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Knowledge management processes in international joint ventures: A case of an airport operator firm

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Abstract

The aim of this paper is to explore the knowledge management processes in terms of the nature, direction, level and type of knowledge transfer, in an international joint venture (IJV) operating an airport terminal in Turkey, where aviation and related sectors like airport terminal management have experienced a rapid growth during recent years. The gap in literature concerning knowledge management in the context of IJV's in aviation and airport terminal management motivated this study. The method used in investigating the IJV was qualitative case study. In depth interviews were conducted with the general manager and three managers of the company. Data collected from the interviews and relevant documents were analyzed to summarize findings concerning the specific features of knowledge management in and between the IJV and the parent companies. Findings of the study indicate the impact of context on knowledge management processes. In the case of airport terminal management which is strictly regulated by international and national institutions, explicit knowledge sharing was found to be prominent over tacit knowledge sharing between partners and the IJV. Besides, the foreign parent which possesses greater experience and know-how than the domestic partner in the field of airport management was the party which transferred more information, technology and know-how to the IJV.

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1. Introduction

Due to the manifold dynamics of globalization, the emergence of collaborative forms of business between firms as the most prevalent international business practice has remarkably increased the number of strategic alliances during the last three decades (Child et al. 2005; Sampson, 2007; Park, 2010; Schildt et al., 2012). International joint ventures (IJVs) are one of the most important types of strategic alliance, especially in sectors which require considerable financial and intellectual capital on the part of investing firms. Strategic management and international business

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literature indicate that, for parent firms, the primary rationale for forming an IJV is learning and/or obtaining, creating and transferring new knowledge by accessing each other's knowledge pool (Kogut and Zender, 1993; Lyles and Salk, 1996; Inkpen and Beamish, 1997; Dyer and Singh, 1998; Inkpen and Dinur, 1998; Kale et al., 2000; Simonin, 2004; Inkpen and Tsang, 2008; Park et al. 2012; Schildt et al., 2012). Thus, IJVs are designated as useful platforms for the parent foreign and domestic firms for sharing firm-specific knowledge and as ideal organizational forms for knowledge acquisition and learning (Coombs and Hull, 1998). The new information obtained through IJVs leads to development of new skills and helps to strengthen competitiveness in the market (Inkpen, 1998; Simonin, 1999a, Sampson, 2007; Park et al. 2012; Schildt et al., 2012). Up until 2000's the issue of knowledge management had received scant attention by management scholars and the need for detailed studies in learning and knowledge management issues in IJVs and strategic alliance contexts was emphasized (Inkpen and Dinur, 1998). Although there is still a small body of research addressing the issue of learning and knowledge management in IJVs, it can also be observed that the number of studies are increasing gradually (eg: Meier, 2011; Park et al., 2012; Schildt et al., 2012).

Basing on the premises of this literature and aiming to inquire the knowledge management processes in an under studied business sector, this paper used case study method to examine the knowledge management processes of a leading IJV firm operating an airport terminal in Turkey. The paper will address the following questions:

- 1) What is the direction, content and type of knowledge transfers from the parent firms to the IJV?
- 2) How is the interaction between parent firms in terms of knowledge management?
- 3) How are the new knowledge and innovations generated by the IJV transferred to parent firms?
- 4) What is the significance of context in terms of knowledge management processes?

One of the fundamental contributions of this study will be the delineation of knowledge management processes in IJV's in the context of airport terminal management which is a strictly regulated field by national and international institutions. The portrayal of the direction, content and methods of knowledge transfer in such regulated service fields will provide a base for comparison with less regulated fields as well as manufacturing businesses. The fact that this topic has not been addressed in literature so far was one of the main motivations for this study. Therefore the aim of this study was defined as filling a gap in literature by addressing knowledge management processes in the context of international joint ventures operating in airport terminal management.

The paper is organized as follows: The first section summarizes the literature regarding international joint ventures and knowledge management. Next section deals with the methodology, context and findings of the case study. Lastly findings are discussed, limitations are mentioned and some recommendations are offered for further research and practitioners.

2. Literature Review

2.1. International joint ventures

IJV is a separate legal organizational entity which is formed by two or more economically and legally independent parent firms who invest their resources and management skills in order to establish a new firm where at least one of the parent firms' headquarters is located outside the country of operation of the IJV, and where the parent firms have power in management and control of the firm according to their share in IJV's equity (Shenkar and Zeira, 1987; Wu, 2012). Major motives indicated in the relevant literature for parent firms to form a new IJV are, to jointly generate new knowledge, to access and acquire knowledge from each other and to complement each other's missing knowledge (Meier, 2011; Choi and Beamish, 2013). Compared to wholly owned subsidiaries, it is claimed that in IJVs knowledge flow is freer and developing new skills is easier (Luo, 2002). Accessing local knowledge improves performance in IJVs and learning leads to competitive advantage in the long run (Inkpen and Crossan, 1995; Inkpen and Dinur, 1998; Beamish and Lupton, 2009). IJVs which are characterized as equity based strategic alliances are claimed to be more effective than non-equity based strategic alliances in terms of transferring technological capabilities (Moverly et al., 1996). One important reason for this is that, in IJVs direct transfers of employees, as carriers of tacit knowledge, between firms is much easier (Kogut, 1988).

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