

## Knowledge Transfer in Multinational Corporation in Nigeria (Processes and Enablers)



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**ABSTRACT:** This study carefully searched secondary data sources on the processes and enablers of knowledge transfer in Multinational Corporation in Nigeria. Through knowledge based theory and Agency Theory the independent variables have positive relationship with dependent variable. Organizational Culture and Information Technology are important in the process of transferring knowledge from MNCs headquarter to its subsidiaries, and should be acknowledged.

**KEYWORDS:** Processes and Enablers, Knowledge Transfer, Multinational Corporation, Organizational Culture, Information Technology

### INTRODUCTION

In the current global market, knowledge is an asset and source of competitive advantage and has become a crucial factor for multinational corporations (MNCs). This Recognition of Knowledge has drawn attention within multinationals. Practically, has become increasingly important and is recognized with the International Standards Organization (ISO) Chifiero (2020). Despite a generally acknowledged importance of knowledge transfer as a strategy, organizations still face challenges in the transfer process. Knowledge are important in organization and cannot be effective unless they are transferred.

Knowledge transfer is the process of giving access to, as well as exchanging knowledge Kuiken and Sijde, (2011). Knowledge transfer (KT) to emerging market subsidiaries are complete advantage for Multinational Corporations (MNCs). As observed by L & N (2019) in Siddique & Biswas (2021) global knowledge flows and capabilities are the most effective tool for the organization who are expanding and crossing the borders. After crossing the border, it becomes the duty of the organization to manage the knowledge internally. According to Wu, *et al* (2007) organizations have the power to exploit the knowledge by doing nothing or can utilize it to explore new issues. Sharing of skills, expertise as well as knowledge across subsidiaries will result to production of quality goods and services as well as reduction in costs. One of the top priorities of MNCs is therefore to manage KT effectively to handle these differences appropriately. Therefore, to succeed in this global information economy, MNCs as a matter of fact, need to identify, create as well as evaluate their major economic resources Metaxiotis *et al* (2003) in Abdelrahman & Papamichial (2016).

Knowledge transfer can be traced back to the early 1900 with other Western Scientist. The research for knowledge transfer has often taken place in countries like United State of America, United Kingdom, China and Hungary which are all developed Countries. Globally, successful MNCs are known for their use of the best knowledge transfer process as a strategy to remain industry giants. Organizations that lay less emphasis on knowledge transfer are not likely to be competitive, apply latest technology and be globally relevant. However, this study is about to unveil the processes and enablers of knowledge transfer in MNCs in emerging economy like Nigeria.

To operate International, it is therefore necessary to understand the processes and enablers of knowledge transfer ranging from the headquarters to its subsidiaries.

The key to understand the success or failure of knowledge transfer within MNCs is the identification and assessment of the factors in which knowledge transfer takes place and the effort to flourish, Gold, Malhota, & Segars (2001).

An empirical evidence in recent research study in support of knowledge transfer from Siddique and Biswas (2021) revealed that managers should consider factors influencing the process while transferring knowledge either within the firm or to the subsidiaries. Another study from Chifiero (2020) on knowledge management stressed that employees should make use of the

## **Knowledge Transfer in Multinational Corporation in Nigeria (Processes and Enablers)**

organizational culture to gain knowledge required through learning. It revealed that both organizational and national culture influences transferring of knowledge among experts in an organization.

Lin (2006) emphasized that both organizational culture and knowledge features have critical influences on inter-unit knowledge transfer processes within MNCs.

Another empirical evidence in recent study in knowledge transfer digital information from Tinko Stoyanov (2017) revealed that for improved efficiency of knowledge transfer, there is need to build new digitized knowledge transfer processes. As these processes helps individuals, units and organization looking for new knowledge or updates to get the exact required results within a short time.

The aim of the study is to carefully scrutinize the processes and enablers of knowledge transfer in Multinational Corporations in Nigeria.

### **LITERATURE REVIEW**

Knowledge is defined as a group of skills and information gained from learning or experience, which shows the perception of a specific subject (Li and Lee, 2015). Similarly, Debowski (2006) consented that knowledge is the process by which information is translated as well as past events into a meaningful set of relationships that are comprehended and used by an individual.

Baskerville & Dulipovici (2006) in Siddique (2021) posit that knowledge is a mixture of framed values, events, contextual information and expert understanding that gives a framework for incorporating new experiences, as well as information. In some organizations, Knowledge often becomes attached in documents, repositions, organizational routines, processes, practices as well as norms.

### **EXPLICIT AND TACIT KNOWLEDGE**

Knowledge has different dimensions and kinds. It has been categorized into forms i.e Tacit and Explicit.

Explicit Knowledge (EK) is easy to transfer, store and share with others Hislop, *et al* (2013). Explicit Knowledge is objectifiable and codifiable. Ogulin *et al* (2020) states that EK can have appearance of documents, manuals diagrams and digital form. That means it can be predicted and formalized in organizational routine. It is a category Knowledge that has been recorded or codified in different forms including electronic media.

EK is transferable at close to zero marginal cost Grant (2016) as it is easy to handle, transfer and share within organization.

Tacit Knowledge (TK) is not visible as it is subjective Ogulin *et al*, (2020) in nature and links to a person's capabilities as well as experience in a specific context. It is a type of knowledge that is difficult to express or extract, and thus more difficult to transfer to others by means of writing it down or verbalizing it. Most times the management and experts in an organization makes use of it. Nath (2015) opined that TK is strongly embedded in every single person's action and experience including norms, Values and sentiments Ogulin, *et al* (2020) further categorized TK into three namely' relational, somatic and collective. Waribugo, Ofoegbu and Akpan (2016) assert that Knowledge can be sourced and found in data base, internal publications, teambuilding, mentoring and coaching, seminars and so.

### **KNOWLEDGE TRANSFER ENABLERS**

Some of the enablers of knowledge transfer in organization include organizational culture and information technology and so many other not mentioned.

### **ORGANIZATIONAL CULTURE**

Since 1980s Organizational Culture (OC) has become a business experience which helps organizations adopt to its external environment and encourages organizational effectiveness Zheng *et al* (2010) in Abdelrahman (2016), Hence, culture is a very important factor and needs to be taken into consideration in KT since it can encourage sharing and collection, it should be handled sensitively with respect to resistance of people as well as the existing culture in the organization. However, Organizational Culture alone may be insufficient to facilitate KT, as it is important to design knowledge mechanism that will link Knowledge Transfer Process to organizational goals.

Management of most MNCs makes their decision based on their organizational culture which they hold in high esteem. Similarly, Organizational culture have the ability to assist as well as obstruct KT in an organization. Viable MNCs are distinguished

## Knowledge Transfer in Multinational Corporation in Nigeria (Processes and Enablers)

from weak ones based on their organizational culture which are distinctive. Wen Bao (2007) asserts that, organizational culture however, is the general belief, conducts, rules as well as value shared by the members of the organization. It is not static, but continuously evolves. Cameron and Quinn in Kate Heinz (2021) identified four types of organizational culture as adhocracy culture, clan culture, Hierarchy culture and market culture.

### INFORMATION TECHNOLOGY

Information Technology plays a very important role in business. This is because organizations and its employees need information technology to communicate, transfer knowledge and make decisions Chong and Chong (2009). MNCs that are into manufacturing and marketing of household and personal products place greater attention on using IT to coordinate their activities in their various subsidiaries in order to satisfy the growing demand of their various customers. Over the years, so many MNCs have developed their information technology-based system created specifically for knowledge transfer and utilization. In order to acquire, developed and transfer knowledge in this technology age, multinationals should have various information sources and make the best use of them. An organization that is structurally open for learning responds to threats from competitors and embrace opportunity.

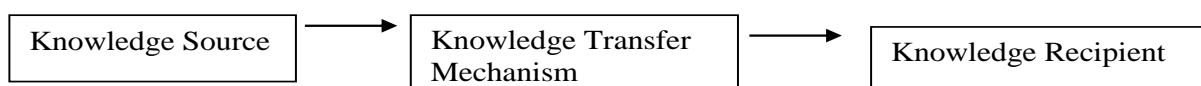
### KNOWLEDGE TRANSFER PROCESS (KTP) IN MNCs IN EMERGING ECONOMY

The value of knowledge transfer has increased immensely within members of MNCs, supply chain, associate and competing organizations. The acceptance of the value of knowledge transfer has helped organization to remain relevant in the global economy; Kumar and Thondikulam (2006). Argote *et al* (2011) explains that KTP begins with knowledge creation where the organizations unit creates knowledge through its own experiences. Another researcher Olukpe (2015) noted that the individual's capacity in creation of knowledge lies in the innate tendency to process the knowledge which was referred to as endogenic when the created knowledge is shared with other units or subsidiaries of the same organization it is called knowledge transfer. Knowledge creation, knowledge retention and knowledge transfer are sub processes which are interdependent in knowledge transfer process.

Ogulin *et al* (2020) Asserts that there are two main processes in knowledge transfer which are knowledge construction (exploration) and knowledge appropriation (exploitation). The first is concerned with creation of knowledge within a particular place while the second, is related to utilization of knowledge within a particular place or unit.

Generally, knowledge transfer takes place in MNCs and their subsidiaries in two flows i.e. vertical and horizontal. The knowledge related to the expertise and skills transferred from MNCs headquarter to their subsidiaries is known as top down vertical knowledge transfer. Horizontal knowledge transfer is referred to the knowledge flow between the peer subsidiaries (Li and Lee, 2015).

Knowledge Transfer Processes from headquarters of MNCs to its subsidiaries in emerging economy depends on absorptive capacity to new knowledge Minbaeva, *et al* (2014), Bjorkman *et al* (2004) and Zhang *et al*. (2019) as well the characteristics of sources and recipient in the MNCs subsidies which ultimately affects the knowledge transfer level of every unit. The approach used by the top management of the subsidiaries could be based on the knowledge utilization approach where the prevailing knowledge within the organization is being transferred. Knowledge transfer in MNCs takes place on a regular basis to their subsidiaries. The type knowledge particularly depends upon the organizations size, nature of the products locality and its network. All MNCs, whether manufacturing firms or service firms, deal with both explicit and tacit knowledge. Nevertheless, for organizations competently withstand challenges in the market they ought to transfer knowledge speedily and efficiently; Cumberlnd *et al.*, (2012).



Source: The Authors, 2021.

In a MNCs knowledge flows from the headquarters through various Mechanism to their subsidiaries.

The knowledge transfers in the headquarter of the MNCs has both internal and external factors such as organizational culture, information technology system, structure and design influencing the entire KT process.

### THEORETICAL FRAMEWORK

The only source of lasting competitive advantage for most organization in this current economy is knowledge (Nonaka 1995). The theoretical framework of this study is anchored on knowledge based view (KBV) theory and Agency theory. Zhang *et al*

## Knowledge Transfer in Multinational Corporation in Nigeria (Processes and Enablers)

(2019) assets that the existence of an organization is due to their effectiveness in sharing and transferring knowledge compared to other entities in the market. The Knowledge based view theory (KBV) is a developed form of resource-based view of the organization which has been developed by the writer such as Spender (1996) Kogut and Zander (1996) and Grants (1996) by Hislop *et al* (2013).

The KBV points out the importance of understanding the organizational processes to access and utilize Knowledge owned by its employees.

In addition to KBV theory, the Agency theory was used to explain the knowledge transfer in MNCs and its subsidiaries Agency theory studies the problems and solutions linked to delegation of tasks from principals (headquarters) to agents (subsidiaries). It is a theory which explains as well as resolve issues in the relationship between business principles (headquarters) and their agents (subsidiaries) in MNCs. Siddique and Biswas (2021) Citing Bjork man (2004) recognized that MNCs headquarters can make use of certain organizational mechanism to enhance knowledge transfer and this theory appears important in predicting the knowledge flows.

### EMPIRICAL REVIEW

Works of various scholars were reviewed on the transfer of Knowledge in Multinational Corporations. In a study by Siddique and Biswas (2021) on Knowledge transfer in 6 MNCs to subsidiaries in developed and emerging market, an inductive approach was used with 6 different organizations. The instrument of data collection was semi structured. Hence the study recommended that knowledge usage and knowledge creation should be used in knowledge transfer in MNCs.

Chifiero (2020) in his study on knowledge management in respect to the role of culture in Knowledge Transfer adopted a survey design with a population of 30 employees in 3 professional service firms. The study showed that cultural artifacts such as language, location and behaviors plays important roles in knowledge transfer.

Another similar study can be seen in the work of Manu *et al* (2018). They investigated on the enablers of knowledge transfer in a construction industry in Ghana. The study used questionnaire survey snowballing non-probability sampling technique. Findings showed that knowledge strategy, culture, information technology are key to knowledge transfer.

Abdelrahman & Papamichail (2016) in another related study on the role organizational culture plays in knowledge sharing using knowledge management systems within MNCs. Its main aim was to explore how organizational culture can ease knowledge sharing by making use of knowledge management system in Multinational Corporation. 42 semi- structured interviews were used and it therefore recommended that organizational culture affects knowledge management systems.

Stoyanov (2017) revealed that for improved efficiency of knowledge transfer in an organization, there is need for digitized knowledge structure combined with an innovative digital knowledge transfer process. The new digitized KT process help tasks to be better managed and more efficient.

### RESEARCH METHOD

Case study design was used in this study to unveil the processes involved in the transfer of knowledge in a multinational corporation in Nigeria known as Unilever Nigeria PLC.

According to Unilever report published in August 2021, Unilever is one of the world's leading consumer goods companies making and selling around 400 brands in more than 190 countries. They are principally engaged in the manufacturing and marketing of food, home care and personal care product.

Unilever Nigeria, has 2 manufacturing sites in oregun, Lagos state and Agbara Ogun State Nigeria. Over the past decades, Unilever employees perform their work considering their location and in line with the headquarters directives. All the employees undergo relevant and appropriate training programmes suited for their positions. The employees take directive from their various brand managers/unit heads during early morning brief/discussion, weekly meetings, monthly and quarterly update. The managers through the directors bridge the gap between Headquarters and the subsidiaries as they act as agents of the organization by applying agency theory. They equally hire experts for knowledge transfer especially when new technology or products is introduced in the organization.

The secret of their success in the industry so far has been the transfer of knowledge within and among the employee and its offices in Nigeria. Different programmes has been launched such as the growth culture in 2019, master classes for managers led by experts. Different sessions and activities are often organized by unit managers to share jobs experiences with the newer employees in the organization through coaching and mentoring.

Unilever Nigeria uses decentralized system in making sure that each department meet up with Local requirement, be more innovative based on latest technology and meet the various tastes/demand of customers.

## Knowledge Transfer in Multinational Corporation in Nigeria (Processes and Enablers)

The Unilever headquarter coordinate communication among its various subsidiaries in the world making sure that best practices are sustained.

### KNOWLEDGE FROM THE HEADQUARTERS

The type of knowledge required and used depends on the department/unit of the organization. The Management team through different sectional managers transfer knowledge through documents (or in tacit form) as the managers has an indepth knowledge about the companies operation which he shares with his subordinates in the department.

Before pandemic, the medium of knowledge exchange within the subsidiaries include weekly physical meeting through morning briefing, Training, workshop, product exhibition, bulletin, email, text messages telephone.

During pandemic, the medium of knowledge exchange changed in Unilever. In response to Covid-19, Unilever Nigeria banned all international travels as well as set up non-essential employees to work from home ahead of the directives of the state and Federal Government of Nigeria. employees were advice to maintain social distancing, thereby affecting their interaction within the organization and outside. Digital tools like zoom meetings, Skype call, emails, conference call, Whatsapp call replaced the face to face interaction. (Covid-19-disclosure-unilever Nigeria 2020). The leaders within the organization also liaises with the global unilever for guidance and support to ensure the business is sustained.

### FINDINGS AND CONCLUSION

The findings of this study based on theoretical and empirical review found that the enablers of knowledge which include organizational culture and information technology have critical influences on the knowledge transfer processes within MNCs.

### RECOMMENDATIONS

Sequel to the findings and conclusion made, managers in Multinational Corporation in Nigeria should acknowledge the role organizational culture and information technology plays in the knowledge transfer process. Subsequent research should focus on the processes of knowledge transfer arrangement in the “new normal”.

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## Knowledge Transfer in Multinational Corporation in Nigeria (Processes and Enablers)

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