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# **Dealing with knowledge sharing hostility:**

## **Insights from six case studies<sup>1</sup>**

**Snejina Michailova and Kenneth Husted**

### **Abstract**

This paper examines knowledge sharing in business environments and cultures that are hostile to knowledge sharing. We focus on knowledge sharing as it relates to individual behavior and management as guiding basically willing individuals. We elaborate the dimensions related to knowledge hoarding, apprehension about failures, and the Not-Invented-Here syndrome by investigating their features in knowledge-sharing hostile environments. Empirically, we explore a context not widely covered by the Western management literature on knowledge sharing: we draw on the examples of six Russian companies, three with and three without Western ownership. In terms of action orientation, we suggest that in knowledge-sharing hostile environments management needs initially to force knowledge sharing in order to transform the hostility into a knowledge embracing culture. We outline concrete guidelines of how to overcome the specific barriers to knowledge sharing.

**Key words:** knowledge sharing, knowledge-sharing hostile environments, Russian companies

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### **Introduction**

The processes of identifying, capturing and leveraging knowledge, know-how and best practices inside organizations contribute substantially to creating competitive advantages (Appleyard, 1996; Leonard, 1995; Liebeskind, 1996; O'Dell & Grayson, 1998; von Krogh, 1998). By systematically sharing knowledge between its members, an organization avoids redundancy in knowledge production, secures diffusion of best practice and enables problem solving by making relevant personal knowledge available to the problem-solving process regardless where the knowledge is originally obtained and stored in the organization.

Sharing knowledge among organizational members is not a new phenomenon. Employees have always to some extent sought to cover their lack of knowledge by asking their colleagues, getting training from more experienced colleagues, receiving supervision from their superiors, etc. However, in many cases this kind of knowledge sharing is a) restricted by people's tendency merely to seek the missing answers in the local environment, b) random in terms of access to the best knowledge in the organization versus just finding a satisfying solution and c) fragmented since it is left to individual preferences (Davenport and Prusak, 1998).

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<sup>1</sup> This paper is based on research conducted in the research project SODIAC.

The knowledge management literature has identified a number of impediments to knowledge sharing. They can be clustered into three groups:

1. barriers related to the very nature of knowledge (Choi & Lee, 1997; Cole, 1998; Inkpen & Dinur, 1998; Kogut & Zander, 1993; Nonaka & Takeuchi, 1995; Polanyi, 1962; Spender, 1996);
2. impediments associated with the economics of knowledge sharing (Davenport and Prusak, 1998; Grant, 1996; Hansen, 1999; Jensen & Meckling, 1996; Szulanski, 1996);
3. obstructions originating from individual behavior (Katz & Allen, 1982; Leonard, 1995; O'Dell & Grayson, 1998).

This paper deals with obstacles associated with individual behavior by focusing especially on knowledge hoarding, apprehension about failures and the Not-Invented-Here syndrome by following two flows of argumentation. We discuss these three obstacles first, in typical situations and second, in knowledge-sharing hostile environments. Six Russian companies, three with and three without Western participation, serve as the empirical basis of this paper and as examples of knowledge-sharing hostile environments.

Asymmetric distribution of knowledge prevents managers from playing very active roles in the knowledge sharing process. Additionally, especially in the case of predominantly tacit knowledge it is very difficult to monitor whether knowledge sharing takes place. When managers play the role of actors in the knowledge sharing process, transparency and honesty must be a key attribute when assessing their own knowledge. The primary managerial tasks, however, should be focused more on providing the right infrastructure for knowledge sharing, influencing the environment and aligning appropriate incentives. As pointed out by Nonaka and Reinmoeller (2000), knowledge sharing problems can be overcome by guiding willing individuals and aligning reward systems with the aim of the company.

On the other hand, it is unrealistic to expect or assume that individuals are basically willing to share knowledge even when incentives are introduced to lead to the desired behavior (Husted & Michailova, 2002). There are business environments and organizational cultures where it is extremely hard to search for the location of knowledge; it is enormously difficult to create transparency at the level of individuals regardless of organizational ties and where knowledge sharing does not take place if the process is not forced. This paper suggests concrete techniques of how to transform the knowledge sharing hostility into a knowledge sharing friendly environment.

### **The study**

This study is based on 26 interviews conducted in the six case companies (see Appendix 1) in the period 1999 - 2001. Three of the companies studied are purely Russian; in the other three there is Western involvement. In the latter cases, Western investors are represented differently: with minority of shares, as a major shareholder, and with full ownership. Each interview lasted between one and a half and three hours. Some of the interviews with Russian respondents were conducted directly in Russian language and others through an interpreter. In the latter cases we were not dependent solely on the interpreter since we conducted them as a team and one of us is fluent in Russian. Working as a

team allowed “investigator triangulation” (Fielding & Fielding, 1986) and invited both for mutual criticism and validation of viewpoints and interpretations. Additionally, we could spot the situations in which our questions and the interviewees’ responses were misinterpreted by the translator. In one of the companies we have also interviewed the Western expatriates working there using their respective mother tongues. All interviews were tape-recorded and transcribed verbatim. Additionally, we have studied various written materials related to the case companies, such as annual reports, minutes of meetings, published material about the companies, etc. We treat these documents as data in their own right, as “social facts” in that they are produced, shared and used in socially organized ways and at the same time we respect the fact that they are not transparent representations of the processes they relate to (Atkinson & Coffey, 1997).

There are certain limitations in our study. The choice of six cases limits the representativeness of our study in the sense that it does not allow to embrace automatically a larger population for which the conclusions are valid. However, qualitative sampling promotes the quality of data as the major concern and relegates representativeness to secondary importance (Gummesson, 1991). We conduct “analytic generalizations”, not “statistical” ones (Yin, 1994); in epistemological terms we opt for “logical inference” rather than for “statistical inference” (Smith, 1991). We do not claim that the findings of this study are valid generally to Russian companies. External validity did not guide our fieldwork, neither is it important for the conclusions we draw in the end of this paper. With 17 million square kilometers, Russia has the largest territory in the world stretching from the Baltic Sea to within a short distance of Alaska and Japan and a bewildering variety of regions, religions, philosophies, and languages. Our case organizations are situated in large cities in the European part of Russia. Since foreign direct investment is highly concentrated in this part of the country, our case companies are exposed to stronger Western influence. If they are experiencing the problems we analyze in this paper, we can conclude that these problems are even more acute in companies situated elsewhere in Russia.

## **Knowledge hoarding**

### ***Knowledge hoarding as a basic problem***

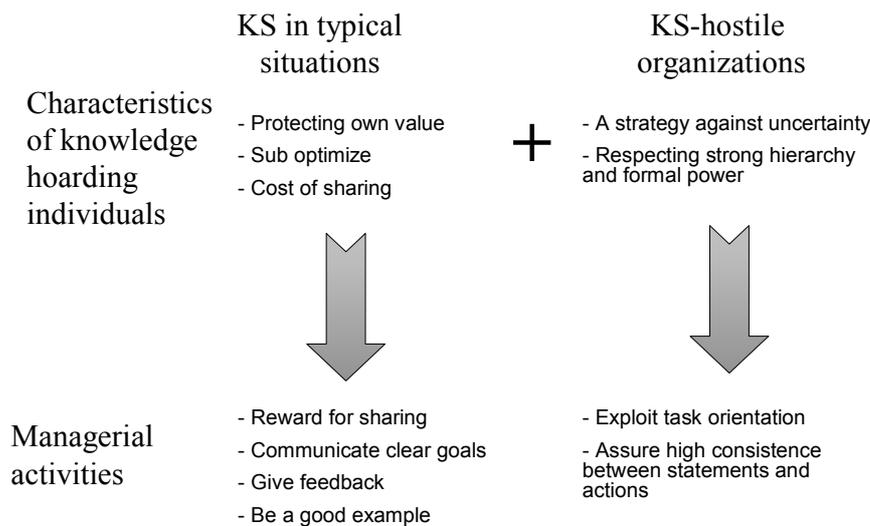
Potential knowledge transmitters may choose to hoard their knowledge for at least two reasons. First, they may fear losing their value by sharing knowledge with other people. Second, besides protecting competitive advantages, they may deter from sharing knowledge due to the cost involved; either cost for articulating their knowledge or transferring it in a tacit form or both. The time spent on sharing knowledge with others could be invested in what may appear to be more productive for the individual. Particularly in organizational structures that promote individual optimization, the potential knowledge providers have little incentive to overcome the obstacle of time and resources: they will naturally ask themselves what they would gain from transferring the knowledge compared with spending the time on activities strictly related to their own performance. Unless knowledge sharing is built into individuals’ expectations and is reflected in reward mechanisms, sharing is not likely to take place. Organizational structures and incentives may in some situations promote a tendency of units and individuals to optimize their own rewards and accomplishments and, as a consequence, consciously or unconsciously hide knowledge from other units and individuals (O’Dell & Grayson, 1998). Thereby they sub-optimize the total organization. Individuals and teams that have invested resources in building up a

specific competence may not be willing to share this knowledge with others unless they are given the right incentives.

In order to prevent knowledge hoarding from being a dominant behavior among the employees, managers are recommended to:

- Reward transmitters for sharing their knowledge e.g. by rewarding individuals for proposing a new best practice, for writing down their experience and putting it onto the company intranet, for spending time on contributing to problem solving in other parts of the organization than their own etc. The rewards need not necessarily to be monetary; they can also be in terms of organizational recognition;
- Communicate clear overall goals – and thereby create a high degree of transparency in the expectations of the top management group to the employees;
- Follow up with detailed feedback;
- Set a good example themselves by sharing their own knowledge.

### Knowledge hoarding



**Figure 1: Knowledge hoarding in typical situations and in knowledge-sharing (KS) hostile environments**

#### *Knowledge hoarding in knowledge-sharing hostile environments*

To hoard or to share knowledge is an individual decision. However, individuals act in a particular context – cultural, social, economic as well as organizational. Our six case studies suggest that knowledge hoarding in Russian organizations is reinforced by two additional specific features: a)

coping with high uncertainty regarding how the receiver uses the shared knowledge and b) accepting and respecting strong hierarchy and formal power.

#### *Knowledge hoarding as a strategy against uncertainty*

One explanation for hoarding knowledge as a typical behavior in the Russian context is the prevailing climate of suspicion and confidentiality. This climate's deep roots extend far beyond the 70 years of socialist experience back to the sixteenth century: secret policy is not a KGB invention, it existed under Ivan the Terrible as well. In the Soviet system, it was practically forbidden for strangers to gather in groups and talk in public places. On the job, although people knew each other, a preferable behavior was to say as little as possible through carefully selective words. Answering a question with a question was and still is a well-known and established practice and more importantly, a mechanism against sharing information. Another preferred way of exchanging information was and still is by word of mouth. Following one of our respondents:

“Everybody in Russia was trained to keep things confidential.” (Western manager, Buildcom)

The preference to hoard knowledge was perpetuated by the fear that shared knowledge would be misinterpreted, often deliberately, by both the immediate and the following receivers and this could harm the transmitter. In a highly politicized organizational context, as the one in Russia especially before 1991, such misinterpretations could have led to heavy consequences for the transmitter and her/his network. In such a case, the receivers would not have been negatively affected by the misinterpretation: on the contrary, they would have been rewarded if able to “substantiate” the grounds for their interpretation. This is very different from a situation when the misinterpretation is associated with the lack of prior knowledge on the receiver's side. Because of this uncertainty regarding how the receiver uses the shared knowledge Russian people are highly cautious about revealing detailed information.

#### *High respect for hierarchy and formal power*

The high respect for hierarchy and formal power leads to two types of knowledge hoarding behavior. First, subordinates intentionally hoard their knowledge knowing that their superiors would dislike and probably even punish subordinates who appear to be more knowledgeable than they are. Second, managers deliberately hoard their knowledge to maintain power – for them knowledge is a source of more power rather than a basis for taking optimal managerial decisions.

In its long and rich history Russia has never experienced democracy. A thousand years of monarchy rules and seven decades of communist regime, both with a central (and often brutal) authority figure on the top, have conditioned Russians to accept and respect strong one-man leadership. Russian managers and employees place very high importance on hierarchy and formal power and independence is alien to them. Two people with equal status in the management hierarchy confuses Russian employees; the employees would, unofficially, rank them hierarchically. The hierarchical levels in the organization are linked through pyramidal connections and forces. No creativity is required from shop-floor workers and the notion of personal responsibility is neither well developed, nor highly valued. On the basis of a

study conducted in the largest Russian textile factory in 1990, Welsh et al. (1993) found that participative intervention seemed to have a counterproductive effect on the Russian workers' performance and that participative efforts threatened the Russian cultural value of communal work. Another study, which examined 159 managers' views on managerial trials in the transformation to a free market economy and which was carried out in 25 different organizations in St. Petersburg, revealed that one of the most frequent problems mentioned was "lack of employee involvement and motivation" (Longenecker & Popovski, 1994: 38). Our six case studies highlight similar tendencies:

"It is the top managers' task to decide everything. We are here to work." (Russian middle manager, Pharmacom)

Inequality in status among organizational participants can be a strong inhibitor for sharing knowledge, especially from lower levels to higher levels. Russian managers have difficulties accepting that they can learn from employees from lower levels. This is well expressed in their resistance and dissatisfaction when they have to work in a group with people from hierarchically lower levels, for example in the context of management education and training programs. This barrier is reinforced when the participants draw on distinct knowledge bases and ways of analyzing and assessing information.

Another important feature we are continuously observing especially in Russian-Western companies is that the knowledge transferred from the Western managers to the Russian top and middle managers is not transferred further down in the organization. Our Russian respondents from higher hierarchical levels are eager to explain what they have learned from their Western colleagues but are always shocked by the question "How do you then share the gained knowledge with your subordinates?" In a study conducted in a Russian company in the aerospace materials industry which was cooperating with the UK company Dickenson and Blundell (2000) also concluded that the learning transferred by the UK managers to the Russian senior managers of the firm was not passed on to the broader layers of the organization and implemented although the careful learning needs assessment and the learning strategy were closely linked to the management methods and business needs of UK and Russian partners. Sharing knowledge across levels or shared learning for mutual advantage is either not understood or if well understood, consciously prevented. This has serious implications in terms of first, lack of sustainability of initially successful projects and second, missing the opportunity to build upon positive achievements and consolidate gains within Russian companies.

In such an environment managers need to use Russians' strong task orientation in the sense that assigning them to work on concrete and short term tasks will naturally lead to a certain extent of knowledge sharing. Using positive examples and success stories which can make employees aware of the relevance of knowledge sharing is recommendable. It is also highly important for managers to be consistent in terms of statements and actual behavior. The signals they send should clearly indicate that they act as they say. In a state of transformation, in our case from knowledge sharing hostility to a knowledge sharing friendly organizational environment, employees are extremely sensitive towards discrepancies between statements and actions from the management side; they need as much coherence and consistence as possible.

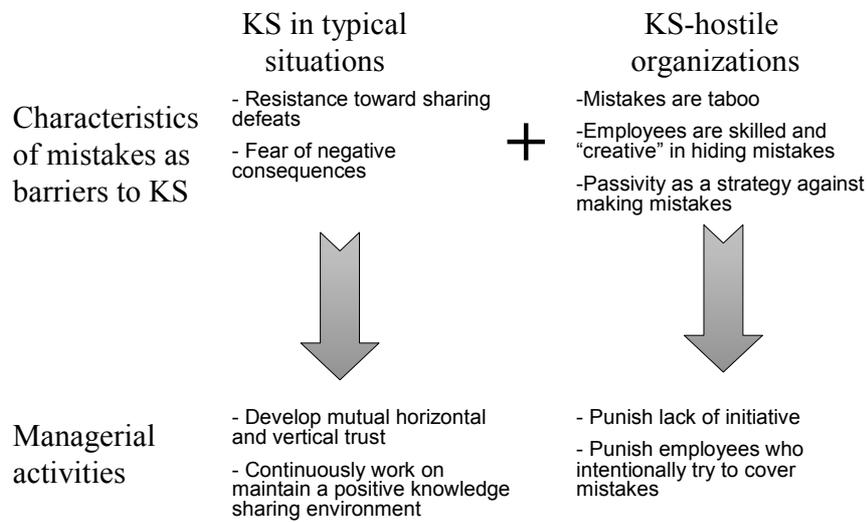
## **Apprehension about failures**

### *Traditional perspectives*

Failures have for long been recognized as a vital source of insight much too valuable just to be buried and consciously kept secret by the people involved in committing the failure. Failures are often the result of exploring unknown territories and hence also demand development of new insights. These insights offer a huge learning potential especially to later expeditions into the unknown. In other words, we learn a lot from our mistakes and this type of learning is highly valuable not only at the individual, but also at the group and organizational level. Organizational reality is, however, often different: individuals do not freely and openly share knowledge about the mistakes they have made. It is unavoidable that most employees feel vulnerable when exposing their mistake to colleagues and managers. Will the colleagues and managers use the opportunity to attach the mistake to the messenger or exploit the opportunity to learn from it? Will the managers remember the mistake at the next salary negotiations or maybe ignore the messenger's name when considering promotions? These doubts prevent employees (and managers!) from openly and freely sharing insights about their mistakes and failures. Instead, mistakes and failures are covered up and only shared with an absolutely unavoidable audience. To steer clear of the pitfalls (often leading to serious financial losses) caused by not disseminating knowledge about mistakes and failures in the organization it is essential that management develops an atmosphere which embraces mistakes and motivates individuals to share the learning points with their colleagues.

Sharing knowledge about failures calls for the existence of trust especially between employees and managers. McAllister (1995) suggests that interpersonal trust fundamentally has two forms – a cognitive form and an emotional form. The cognitive form results from a reliance on a deliberate choice by the trustee regarding who to trust, to what extent and under what conditions. This choice is based on what we perceive as good reasons or proofs of reliability. In other words, the decision of trusting a person very much originates from the decision-maker's knowledge about the person who he considers trusting (Lewis and Weigert 1985). In this perspective, the person's perception of the other person's competences and integrity is the critical conditions for trust. Emotional trust is based on emotional ties between individuals, for instance friendships. Often a certain level of cognitively based trust will be a condition for the occurrence of friendship-based trust (McAllister 1995). The need for trust-based atmosphere is inclusive which implies that it is far from ideal if trust only emerges randomly as emotional ties among some individuals and not among others. Instead, it is essential to work systematically with cognitively based trust. The establishment of cognitively based trust is developed gradually owing to occurrences and activities between the actors of the trust relation – and of course occurrences that demand an increasing degree of trust.

## Apprehension about failures



**Figure 2: Apprehension about failures in typical situations and knowledge-sharing hostile environments**

### *Apprehension about failures in knowledge-sharing hostile environments*

Discussing problems and mistakes has always been and is still a taboo in Russian organizations. This may sound rather surprising bearing in mind that accepting failures and misfortune are typical for Russians as observed by Wilson & Donaldson (1996: 63-65). The belief that events are beyond people's control and that the only meaningful reaction is to accept them could imply that people would be more willing to share insights about failures and mistakes. Paradoxically, the belief that mistakes and problems are dubious and should be avoided at any cost is deeply rooted in Russian culture.

“Our slogan is ‘We do not have the right to make mistakes!’” (Russian middle manager, Buildcom)

This paradox can partly be illuminated by the fact that critical and deviating thinking was severely punished in the Soviet system. The suppression of the individual at the cost of the group/collective/class/society during socialism permitted employees to distance themselves from taking action and feeling responsible for organizational behavior and results. Independently thinking people were regarded as “conflict-prone” or “anti-social personalities” and initiative and ambition have been denigrated. By deliberately holding back, workers could avoid the frustration of being rejected, ignored or punished. Contrary to the Western belief that “if you do not fail you do not act and develop yourself,” Russians explicitly claim that “if they act, they risk making mistakes, therefore, they prefer

not to act.” This limits the possibilities for learning from action at the work place. Having said that, it is important to point out that Russians do talk a lot about problems and mistakes, however, outside their companies. This increases the importance for managers, and especially Western managers working in Russian companies, of socializing with Russian managers and employees outside the companies’ walls.

Reflection and feedback can significantly increase learning. Reflection is an important source of feedback and if organizational members are not able and willing to reflect upon their own work processes, they will miss exploiting this feedback source. And, in turn, the lack of feedback is a barrier for reflection. Whereas Western managers continuously give and receive feedback, this seems to be rather confusing for Russians who do not consider discussions important and try to avoid them especially when they regard problems (Michailova & Anisimova, 1999). Our case findings reveal that there is a lack of reflection and absence of feedback in the everyday life of Russian companies. Russian managers and employees confess that they are not interested in reflecting upon the process of decision-making and their actions. At the same time, they continuously prove an excellent ability to reflect and self-reflect by using, for example, jokes related to their work, departments, and companies.

The fact that failures are not viewed as learning opportunities and that talking about them is a taboo inside Russian organizations is also embedded in the “coercive bureaucracy” (Adler, 1999) typical for the way they are structured. This structural configuration is based on positional authority, top-down command and control and autocratic strategy development. The lack of interest in reflection and feedback perpetuate this tendency. It also increases the risk of repeating others’ previous mistakes. Such behavior centered around the question “*Kto vinovat?*” (“Who is to blame?”) limits the potential benefits of knowledge sharing both on group and organizational level.

Another explanation for the apprehensive behavior is the strong focus on tasks and rules. A study which was conducted in 1996 that included 136 Russian managers (the average subject being 33-year old, first-line managers with about 6 years of work experience in her/his current organization) reported that 89% of the managers identified the presence of a rule based organizational climate where everyone is expected to stick to organizational rules and procedures (Deshpande et al., 2000). Puffer (1994) estimates that an average Russian enterprise may have up to 80,000 rules and regulations. The strong emphasis on these rules and regulations combined with an enormous focus on tasks constraints innovative behavior. When non-innovative behavior is the norm, it is only logical to punish failures. That increases dramatically the level of hostility to knowledge sharing.

Such an environment poses a number of challenges for managers. Our fieldwork in Russian companies strongly suggests that the most efficient way of making employees act against the deeply rooted fear of failures is to introduce well defined measures for punishing lack of initiative and attempts of hiding mistakes. Among those measures are exposure and correction in public, bigger (unpaid) workloads, demotion and, if necessary, the firing of employees. However, managers need to be aware that this is a high risk approach which can backfire if not applied in a patient and consequent manner following the principle of creating trust based organizational climate through transparency and consistency. It is crucial that managers explain in detail to all subordinates the reason for the punishment. Lack of consistency in managerial actions (e.g. punishing some for lack of initiative and some not) would lead to high confusion and invalidate the ambitions of activating mistakes in the value creation process.

## **The Not-Invented-Here syndrome**

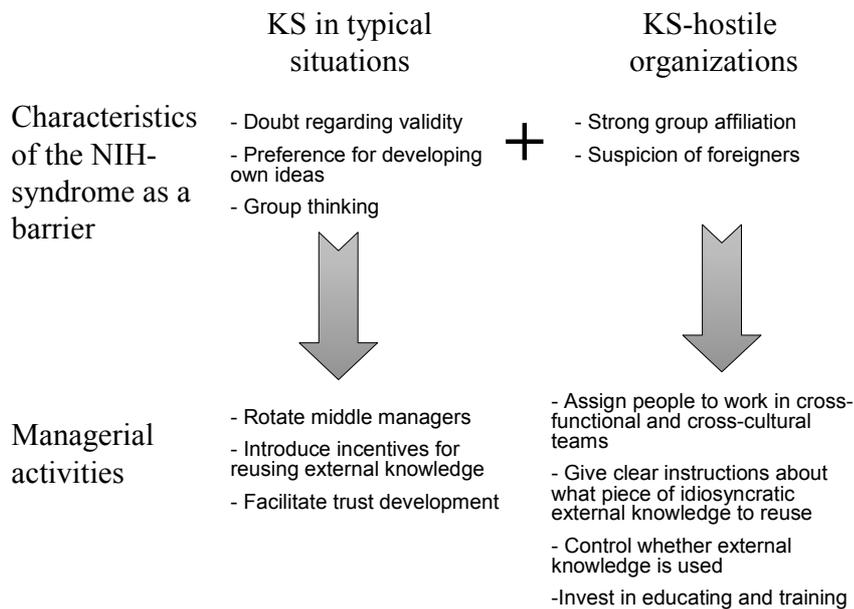
### ***The NIH syndrome as a general problem***

Resistance towards using knowledge created elsewhere is referred to as the “Not-Invented-Here” (NIH) syndrome (Katz & Allen, 1982). The notion covers a number of reasons for rejecting knowledge created elsewhere, ranging from a general doubt regarding the reliability of the knowledge to preference of developing own ideas and knowledge instead of adopting someone else’s idea. External knowledge is often rejected because it is more prestigious to create new knowledge instead of reusing knowledge invented elsewhere. Another reason is that the receivers do not trust the quality of the transferred knowledge (e.g. because they do not trust the source). In this case they will prefer to develop the specific knowledge themselves instead of going through a process of validation of the external knowledge before integrating it into their knowledge pool. The NIH syndrome might also take the shape of group thinking where a stable group, for example, a project group or management team, believes that it possesses a monopoly of knowledge of its field and therefore rejects new ideas from outsiders.

Since knowledge receivers do not always possess the necessary knowledge for assessing the quality of external knowledge, they need to trust that the offered knowledge is the best they can get and that they can base their actions on it. Stimulating trust is an important condition for overcoming the NIH syndrome. As already pointed out, it is essential to work systematically with cognitively based trust. The challenges for managers are to:

- Create situations where cognitive trust relations can be developed in the organization;
- Align incentives with the interest of the organisation in stimulating its members to reuse knowledge e.g. by introducing a prize for “Not invented here but we did it anyway”.

## NIH syndrome



**Figure 3: The Not-Invented-Here syndrome in typical situations and in knowledge-sharing hostile environments**

### *The NIH syndrome in knowledge-sharing hostile environments*

Two well-expressed features characterize knowledge-sharing hostile environments in terms of perpetuating the NIH syndrome. In Russian organizations these are first, a strong group affiliation and second, suspicion towards outsiders and especially foreigners.

#### *Strong group affiliation*

Russian culture is generally considered to be a collectivist culture (Bollinger, 1994; Garrison & Artemyev, 1994; Smith, 1990), although there are recent indications of increasing individualism (Hampden-Turner & Trompenaars, 2000; Veiga et al., 1995). The spirit of collectivity (*kollektivnost'*) has very deep roots in Russian national culture as well as in 1000 year old Russian orthodoxy: it goes back to Russia's prehistoric times when individuals would not have been able to survive if they did not unite and protect themselves in groups. Thousands of years ago, the society was arranged around the greater family communes which later evolved into larger units called *mir*. In the 1930s, the Soviet collective farm replaced the *mir* as a structural configuration but maintained the basic principle of communitarism. Russian collectivism and its ethic of egalitarianism are an intrinsic component of the inner logic of managerial values (Vlachoutsicos, 1998). In the socialist collectivist-autocratic system there was no place for the individual and her/his own way of thinking, feeling, and behaving: the individual was insignificant and did not count. A Russian social theorist, Stolyarenko (1983: 110), claimed apologetically that "the development of collectivist psychology includes two types of

processes – planned and spontaneous. The task of controlling development lies in extending the sphere of planned development and narrowing down the sphere of spontaneous development.” The general interest in the form of class/collective interest had clear priority over the private interest. The two dogmas of the communist society, dialectical materialism and historical materialism, did not find a place for the individual either: “in the dialectical materialism the man does not come into view yet and in the historical materialism he is ‘overcome’ by the deeper notion of society” (Puchlikov, 1990: 10).

This strong sense of collectivism, however, is not related to the ability to work in teams and especially not in cross-functional teams. Whereas a team is created for working on a particular project, the collective, as introduced in Russian organizations, is a rigid structural configuration which is given and maintained over time. The team spirit is associated with collective responsibility, a notion that does not really make sense in the Russian context. Whereas teamwork requires sharing knowledge, in Russian companies departments are merely oriented towards their own tasks and goals without grasping the idea of the company as a whole. In order to exercise political control over enterprise activities, Russian socialist management has combined task orientation with high level of task fragmentations. Ten years of post-socialism have not changed picture. According to Maslow (1998), there is only little change in managerial values and behavior in the 1990s.

Another explanation of the merely departmental way of thinking and acting in Russian companies is that there are a number of functions and positions that are replicated in terms of content but are positioned in different departments. Consequently, the employees are not interested in, and moreover, are afraid of putting that issue forward since this would question and risk their employment. Russian managers prefer as well not to dig into the problem since many of them are preoccupied with the social and employment security of the employees rather than with the economic efficiency of the company.

The idea of everybody winning by sharing knowledge is alien in this context: Russians believe that whenever more actors are involved in a situation, it ends with a zero-sum result:

“Some units and departments will, of course, lose if some others win.” (Russian middle manager, Texcom)

According to Hansen (1999: 106), “relations at the interpersonal level may substitute for or complement relations at the inter-unit level (and vice versa).” That is helpful explaining the set-up in the Russian organizational context: there is no intensive interface between departments, however, there is interpersonal interaction. A number of authors highlight the importance of personal relationships in the Russian context (Dabars & Vokhmina, 1995; Holden et al, 1998; Kets de Vries, 2000; Ledeneva, 1998). So did our respondents:

“In Russia, one needs friends or friends of friends. Otherwise, one cannot do anything.” (Western manager, Buildcom)

“A manager only needs a phone. In order to get things done one needs always to contact people personally.” (Russian top-manager, Foodcom)

Two features need to be considered when thinking about relations and communication at the interpersonal level within organizations. First, this interaction takes place merely at the level of heads of departments. This is not surprising bearing in mind that the head of the marketing department, for instance, is the only person possessing information about the marketing department. Sharing information and knowledge with people working at lower levels is considered as not being loyal to the other people occupying similar management positions in the company. Second, the interaction takes place in a rather formalized manner – at the regular management meetings, for example.

In older Russian companies, there are usually long lasting relationships among organizational members. This makes individuals strongly attached to groups both in terms of formal membership and emotionally. As a consequence, Russian managers and employees tend to resist new ideas coming from outside because the new information and feedback might fracture not only the stability and familiarity of the particular group but also the organizational order and continuity which they value and respect highly. Preventing knowledge sharing across departmental boundaries has serious negative consequences e.g.: internal communication processes become less efficient, the time for developing new products slows down considerably, learning opportunities are not exploited. Russian managers and employees, however, do not perceive that as a problem.

A possible way to turn the knowledge sharing hostile environment into a positive one is to exploit consciously and constructively the advantages of a strong group affiliation. The context of the group needs to be redefined and reconfigured so that employees from different functions and departments are assigned to work jointly on a project. Managers need to be careful with timing such new assignments: bearing in mind that Russians develop strong emotional attachment to a group, they are highly resistant to change their groups frequently. Additionally, the advantages of sharing knowledge among individuals from different departments would not occur over night and are not necessarily obvious for employees from the very beginning. Furthermore, managers should in the beginning give clear instructions about what piece of idiosyncratic external knowledge employees should reuse in order to make sure that external knowledge is used and appreciated. In order to secure the effect, managers need to follow up and control whether the instructions are executed.

### *Suspicion of foreigners*

People in collectivist cultures have generally greater difficulties in dealing with outsiders (Triandis et al., 1988). This makes Russian companies with Western participation environments especially hostile to knowledge sharing. Russians are suspicious of foreigners and especially of people coming from the West; they have traditionally mistrusted them. This is the result of dealing with a dilemma that lasted for centuries, namely between accepting and rejecting the West. In 1918 Lenin moved the capital of Russia from St. Petersburg to Moscow: the communists believed St. Petersburg was much too close to the Western border. The suspicion was intensified under Stalin and did not decrease under Khrushchev, Brezhnev and Gorbachev. Wilson and Donaldson (1996) refer to the division between the *zapadniks* who favor adopting a Western lifestyle and absorbing knowledge and technology of westerners and *slavophiles* who push for an all-Slavic way of life and favor Russia's own development of science, trade, and technology. Massie (1992) quotes Peter the Great: "You yourself know that anything that is new, even if it is good and necessary, our people will not do without being compelled."

The business contacts between Russia and the West are in general not characterized by rich traditions and a long history. The countries of the former Soviet Union and the Western world were rather isolated from each other and there were no strong and frequent contacts at the enterprise level. In Boyacigiller's (1990) framework, one could expect that this leads to an increased cultural distance between Russia and the West. As argued by Lei and Slocum (1992), the lack of experience of collaborating with the partner causes major difficulties in the development of the alliance. Solzhenitsyn (1991), who belongs to the slavophiles group, summarizes the attitude by warning that Western capital "must not be lured in on terms that are advantageous to it but humiliating to us [Russians], in come-and-rule-us style." Holden et al. (1998: 32) cite a director of the Russian Inkombank saying that "Russians are made to feel like aboriginals in their own country who should be grateful for what the foreign firms care to pay them." And yet Russians recognize that the West is a source of financial capital, modern technologies and new ideas. Looking at Westerners as exploiters and partners at the same time is just a reflection of Russians' "love-hate hysteria about the West" (Hingley, 1978).

Russians' high level of suspicion towards foreigners is a serious obstacle for knowledge sharing especially in Russian-Western organizations. The first step towards fighting this suspicion is to be aware of its presence and extent. From that point, managers should aim at breaking down the suspicion and hence the intensive NIH syndrome by, for example, socializing with Russian managers and employees (Michailova, 2000), creating cross-cultural teams and training and educating of the Russians in the Western offices.

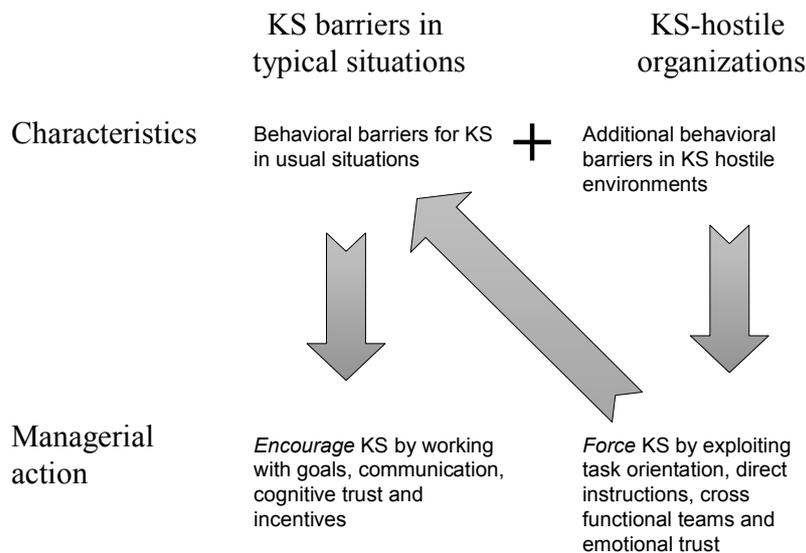
### **From knowledge sharing hostility to efficient knowledge sharing**

In this paper we have argued that some business environments and organizational cultures are more hostile to knowledge sharing than others. We also provided a number of reasons and explanations by using Russian companies as an example. In these knowledge-sharing hostile environments we found besides the typical behavioral barriers additional obstacles that make knowledge sharing even more problematic and very often impossible. The main observations can be summarized as following:

The basic problem of knowledge hoarding is intensified in the context of Russian organizations by two specific features – first, knowledge hoarding is a mechanism for coping with uncertainty and second, knowledge hoarding is combined with a high respect for hierarchy and formal power. Apprehension about failures is a well-known obstacle for knowledge sharing among organizational members; this apprehension is extreme in Russian companies to the extent that it often completely blocks action and justifies passivity. The Not-Invented-Here syndrome is also a general behavioral problem in knowledge sharing; in knowledge-sharing hostile environments the problem is intensified by a strong emotional group affiliation of individuals on the one hand and a high level of suspicion towards outsiders (and especially Westerners) on the other.

When the firm's knowledge is intentionally and purposefully managed, knowledge sharing processes are more efficient (Clark, 2000). Conscious managerial actions become even more important in knowledge-sharing hostile environments. The challenges are enormous because the impediments discussed in this paper are hidden and subterranean. Bearing in mind that organizational members in knowledge-sharing hostile environments are strongly resistant to share the knowledge they possess,

managerial actions should be directed towards careful observation, thorough diagnosis and consequent action.



**Figure 4: Managerial actions to facilitate knowledge sharing**

As illustrated in Figure 4, the managerial actions should be directed towards a rather explicit breaking down of barriers to knowledge sharing. In knowledge-sharing hostile environments this could be achieved by initially *forcing* the process of knowledge sharing as apposed to *encouraging* or *stimulating* knowledge sharing that is appropriate in typical situations. This is not to say that forcing mechanisms lead to efficient knowledge sharing but rather that forcing techniques are able and needed, according to our data, to initiate a transformation process from a hostile to a more friendly knowledge sharing environment. Moreover, in the studied case companies, this was the only approach that turned out to work with success.

A possible way to do that is to assign employees to work on tasks and projects, which cannot be fulfilled without a more intensive knowledge sharing. As discussed earlier in the paper, Russian employees are very good at executing clearly defined short-term tasks. This strong task orientation could be used constructively in terms of splitting more complex projects into smaller steps and assigning people to work on them. It is important to remember that employees also expect to be controlled and if managers do not follow up on whether and how the tasks have been fulfilled it creates a high level of confusion and, as a matter of fact, disappointment.

Another technique to be applied is to give direct orders and instructions that do not allow for avoidance of knowledge sharing. If middle managers, for example, undergo an educational or training program, they should be assigned to act as knowledge transmitters after the completion of such a program. Otherwise, the knowledge they have accumulated during such an education or training will definitely not be disseminated further in the organization, neither horizontally, nor vertically.

Our continuous fieldwork in Russian companies proves that reward systems do not provide the results and effects intended by the management. Russian employees and middle managers may take financial reward systems seriously for a month or two; however, their effect evaporates rather quickly and does not help to increase motivation for knowledge sharing. The Russian employees' argument is that financial reward, for example in the form of bonus systems, are calculated in relation to their salary and if the salary is low anyway, there is no stimulating effect in the bonus unless the latter is really substantial. Another important lesson to draw and remember is that Russian employees are loyal to a person, not to a function. This suggests that one should avoid frequent replacement of managers.

As the diagonal arrow in Figure 4 illustrates, the aim should be to consciously initiate the process of knowledge sharing through techniques suggested above. As soon as an increased awareness of the importance of knowledge sharing is achieved in reality throughout the organization, some more advanced instruments can be applied and more efficient knowledge sharing achieved.

## Appendix 1: The case companies

**Pharmacom**<sup>2</sup> is one of the 20 pharmaceutical companies in Russia. It was founded by the Russian Ministry of Health in 1937. The company produces medicine from natural components. Being a state-owned enterprise, Pharmacom was under a double subordination: it was under the control of both the local city government and the Ministry of Health. The final privatization of the company took place in 1994 after one and a half years of preparation. Pharmacom has grown from 150 employees in 1997 to 320 employees at the end of 2000, mainly due to successful operation and introduction of new products on the one hand, and outdated equipment and labor-intensive technologies on the other. 18% of the staff has higher education, 60% has secondary professional education and the rest ordinary secondary education.

**Texcom's** history goes back to 1841 when a foreign businessman built a plant to produce textile products. In Soviet times the factory was owned by the state. In 1992 it was reorganized into a public stock company. The high quality of Texcom's products is well known in Russia and recognized internationally. The prices are competitive mainly due to low labor costs and the economy of scale. The company has its own Center for New Development whose employees work on developing new technologies and products. It has also established a design studio that follows the development of new trends in the textile industry. Texcom cooperates closely with institutions of higher education which prepare specialists in the areas related to the company's fields of operation. The main markets for Texcom are those of the former Soviet Union. Only 3% of the products are exported. The company has also developed contacts with foreign companies in order to both purchase modern technologies and increase the sell of some of the products. The average age of the 1815 employees is 40. Around 90% of the managers in the plant have higher education.

**Foodcom** operates in the food processing industry. It was established by two foreigners in 1914. In 1919 the enterprise was passed on to a union. During World War II, Foodcom was mainly executing orders from military hospitals. Later, during the war, the company building was destroyed. It was reconstructed in 1946 and the operation was renewed in 1947. In 1992 Foodcom was privatized and transformed into a stock company. Four years later it was turned into a public-stock company. Most of the production lines are imported from abroad and some of them are constructed according to Foodcom's specific needs and requirements. Foodcom's products are very well known on the Russian market. They are preferred over imported goods mainly because they do not contain any preservatives. Around 50% of them are sold in the local regional market; the rest goes predominantly to other Russian regions. The quality of some of the products has been recognized and rewarded internationally. The company continuously invests in upgrading the technologies and the production lines. The European Bank of Reconstruction and Development bought an additional emission of Foodcom's shares in 2000. At present, the company faces the serious problem of unfair competition: a number of small, non-professional and unknown companies sell their own products using Foodcom's name. Out of the 1,500 employees 1,400 are blue-color workers. About 70% of them are under 35. The company has its own production and technology laboratory with 25 employees engaged in research and development.

**Opticom** is a famous Russian producer of optic-mechanical and optic-electronical devices and equipment. Founded in 1913 by a group of Russian businessmen, the initial products were mainly addressed to the Russian army. After 1917 the plant was nationalized. It continued producing military cinematographic and photographic equipment. In 1962 the company merged with a number of other plants with related production in the region. Opticom was privatized in 1993. At present, around 30% of the shares belong to foreigners who have the status of nominal shareholders. The current product priorities of the company are instruments and devices for the medical industry, observation devices

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<sup>2</sup> The real company names have been disguised. The pseudonyms indicate the industry in which the respective company is operating.

control equipment for meteorological purposes and special military equipment. According to several surveys conducted by Business Week, the company is one of the steadiest developing companies in Russia. The average age of the 6,000 employees is 47. 35% of the staff have higher education and 36 employees hold a Ph.D. degree.

**Machincom** is a Russian-Western joint venture established in 1989 and producing industrial machinery and equipment. The Russian part of the new venture has been existing for 11 years before it entered the joint venture. The majority of the shares are owned by the Western investor who also delivers the production technology. The company has a leading position in the Russian market and in the markets of the former Soviet Union and has no real competitors in Russia yet. Machincom employs 200 people with an average age of 40 years.

**Buildcom** was established in 1956 and operates in the building material industry. Until recently, it has been functioning as a large conglomerate (*kombinat*). The factory was the primary business in the town and the main supplier to the regional construction industry. Until 1999, Buildcom employed more than 1,300 employees with an average age of 44, all living in the local town. Buildcom was privatized in 1994. The majority of the shares went to a large Russian industrial holding company and a minor part was acquired by the company's managers, workers and pensioners. In 1997, while investigating opportunities for takeovers of local production in Russia, a large Western multinational company started negotiations with Buildcom. In 1999 the negotiations were finalized, Buildcom was reorganized and part of it, including 500 employees, was taken over by the Western investor. Westerners currently occupy all top management positions in Buildcom. The other part of the previous *kombinat* continues to operate as a purely Russian company.

**Table 1: Overview of the case companies**

Company	Company age (in years)	Ownership	Industry	Number of employees	Average age of employees
Pharmacom	64	Russian	Pharmaceutical industry	320	37
Nevskaya manufactura (Texcom)	160	Russian	Textile industry	1.815	40
Pekar (Foodcom)	87	Russian	Food industry	1.500	35
LOMO Opticom	7 yrs Joint Venture (the Russian part: 88 years of existence before the involvement of the Western investor)	Majority of shares: Russian Minority of shares: Western	Optic devices and equipment	6.000	47
Sovplym (Machincom)	4 years Joint Venture (the Russian part: 11 years of existence before entering the JV)	Majority of shares: Western; Minority of shares: Russian	Industrial machinery and equipment	200	40
Buildcom	3 years Joint Venture (the Russian part: 42 years of existence before entering the JV)	Fully-owned by a Western investor	Building materials	500	44

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