Chapter 5.8
The Role of Culture in Knowledge Management: A Case Study of Two Global Firms

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ABSTRACT

Knowledge management (KM) approaches have been broadly considered to entail either a focus on organizing communities or a focus on the process of knowledge creation, sharing, and distribution. While these two approaches are not mutually exclusive and organizations may adopt aspects of both, the two approaches entail different challenges. Some organizational cultures might be more receptive to the community approach, whereas others may be more receptive to the process approach. Although culture has been cited widely as a challenge in knowledge management initiatives, and although many studies have considered the implications of organizational culture on knowledge sharing, few empirical studies address the influence of culture on the approach taken to knowledge management. Using a case study approach to compare and contrast the cultures and knowledge management approaches of two organizations, the study suggests ways in which organizational culture influences knowledge management initiatives as well as the evolution of knowledge management in organizations. Whereas in one organization, the KM effort became little more than an information repository, in the second organization, the KM effort evolved into a highly collaborative system fostering the formation of electronic communities.
INTRODUCTION

Knowledge management (KM) efforts often are seen to encounter difficulties from corporate culture and, as a result, to have limited impact (DeLong & Fahey, 2000; O’Dell & Grayson, 1998). An Ernst and Young study identified culture as the biggest impediment to knowledge transfer, citing the inability to change people’s behaviors as the biggest hindrance to managing knowledge (Watson, 1998). In another study of 453 firms, over half indicated that organizational culture was a major barrier to success in their knowledge management initiatives (Ruggles, 1998). The importance of culture is also evident from consulting firms such as KPMG who report that a major aspect of knowledge management initiatives involves working to shape organizational cultures that hinder their knowledge management programs (KPMG, 1998). These findings and others (Hasan & Gould, 2001; Schultze & Boland, 2000) help to demonstrate the profound impact that culture may have on knowledge management practice and of the crucial role of senior management in fostering cultures conducive to these practices (Brown & Duguid, 2000; Davenport, DeLong, & Beers, 1998; DeLong & Fahey, 2000; Gupta & Govindarajan, 2000; Hargadon, 1998; KPMG, 1998; von Krogh, 1998).

Studies on the role of culture in knowledge management have focused on such issues as the effect of organizational culture on knowledge sharing behaviors (DeLong & Fahey, 2000; Jarvenpaa & Staples, 2001) and the influence of culture on the capabilities provided by KM (Gold, Malhotra & Segars, 2001) as well as on the success of the KM initiative (Balachandran & Cooke, 2003). More specifically, Balachandran and Cooke (2003) ascertained that constructive cultures (emphasizing values related to encouragement, affiliation, achievement, and self-actualization) tended to achieve greater KM success. Similarly, Gold, et al. (2001) found that more supportive, encourag-