Cross-cultural knowledge management for organizational efficacy: the role of stakeholder causal scope analysis

Across the typological and industry spectrum of organizations, multi-culturalism, market integration and rising new forms of consumer behaviour are incessantly and emphatically changing the critical factors of business success (Leonidou et al., 2018). And while classical and time honoured strategic, management and marketing factors are, and probably shall continue to be, pertinent, other elements that have long-lurked in the lime light are rapidly becoming of immense importance (Thrassou et al., 2018). Cross-cultural paradigms, knowledge management and stakeholder involvement are increasingly claiming the spotlight of business theory and practice, proving themselves to be of significant scholarly and executive value. In this vein, it is important for scientific research to study these concepts, theories and practices not in isolation, but in conjunction. Thus, traversing through extant works on the subject, we hereby present the individual, collective and integrated essence of these; finally, also presenting the individual papers comprising this Special Issue of the European Business Review, along with their multi-perspective contribution to knowledge.

Culture is defined by Hofstede (1991) as the combination of a shared philosophy which differentiates individuals between various groups. Therefore, people from different cultures react differently to a single phenomenon and/or in a given context. In particular, organizational knowledge management initiatives in diverse socio-economic contexts (including government, non-government and business practices), would lead to a detrimental outcome or would not be able to convey the right message, at the right time to the right target audience prolifically, if the cross-cultural issues are not considered. Indeed, a specific organizational procedure that would be appropriate for the target audience of one culture would not be suitable for the target audience of another culture (Hofstede, 1984). Therefore, as suggested by Momir and co-authors, “it is imperiously necessary to make efforts to understand the sophisticated cultural models, especially in the current situation in which the business world becomes increasingly international and global” (Momir et al., 2015, p. 723). Today, more than ever, companies have to compete in the international “arena”, and this requires a constant commitment to the management of information and knowledge, the ability to understand and manage different cultures, the skill to create and manage networks and the aptitude to learn and use internationalization related knowledge (Dutot et al., 2014; Child and Hsieh, 2014; Fletcher and Harris, 2012). Therefore, considering cross-cultural issues, is especially important for organizational knowledge management, aiming at the cross-cultural target audience (Huang et al., 2013).

The cross-cultural knowledge management (CCKM) concept itself, appeared only recently in business literature, following its recognition as an essential factor in organizational practice and policy in the globalization era (Del Giudice et al., 2011). Emerging evidence highlights that management of cross-cultural knowledge helps companies operating in different countries and economic sectors to succeed internationally (Ferraris et al., 2019). This is partly linked to the experience of top management and its ability to manage relationships with partners from different cultures and therefore in the international context (Galati et al., 2014). Taking into account the embryonic state of the studied phenomenon, few definitions have been proposed in extant business works. One of these definitions, proposed by Nguyen (2011) defines CCKM as a series of practices to...
recognize and understand cultural differences and develop a new culture, thereby adjusting to the cross-cultural environment. In this regard, it is strategic to know the different cultures like a blend of values, beliefs and assumptions that are the result of the variety of experiences accumulated throughout his/her (Hofstede, 2010). These cultural philosophies ingrained in people’s mind from their childhood, and influence their decision-making, which appears as a dimension of difference in human behaviour from culture to culture (Steenkamp, 2001; Steenkamp and Kumar, 1999).

Despite the recognition of the importance of cultural differences and the influences that these can have for the success of a company, little is known about whether people in different cultures differ in their decision-making in the mixed-motive situation (Chen and Li, 2005). Several studies argue that cultural differences among countries, as a combination of firm, industry and country factors, are one of the main drivers of economic and entrepreneurial conduct (Scholtens and Dam, 2007; Thomas and Mueller, 2000). Following this cultural mindset on different cultural philosophies, different stakeholders, e.g. customers, evaluate the alternate competitive value propositions (Kotler, 2003). Stakeholders are overwhelmed with several information about the competitive value propositions today (Berner and Tonder, 2003). This stakeholder information, stakeholder knowledge and stakeholders’ mobility, income and search costs form/reform stakeholders’ expectation about their estimated value on a particular issue to act on it (Kotler, 2003), which persuasively impact on their value perceptions about the available competitive offerings. And though societies have culturally broadened their horizons in today’s multicultural and integrated markets, it is necessary to also consider the ethnic dimensions; which play a crucial role in effective organizational knowledge management, both in relation to business and non-business decisions (Bent et al., 2007; Chan, 2006; Ownbey and Horridge, 1997).

The discussion, thus, far acknowledges that considering the cross-cultural issues in organizational knowledge management is important for effective sense-making across varied cultural settings. However, there are “barriers to knowledge management (KM) due to various national cultural dimensions” (Ray, 2014, p. 45), which are under-researched. For example, only “few studies have investigated either on the real differences in the factors of knowledge transfer within different cultural contexts or the reasons behind these differences” (Li et al., 2014, p. 279). Focussing on the cross-cultural global setting, studies show that many KM projects, in fact, fail (Coakes et al., 2010) and that “not all [...] factors are clearly understood” (Pawlowski and Bick, 2012, p. 1). Researchers argue that “the current understanding of when and how knowledge transfer leads [...] to success is still limited” (Ahmmad et al., 2016, p. 66), lacking an adequate understanding of managing and transferring knowledge effectively in the multi-cultural organizations (Hajro et al., 2017). Limited attention was also paid to the role of the higher education which has significant opportunities to apply knowledge management practices to support every part of their mission from education to public service to research (Laal, 2011; El Nemar et al., 2018). This shows, as argued by Holden (2001), that cross-cultural management studies are seriously out of touch with the workings of the modern global economy with its emphasis on knowledge-sharing, organizational learning and network development. Through a cross-cultural knowledge management system companies can capture and share all information related to their business practices, the cultural factors affecting business, social and legal aspects, etc., which allow them to better compete in a globalized market. This strategy allows companies to save on transaction costs (information, negotiation and monitoring costs), which represent an important component of business management costs (Galati et al., 2015). Therefore, companies that adopt an effective knowledge management system could achieve significant improvements in their business performance in terms of cost savings, improved
efficiency and the ability to manage global relationships (Santoro et al., 2018). In line with this, Pucci et al. (2018) found that conventionally operating companies can reach only moderate levels of growth; while opening the doors to cooperation models, acquiring new knowledge from external sources and arranging compensating mechanisms between external and internal resources can achieve higher growth (Pucci et al., 2018).

In this framework, the involvement of and the effective management of relations with stakeholders is paramount. “Insight into organizational responses to stakeholder claims and influence attempts is critical to understanding the challenges currently facing managers and organizations” (Weitzner and Deutsch, 2015, p. 1337). However, extant literature on the organization–stakeholder relationships “does not provide much insight into organizational factors that lead organizations to attend to the different stakeholder or to implement stakeholder practices (cf. Bundy et al., 2013). Moreover, empirical work in the strategic management literature has failed to address these shortcomings” (Mena and Chabowski, 2015, p. 430). “Much remains unknown about how organizations learn about multiple stakeholders. This is unfortunate given the increasing importance organizations place on meeting their stakeholders’ demands” (Mena et al., 2017, p. 177). From this point of view, Giacomarra et al. (2019a) underline that (in the wine industry context) the methods of acquiring information from external stakeholders and how this information is integrated with the internal human capital, represent further success factors. Ardito et al. (2018), with regard to supply chain actors, find that the knowledge of different stakeholders is needed to improve innovation ambidexterity and that the potential value of each specific knowledge source must be assessed to better design knowledge searches and open innovation strategies. This is also in line with findings by Vrontis et al. (2017b) regarding knowledge intensive firms and Santoro et al. (2019) on entrepreneurial effectiveness. Therefore, understanding stakeholders’ interaction allows a holistic and comprehensive understanding of the synergies, exchanges, risks and benefits of these relationships (Vrontis et al., 2017a; Serravalle et al., 2019). In line with this, and with reference to both the individual company and to companies operating along a sustainable supply chain, a central aspect that can condition the process to have a good result is represented by cultural differences between stakeholders and the level of trust among stakeholders (Shams et al., 2020a). The culture of the interested parties influences the way in which a company responds to stakeholder issues in two interrelated ways (Shams et al., 2020b). In terms of organizational transparency as a stakeholder relationship management construct, Schnackenberg and Tomlinson (2016) argue that “it is not clear exactly how the construct should be conceptualized, how it relates to managing trust in the organization-stakeholder relationship, or how organizations manage it” (p. 1785). To respond to this significant research gap in organization–stakeholder relationships further research is evidently required to understand and refine organization-wide knowledge management processes, and particularly knowledge acquisition and distribution (Huber, 1991; Sinkula, 1994; Dimitropoulos et al., 2019). In this context, incorporating the key stakeholders would be instrumental in unlocking the potential progress of this under-researched area in organizational studies, focussing on the intersection of cross-cultural stakeholders’ knowledge management for improved organizational efficacy.

As previous studies emphasize, the management of relationships with stakeholders has transformed from simply identifying potential stakeholders who have useful information for planning one or more company activities, to fully involving them in the decision-making process (Gable and Shireman, 2005; Manetti, 2011). The latter case has been termed Stakeholder Engagement (SE); described by De Colle as:
a meta-process that can be used to improve decision-making processes within any organization, bringing into it stakeholders’ perspectives, and helping the management to better serve the interests of their stakeholders” (De Colle, 2005, p. 314).

Different stakeholder relationship management (SRM) constructs “are usually derived and enhanced through the cause and consequence of stakeholder relationships and interactions” (Shams, 2016a, p. 680). Analysing the “cause and consequence of stakeholder relationships and interactions as a stakeholder causal scope (SCS)” (Shams, 2016b, p. 141) would be instrumental to recognizing the diverse scopes and (existing and emergent) extents of stakeholder relationships, based on trust, satisfaction, commitment, reciprocity and co-creation, reliability, responsiveness, loyalty and other SRM constructs (Blenkhorn and Mackenzie, 1996; Moliner et al., 2007; Crosby et al., 1990; Macintosh, 2007; Gummesson, 1994; Parasuraman et al., 2005; Fontenot and Wilson, 1997; Eisingerich and Bell, 2006; Benett and Barkensjo, 2005; Wilson and Mummalaneni, 1986; Lang and Colgate, 2003; Berry, 1995; Dimitriadis and Stevens, 2008). A recent study on the F&B packaging industry shows that:

successful stakeholder relationship management not only means the company can act proactively to targeted market pressure, but also means it can acquire new knowledge (from external stakeholders) and suitably exploit this new knowledge, by its investment in internal human resources (internal stakeholder’s engagement) (Giacomarra et al., 2019b).

Such relationship-building opportunities could be identified in the cross-cultural context. These would stem from an organization’s interactions and learning experience with their stakeholders (e.g. service encounter), also towards acquiring knowledge about the stakeholders themselves; all to improve organizational efficacy. In light of this, it is essential to acquire new and more in-depth knowledge of the models and strategies adopted by companies to involve stakeholders with cultural differences in decision-making processes; and to understand their effect on economic and managerial performance across organizations.

This special issue of the *European Business Review* comprises nine papers that contribute to this under-researched area of cross-cultural management; building on the notion of effective cross-cultural stakeholders’ knowledge management being instrumental in improving organizational efficacy.

The first paper by Gabriele Santoro, Alkis Thrassou, Erasmia Leonidou, Demetris Vrontis and Michael Christofi explores the perceived negative emotions of both costumers and frontline service employees during intercultural service encounters the building (ICSEs) and utilization of corresponding knowledge in the banking sector, thus shedding light on the stakeholder causal scope assessing a double perspective to build a comprehensive picture of the phenomenon. Based on qualitative approach authors discuss the importance of identifying the perceived negative emotions in ICSEs, to enhance corresponding knowledge that will proactively establish specific procedures which can actively regulate ICSEs and their effectiveness in terms of communication and functional goals.

The second paper by Amina Buallay, Allam Hamdam, Sameh Reyad, Sherine Badawi, Araby Madbouly, provide and empirical analysis of the link between intellectual capital and its impacts on a bank’s operational, financial and market performance. Authors discuss the role of Intellectual capital (IC) in enhancing high-tech or knowledge-based firms, based on the knowledge assets. These, becoming the major production factors responsible for the economic and financial prosperity and key drivers of companies’ sustained competitive advantages. Based on an empirical survey, the results show a positive relationship between IC efficiency and financial and market performance and will be helpful to decision-maker, regulators, policymakers and scholars to improve their awareness of IC and their differences among GCC banks.
The third paper by Luca Camanzi and Carlo Giua analyze the main factors affecting agri-food SMEs participation in business network and their impact on network structure. Authors through a critical literature review identify the main approaches to firm competitive advantage and the role of stakeholder relationships and use a case study approach discuss on the opportunity to adopt an integrated model based on the internal resources and on the stakeholders’ casual scopes to shaping network strategy and ensuring a sustained competitive advantage.

The fourth paper by Giuseppe Festa, Matteo Rossi, Ashutosh Kolte, Mario Situm analyses the territoriality as an element to describe and characterize “Made in Italy” products within the globalization process, highlighting the most important connections from a structural and systemic point of view, for the international success of Italian SMEs. Based on an empirical research authors found that “glocalism” represent a potential driver for the success of internationalization strategies and that knowledge network in the territory play a key role in the concept of territorial social capital, enabling traditional and innovative interaction inside and outside companies and along supply chains and business network, as well as inside and outside specific territories.

The fifth paper by Tomasz Kusio and Mariantonietta Fiore explore the role that universities are assuming as entrepreneurial entities and gather information taking place internal university stakeholders and students’ perception of entrepreneurship education. Authors reveal the importance of entrepreneurship education, as a combination of experiential learning, skill-building and mindset shift, in the context of an entrepreneurial university, supporting persons in their everyday lives and in the workplace making them able to grasp opportunities within a context that promotes ethical values and good governance.

The sixth paper by Shams S.M.R. and Rajibul Hasan analyses the transnational education (TNE) marketing mix, to understand the influence of transnational stakeholders’ causal scope(s) (SCS) on knowledge management in TNE. Authors discuss the opportunity to uphold their transnationalization processes through capacity building in TNEs’ marketing management. In addition, they explore and discuss the interrelationships between TNEs’ SCSs with their transnational stakeholders and various capacity building driving factors and processes to recognize and absorb particular transnational conditions. Authors propose an initial conceptual framework of knowledge management for TNE marketing is proposed, and develop practical insights from different TNE markets in support of this novel knowledge management capacity building framework of TNE.

The seventh paper by Vahid Jafary-Sadeghi, Mojtaba Rezaei, Stefano Bresciani explore the role and influence of social capital (SC) on the knowledge management (KM) and sets out to develop the understanding of the importance of the impact of the cross-cultural environment on this relationship. Based on a critical literature review and an empirical survey authors found that SC has a positive relationship with KM and that trust has the greatest impact on KM in the cross-cultural environment. In detail, authors found that the dimensions of SC can be recognized as an important and effective means that continuously and increasingly improves the KM activities in an organization.

The eighth paper by Gnanakumar B.P. explores the Indian cultural divergence factor that creates faith on spiritual brands and how spiritual foundations in India are identifying cultural divergence to augment them. Based on empirical survey authors found that cultural diverge variables such as power distance, collectivism, uncertainty avoidance and long-term orientation are influencing the brand inspired by faith.

The ninth paper by Abraham Cyril Issac, Rupashree Baral and Timothy Bednall, Authors develop, on the basis of a critical literature review and on the results of three
different studies, a comprehensive, integrative model of knowledge hiding and identify its most important antecedents. Authors focussed their attention on the strongest drivers of knowledge hiding across industries and on the role of the years of industry experience shape employees’ perceptions of knowledge hiding.

The individual and collective contribution to knowledge of the afore-described works is as necessary, as it is innovative and insightful; and we trust that they shall prove to be of significant scholarly and executive worth. We hope you shall enjoy reading them and that they shall constitute an inspiration and a cornerstone for future research.

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References


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**Guest editorial**


**Further reading**


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