Chapter 2

Knowledge Capture Between Consultancies and Freelance Subcontractors: A Model and Empirical Evidence

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ABSTRACT

This chapter focuses on a perceived knowledge gap created whenever consultancy organizations sub-contract work to freelance consultants in the field. These field consultants often gain valuable knowledge from subcontracted assignments, but this is not subsequently captured by their sponsors. From the perspective of any consultancy organization, the
knowledge process to capture such local knowledge is vital. Our exploratory research addresses three questions:

- Are management consulting firms aware of the importance of local knowledge possessed by freelance sub-contractors?
- Do they perceive any value in capturing this knowledge?
- To what extent do they currently capture such localized knowledge from sub-contractors and what methods do they use to do so?

The focus of the chapter is on smaller European consultancy practices operating in Egypt, many of which do not have the dedicated knowledge management departments and infrastructure of their larger competitors. We present results of two studies of European consultancy organizations that were active in developing countries in general and Egypt in particular. The first study ($n = 48$) was used as a pilot, since knowledge sharing between freelance consultants and their principal sponsors is relatively under-researched. Based on these preliminary findings and our review of the extant literature, we identified four dimensions that seemed to be particularly important for capturing knowledge in this context, namely (i) appreciating the value of local knowledge, (ii) building relationships with freelance consultants, (iii) sensitivity to national culture differences and (iv) the knowledge capture process itself. The second study ($n = 170$) developed a survey instrument based on these four dimensions. Through factor analysis, we produced robust support for all four constructs. Further, using self-reported measures of success with knowledge capture, we show that the knowledge capture process and cultural sensitivity are the most significant predictors of the dependent variable, with the remaining two dimensions also being significant. Finally, since we found that most of the respondents did not have formal systems for the capture and management of knowledge from their sub-contractors, we propose a “Revolving Door” model of knowledge capture, based on our findings. This model may alleviate the knowledge gap between consultancies and their sub-contracted agents in the field, and is a practical tool that is suitable for smaller consultancy practices who are less likely to have the resources to invest in technology-based knowledge management infrastructures.
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