Chapter I
Knowledge Sharing and Sociality:
On the Linguistic Embeddedness of Knowledge Exchange in International Subsidiaries

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ABSTRACT

This chapter deals with the role of language use and knowledge sharing in the context of international subsidiaries. The chapter analyzes the role of language use for the control and sharing of knowledge in a multicultural organizational setting using findings from an ethnographic field study in a subsidiary. Whilst previous research has addressed how objective, static cultural differences impede communication and knowledge sharing, the perspective of the chapter is on the actual use of language in knowledge sharing. The empirical study thus shows how language use shapes the flow of knowledge in an international subsidiary. The findings describe the use of language differences for controlling knowledge flows and highlight how this affects the execution of long-term corporate strategies of international development. The chapter argues that the management of language use should not be viewed as an outpost of cross-cultural management but as an integral element of the effective management of international operations. This perspective is supported by research in other disciplines covering the use of language and the social dimensions of knowledge communication such as social anthropology.
INTRODUCTION

Research has addressed how the management of communication and language has become increasingly crucial for the acquisition of competitive advantage with the intensified internationalization of business and the expanding knowledge-based economy (Dhir, 2005). Dhir and Goke-Pariola (2002) thus argue that multinational corporations need to acknowledge the fact that essential language skills form the basis of organizational human resources, and that business communication ensures the right information for the right people (Lagerström & Andersson, 2003). This is even more important in an international context where sharing of knowledge across national, cultural and linguistic boundaries may be crucial for the understanding of foreign markets (Hambrick, Davison, Snell, & Snow, 1998). In addition, language not only communicates information, but also facilitates the creation of value through the exchange of ideas, making it a vital resource in all developmental activities (Buckley, Carter, Clegg, & Tan, 2005).

One context in which language may constitute a particular important managerial challenge is international subsidiaries. Park and his associates (Park, Hwangt, & Harrison, 1996) thus argue that communication problems within subsidiaries located in countries that do not share the language of the headquarters, primarily stem from three different sources: an inequitable internal communication structure, different cultural backgrounds, and ethnocentrism. Language is associated with the communication and understanding of knowledge, which, in the context of international business, has long been identified as a key part of the firm’s comparative advantages in doing business in foreign markets (Dunning, 1993). Knowledge sharing refers to the process through which knowledge is communicated from one individual to another or from a group to an entire organization, a process that may cross linguistic boundaries. Consequently, much work may have to be done in order to understand the shared knowledge. Knowledge sharing is thus dependent on the use of language and communication to enable knowledge absorption (Lagerström & Andersson, 2003).

So far, only limited research has investigated the practices of language use in international corporations (Janssens, Lambert, & Steyaert, 2004; Marschan, Welch, & Welch, 1997). Unfortunately, the role of language in multinational corporations has not always been properly recognized in the theory of international transfer and management (Dowling & Welch, 2004; Janssens et al., 2004; Marschan-Piekkarla, Welch, & Welch, 1999). In this regard, Marschan et al. (1997) note that language, for a while, had almost disappeared from the research agenda in the topic of cross-cultural management. A reason for this may be the tendency to associate the concept of language in an international context with cross-cultural communication, focusing solely on measurable parameters with regard to cultural distance, as for example, reflected in the work of Hofstede (1991) and others (e.g., Kim, 2005). This extensive work on cross-cultural communication (e.g., Beamer & Varner, 2001; Gudykunst, 2004), to a certain extent, has led researchers to neglect the studies of the dynamic role played by language use in cross-cultural communication and focus more on the apparently static cultural traits, such as Hofstede’s (1991) description of national differences in norms and values (Welch, Welch, & Marscham-Piekkarla, 2001).

Language differences are likely to play an important part in understanding the possible challenges in managing intellectual capital in a global knowledge ecology in which knowledge is embedded in an international work force. The theme of this chapter concerns this aspect of managing knowledge in a globalising business world. The present chapter thus addresses, on the basis of a literature review and an empirical study, the role of language use in knowledge sharing in international subsidiaries. More specifically,