Journal of World Business 52 (2017) 404–416

Contents lists available at ScienceDirect

Journal of World Business

journal homepage: www.elsevier.com/locate/jwb

Corporate language proficiency in reverse knowledge transfer: A moderated mediation model of shared vision and communication frequency

Vesa Peltokorpi[a,*], Sachiko Yamao[b]

[a] Saitama University, 255 Shimo-okubo, Sakura-ku, Saitama 338-8570, Japan
[b] University of Melbourne, Department of Management and Marketing, Level 10, 198 Berkeley Street, Parkville, Victoria 3010, Australia

ARTICLE INFO

Article history:
Received 23 February 2016
Received in revised form 19 January 2017
Accepted 19 January 2017
Available online 4 February 2017

Keywords:
Communication frequency
Corporate language proficiency
Host country national
Reverse knowledge transfer
Shared vision

ABSTRACT

In this paper, we developed and tested a moderated mediation model of interunit relational characteristics in reverse knowledge transfer. Specifically, by integrating international business research with social identity theory, we hypothesized that shared vision mediates the positive effect between host country national employees' corporate language proficiency and reverse knowledge transfer. Furthermore, we hypothesized that headquarters-subsidiary communication frequency enhances the relationships between language proficiency and shared vision as well as shared vision and reverse knowledge transfer. We tested these effects on data collected from 574 middle managers leading functional departments of foreign subsidiaries in Japan. Our findings supported these hypotheses.
© 2017 Elsevier Inc. All rights reserved.

1. Introduction

The competitive advantage of a multinational corporation (MNC) lies in its ability to transfer knowledge effectively and efficiently through its intra-organizational networks (Bartlett & Ghoshal, 1986; Gupta & Govindarajan, 2000). Interunit knowledge transfer allows corporate headquarters (HQ) and globally distributed subsidiaries to learn from each other (Gupta & Govindarajan, 2000), increasing the overall knowledge base and competitive advantage in MNCs (Bartlett & Ghoshal, 1986). Reverse knowledge transfer from foreign subsidiaries to HQ has an increasingly pivotal role; it allows HQ to gain access to a diverse set of resources and research and development (R&D) outcomes in host countries (Cantwell & Piscitello, 2000) and improves the development of new products, services, and technologies worldwide (Ambos, Ambos, & Schlegelmilch, 2006). Also, HQ can channel received knowledge to other foreign subsidiaries, orchestrating knowledge transfer processes within the MNC (Rabbiosi, 2011) and coordinating a global strategy in a more effective manner (Ambos et al., 2006).

International business (IB) research has revealed numerous important determinants of reverse knowledge transfer, such as R&D activities (Frost, Birkinshaw, & Ensign, 2002), host country embeddedness (Rabbiosi & Santangelo, 2013), and relevance of foreign subsidiaries' knowledge to the HQ (Yang, Mudambi, & Meyer, 2008). Research in this domain suggests that reverse knowledge transfer poses a situation where ability and willingness of subsidiary employees to 'explain' and 'convince' HQ are key. This situation is different and more difficult compared to that of forward knowledge transfer where foreign subsidiary employees' ability and willingness to 'understand' HQ's knowledge and strategy are valued (Yang et al., 2008). In other words, reverse knowledge transfer does not occur without considerable commitment and efforts from subsidiary employees unlike top-down forward transfer in which "virtually all subsidiaries receive knowledge from HQ" (Reiche, Harzing, & Pudelko, 2015: 531). Despite this, Michailova and Mustaffa (2012: 389) argued that far less attention has been given to relational characteristics involving subsidiary employees even if they have "a lot of potential to provide a more nuanced understanding of subsidiary behaviors and knowledge flows."

In this paper, we take into account the relational characteristics involving subsidiary employees by examining effects of MNC-level corporate language, shared vision with HQ, and HQ-subsidiary communication frequency on reverse knowledge transfer. We integrate IB research with social identity theory (SIT; Tajfel & Turner, 1979) to shed light on both functional and psychological effects of these relational characteristics. Previous research

* Corresponding author.
E-mail addresses: vesap@mail.saitama-u.ac.jp, vesapeltokorpi@yahoo.com (V. Peltokorpi), syamao@unimelb.edu.au (S. Yamao).

http://dx.doi.org/10.1016/j.jwb.2017.01.004
1090-9516/© 2017 Elsevier Inc. All rights reserved.

suggests that understanding the psychological effect of the relational characteristics is as important as understanding the functional effect due to the bottom-up nature of reverse transfer that requires collective ability and willingness of subsidiary employees (Yang et al., 2008). In this phenomena, we focus on host country national (HCN) employees' due to their important, albeit largely neglected roles, in acquiring and transferring local knowledge to the HQ (Fang, Jiang, Makino, & Beamish, 2010; Vance, Vaiman, & Andersen, 2009).

We make three contributions to IB research on knowledge transfer and language in MNCs. First, we provide insights to research in these domains by arguing that a combination of functional and psychological relational characteristics is needed to understand upward knowledge flows in MNCs. By integrating IB research with SIT, we will theoretically and empirically demonstrate that underlying psychological effects of HCNs' corporate language proficiency and their perceived shared vision and communication frequency between HQ and foreign subsidiary, are as important as functional effects on reverse knowledge transfer. This is an important contribution as a bulk of research on knowledge transfer and language in MNCs has focused on the functional effects (Brannen, Piekkari, & Tieze, 2014; Michailova & Mustaffa, 2012).

Second, we provide a novel, bottom-up account of corporate language proficiency in reverse knowledge transfer, which will complement a recent study that has applied SIT in theorizing the top-down effects of shared language in forward knowledge transfer (Reiche et al., 2015). Building on SIT and research on language in MNCs, we will theorize that corporate language proficiency is a source of foreign subsidiary employees' superordinate identity (i.e., identity as member of MNC) that leads to shared vision with the HQ and reverse knowledge transfer. In so doing, we will provide a rare account of involvement of HCN employees in foreign subsidiaries and their perspectives on reverse knowledge transfer. To date, IB research on reverse knowledge transfer has been expatriate-centric, despite HCN employees have important roles in acquiring and transferring local knowledge to HQ (Fang et al., 2010; Vance et al., 2009). More research on HCN employees' roles in knowledge transfer is also warranted due to their varying levels of corporate language proficiency across different host countries (Harzing & Pudelko, 2013).

Third, we contribute to IB research on knowledge transfer and language in MNCs by data collected at three time points from 574 foreign subsidiary functional units in Japan. To date, research in these domains has predominately relied on data collected only at a single time point (Michailova & Mustaffa, 2012; Piekkari, Welch, & Welch, 2014), providing findings that can be distorted by common method bias "attributabile to the measurement method rather than to the constructs the measures represent" (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003: 879). Using recommended ad hoc measures to reduce control bias (Podsakoff et al., 2003), we separated the measurement of the predictor and criterion variables. Overall, this paper provides novel methodological approaches to research on knowledge transfer and language in MNCs.

2. Conceptual framework

2.1. Reverse knowledge transfer

IB research suggests that the role of foreign subsidiaries have gravitated from passive knowledge recipients to active knowledge generators (Mudambi, Piscitello, & Rabbiosi, 2014; Rabbiosi & Santangelo, 2013). For example, research shows that foreign subsidiaries create knowledge by having distinctive internal resources and/or access to external resources in host countries that are useful to HQ (Mudambi et al., 2014; Rabbiosi & Santangelo, 2013). The HQ can also mandate foreign subsidiaries in strategically important locations to generate and transfer knowledge for other MNC units (Ambos et al., 2006; Cantwell & Piscitello, 2000). These foreign subsidiaries have crucial roles in transferring the host country-generated knowledge into ownership advantage for the entire MNC. Given that knowledge foreign subsidiaries create is a potential competitive asset for the HQ (Mudambi et al., 2014), reverse knowledge transfer is an important concern for the MNC.

While potentially providing such benefits, reverse knowledge transfer can be more difficult than forward knowledge transfer. For example, reverse knowledge transfer often requires more efforts because potential benefits of subsidiary knowledge are not recognized at the HQ (Yang et al., 2008). This results in an added difficulty on the subsidiary side as the transfer process requires substantial convincing and demonstration of the knowledge to be transferred to the HQ. In contrast, forward knowledge transfer involves transplanting knowledge from HQ to foreign subsidiaries based on the principal-agent relationship (Mudambi, 2002; Yang et al., 2008). Because of HQ-subsidiary power differences, top-down forward knowledge transfer may occur regardless of whether foreign subsidiaries find it useful or not. Thus, HCNs' role in forward knowledge transfer can be more important in the implementation of transferred knowledge than in the actual transfer process. Certainly, there can be various barriers to forward knowledge transfer, such as foreign subsidiaries' absorptive capacity (Minbaeva, Pedersen, Björkman, Fey, & Park, 2003). However, IB research suggests that the difficulty associated with forward knowledge transfer is smaller than that of reverse knowledge transfer (Mudambi et al., 2014; Rabbiosi & Santangelo, 2013; Rabbiosi, 2011; Yang et al., 2008).

IB research also shows that foreign subsidiaries need to have sufficient transfer capabilities, a functional characteristic required for reverse knowledge transfer (Ambos et al., 2006; Rabbiosi & Santangelo, 2013). In this paper, we focus on corporate language proficiency, which is often neglected but one of the most fundamental knowledge transfer capabilities in foreign subsidiaries (Welch & Welch, 2008). In the applied linguistics literature, 'explaining' knowledge (called productive or output activity), as in reverse transfer, is argued to require much more effort and higher linguistic ability than 'understanding' knowledge (called receptive or input activity), as in forward transfer (Aitchinson, 1994; Krashen, 1989). Often, the former happens only after one can achieve the latter (Channell, 1988; Melka, 1997). This is particularly so when the learning is taking place in a second or foreign language, which is often the case in interunit knowledge transfer within MNC. For example, research on second language learners suggests that receptive vocabulary size (related to understanding) is larger than productive vocabulary size (related to explaining) (Laufer & Paribakht, 1998; Webb, 2008), indicating that it takes more time and effort to achieve the ability to explain. Also, reverse knowledge transfer is argued to require HCN employees to make local knowledge accessible to HQ (Yang et al., 2008) in a 'shared' corporate language (Peltokorpi, 2015). Specifically, Peltokorpi (2015: 59) argued: "HCN corporate language proficiency can have an especially strong role in reverse knowledge transfer in which HCN employees play active roles as both knowledge sources and transferees". As elaborated on in the following section, language is also a salient social identity marker (Giles and Johnson, 1981), a psychological factor explaining why HCNs are willing to transfer knowledge to HQ.

2.2. Social identity theory and language proficiency

Social identity theory (SIT; Tajfel & Turner, 1979) suggests that individuals classify themselves and others based on various social

Download English Version:

https://daneshyari.com/en/article/5107115

Download Persian Version:

https://daneshyari.com/article/5107115

Daneshyari.com