but also generate new knowledge.

Borziello and Schiavone shows how members of a “vintage community of practice” – the MAME community – recombine old technological knowledge with new technological knowledge. A vintage community of practice (CoP) is a group of aficionados of old technology who keep using it even after superior new technologies have emerged and technological change has taken place. This paper presents mechanisms through which developers and gamers in the MAME community and its subcommunities or hubs select and recombine old and new technology to update old arcade videogames in a format that is playable on current PCs.

The international management processes that deal with organizational learning and cultural knowledge management have contributed to accomplish the creation of applied science. The purpose of the study by Ma *et al.* is to identify key factors that facilitate knowledge sharing in collectivistic cultures, and further to help better understand knowledge management in the international context. The results show that incentives are very important in an individual's decision to share knowledge in project teams even in a collectivistic culture like China and both intrinsically and extrinsically motivated individuals tend to share more knowledge with their team members. Individuals with high altruism are also found more likely to share knowledge with others. Moreover, a trusting environment and explicit knowledge will facilitate knowledge sharing for better retention.

Focusing on the processes of knowledge creation, differentiation and evolution, the paper by Carayannis analyzes important theoretical work conducted in the research streams of co-opetition and value creation. While innovation is acknowledged as a desirable and empirically verified outcome of co-opetition between firms, academic research has not systematically examined value creation outcomes of intra-firm co-opetition. In particular, Della Peruta *et al.* also propose that collaboration between banks and firms has a positive effect not only on the access to credit but also on the innovation activities and on the intervention of foreign capital in the ownership of Italian businesses. As pointed out by the literature on smaller businesses finance, investments widely rely on credit availability. Moreover, the latter depends on how the local banking system is developed and is able to increase access to credit after gathering all the information about companies asking for funds. The authors theoretically develop the idea that the intangible value of the collaboration between firms and the banking system can influence the probability of default on the part of firms and, therefore, their rating.

## Conclusions

Over the past two decades, researchers in the rapidly changing marketplace have applied frontier efficiency analysis to measure efficiency. There is one leitmotif reflected in many contributions to this special issue, namely, that intangible assets are rapidly becoming an important indicator of performance of a country or a company. The authors of this editorial thank all the colleagues who contributed as reviewers to the development of this issue, particularly Roberta Cuel, Loris Gaio, Diego Ponte, Maria Laura Frigotto and Marco Zamarian. Last but not least, a special acknowledgement goes to Rory L. Chase, Editor in Chief of the *Journal of Knowledge Management*, for his insightful suggestions and patient guidance; this issue would never see the light without his precious advices, support and if he was not thrilled for the research topics.

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### Further reading

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### About the authors

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