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Knowledge Transfer of Foreign and Local Employees in Multinational Companies

Yuen Yee Yen and Wendy Teoh Ming Yen
Faculty of Business, Multimedia University, Jalan Ayer Keroh Lama, 75450 Melaka, Malaysia

Abstract: Since knowledge transfer in higher learning institution is essential for Malaysia to become a developed, high-income country by the year 2020, this study is conducted to investigate key factors affecting expatriates and Malaysian worker's willingness to share knowledge in multinational companies in Malaysia. Useful recommendations are provided to the organizations management and educational practitioners to create a comfortable environment for effective knowledge transfer in multinational companies. Total 500 expatriates and Malaysian workers who are currently working in top multinational companies in Malaysia were required to answer the questionnaire of this study. The data analysis results indicate that the learning culture and resource availability positively influences knowledge transfer of both expatriates and Malaysian workers in multinational companies. Another important factor, long-term planning, positively influences the knowledge transfer of the Malaysian workers but it has no significant impact on the knowledge transfer among expatriate employees.

Key words: Knowledge transfer, local and expatriate employees, comparison, competitive economics, expartriate employ

INTRODUCTION

In order for Malaysia to become a developed, high-income country by the year 2020, efficient knowledge transfer between Malaysian workers and expatriates in multinational companies are essential. Knowledge is a key asset for multinational organizations to succeed in the competitive economies (Yang, 2008; Cheng, 2009). Effective knowledge transfer among expatriates and Malaysian workers is imperative to ensure that multinational companies Malaysia are able to compete with organizations from all over the world in the era of globalisation.

Currently, there is insufficient research to explore important determinants of effective knowledge transfer from the perspectives of expatriates and Malaysian workers. Researchers worldwide (Finestone and Snyman, 2005; Mustapha and Abdullah, 2004) overlooked knowledge transfer among expatriates and Malaysian workers. Most of the previous studies constrained themselves into examining knowledge transfer of Malaysian workers (Finestone and Snyman, 2005; Voelpel and Han, 2005). Finestone and Snyman (2005) mainly focused on negative determinants that restrained effective knowledge transfer in local companies Ibn South Africa. Voelpel and Han (2005) mainly focused on descriptive statistics and without detailed analysis on key determinants affecting knowledge transfer of China and United States.

This study is therefore conducted to fill the research gaps of previous literature. The objective of this study is to explore key factor affecting expatriates and Malaysian worker's knowledge transfer in multinational companies Malaysia. A framework will be proposed and constructive suggestions will be provided to assist industry practitioners to enhance knowledge transfer in multinational companies.

This research has important implications for research and practice. It assists the industry practitioners and local governments to understand the actual knowledge sharing behaviour of local and expatriate employees in multinational companies. Based on the actual demands of expatriates and Malaysian workers, practitioners could design suitable knowledge management policies in their organizations to create conducive organisational learning culture for employees. In addition, this study will also enrich the current literature which is seemingly lack of established framework to examine knowledge transfer among from the perspectives of expatriates and Malaysian workers in multinational companies. Meticulous research instrument and framework used in this study could also become a good reference for future research in similar area.

Corresponding Author: Yuen Yee Yen, Faculty of Business, Multimedia University, Jalan Ayer Keroh Lama, 75450 Melaka, Malaysia

Literature review

Knowledge transfer: Knowledge transfer measures an employee's involvement in acquiring, accessing, disseminating and exchanging knowledge and intellectual properties with other employees in an organization (Montana, 2000). Knowledge transfer among expatriates and Malaysian workers in multinational companies are important to the sustainability of the learning institutions (Cheng, 2009). Effective knowledge transfer will improve the productivity and efficiency of the organization by effectively transferring the knowledge and technological skills of an experienced expatriates to a local employee (Yang, 2008).

Knowledge transfer is influenced by the following factors:

Individualism: The first factor, individualism, refers to the situation in which the needs of groups are more important than personal benefits (Wagner, 1995). Employees with high individualism prefer to stay alone and dislike knowledge exchange in the organization (Bates *et al*., 1995). They prefer to hoard knowledge and are reluctant to share and exchange knowledge using the latest computing technology (Nonaka and Takeuchi, 1995).

H_1: Individualism affects local and expatriate employee's knowledge transfer in multinational companies Malaysia

Career advancement: The second variable, career advancement, has been identified as employee's willingness to share their knowledge and expertise for future career development (Gupta and Govindarajan, 2000; Szulanski, 1996). Employees who have meticulous and attainable future planning would be more likely to explore and share knowledge with other employees in the organization (Alavi and Leidner, 2001).

H_2: Long-term planning affects local and expatriate employee's knowledge transfer in multinational companies Malaysia

Learning culture: The next factor, learning culture, measures the availability of a pleasant working environment that fully supports employee's knowledge transfer. The biggest challenge of knowledge transfer is insufficient commitment and support (Kelloway and Barling, 2000). Conducive organisational learning culture needs to be created to encourage employees who are more familiar with current working procedure to share knowledge with new colleagues.

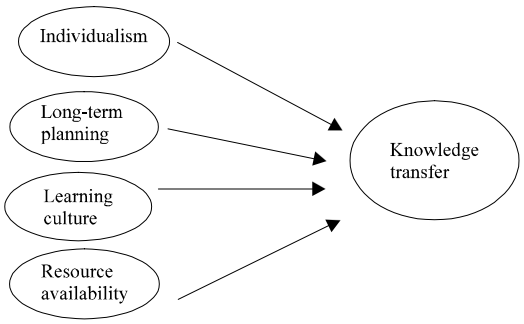

Fig. 1: Research framework

H_3: Learning culture affects local and expatriate employee's knowledge transfer in multinational companies Malaysia

Resource availability: Resource availability is the next factor which might have a positive influence on expatriates and Malaysian worker's knowledge transfer. Resource availability refers to the readiness of supplementary tools such as written documents, service centres and technological infrastructure in supporting of knowledge transfer in an organization (Ajzen and Driver, 1992; Cheng, 2009; Reige, 2005).

H_4: Resource availability affects local and expatriate employee's knowledge transfer in multinational companies Malaysia

Figure 1 shows the research framework of this study. This study has 1 dependent variable (knowledge transfer) and 4 independent variables (individualism, long-term planning, learning culture and resource availability).

MATERIALS AND METHODS

The present study is a quantitative study. A questionnaire was designed based on the research framework, trailed in a pilot study and finally distributed to a sample of 500 expatriates and Malaysian workers from top multinational companies listed in the 2015 Malaysian Investment Development Authority (MIDA) directory.

Each respondent was given 30 min to answer the questionnaire. Souvenirs such as pens and key chains were given to encourage respondents to answer the questionnaires. Out of 500 distributed questionnaires, 288 respondents had returned the completed questionnaires to the researchers. About 288 valid questionnaires were collected and used in further analysis of this study. The response rate was 57.6%.

The questionnaire data was analyzed by using the Statistical Package for the Social Sciences (SPSS) Statistical Software Version 23.0.

RESULTS AND DISCUSSION

About 48% of the respondents of this study are males and 52%of the respondents are females as shown in Table 1. The 85% of the respondents are Malaysian citizens and 14% are expatriate employees that work in multinational companies Malaysia. Permanent employees comprises of 68% while the remaining is contract employees.

As indicated in Table 2, learning culture, resource availability and long-term planning are important positive factors that influence Malaysian worker's knowledge transfer while resource availability and learning culture are important positive factors that affect expatriate employees 'knowledge transfer. Therefore, H_3 and H_4 are supported while H_2 is partially supported (applicable to Malaysian workers).

Both local and expatriate employees perceive positive learning culture as one of the most important factors affecting knowledge transfer. Positive organisational learning culture seems to serve as an important determinant for frequent social interaction in multinational companies which will direct affects the knowledge transfer for both expatriates and Malaysian workers. Trust and care are two important components of a positive learning culture because both expatriates and Malaysian workers require trust to share what they know (Zheng, 2005). Conducive learning culture with great supervisor and co-workers engagement in transfer and learning new knowledge will improve employee's knowledge transfer (Kelloway and Barling, 2000). Therefore, strategic initiative to create a learning culture in multinational companies is essential so that expatriates and Malaysian workers can help each other in increasing job competencies.

In addition, the availability of resource is another important factor that positive affects both expatriates and Malaysian worker's knowledge transfer. It is important to have advanced knowledge management system and technological repositories in multinational companies that store historical case-based solution of job-related problems faced by expatriates and Malaysian workers in the organization. Appropriate taxonomy or classification system could also be implemented to help expatriates and Malaysian workers to share the case-based solution stored in the knowledge repositories. Long-term planning is an important factor that positively influences Malaysian worker's knowledge transfer. This is because Malaysian workers are more familiar with the economic and social development of the country and can get along with colleagues and bosses more easily. They are more achievement-oriented due to their family dependencies, which leads to greater preference to share more knowledge with colleagues and supervisors in order to become success in the workplace (Witt *et al.*, 2002). In contrast, long-term planning is not an important determinant for expatriate employees who are possibly more concerned about short-term financial rewards compared to long-term career growth and development. Therefore, competitive bonuses and rewards should be in place to encourage expatriate employees to share knowledge while long-term career development should be clearly explained to Malaysian workers to motivate them to share knowledge with colleagues. This paper makes a significant contribution to existing literature as it is one of pioneer research in South-East Asia that establishes a positive association between long-term planning and knowledge transfer from the perspectives of Malaysian workers in education sector.

In contrast, individualism is not an important determinant in knowledge transfer. This is because the respondents in this study mainly come from collectivist societies such as Malaysia, Myanmar, Nepal, Sri Lanka and Indonesia, which emphasizes more on collective organisational commitments towards knowledge transfer (Hofstede, 2001).

Table 1: Demographics

Demographics	Frequency	Percentage
Gender		
Female	150	47.9
Male	138	52.1
Category		
Malaysian workers	247	85.8
Expatriate employees	41	14.2
Status		
Permanent	196	68.1
Contract	92	31.9

Table 2: Multiple linear regression

Category	Variables	Standardised beta coefficient	t-statistics	R^2
Malaysian workers	Constant		3.404***	0.328
	Learning culture	0.362	6.429***	
	Resource availability	0.300	5.479***	
	Strategic future planning	0.122	2.151**	
Expatriate employees	Constant	3.394***	0.291	
	Resource availability	0.328	3.401***	
	Learning culture	0.411	3.004***	

CONCLUSION

The findings of this study show that learning culture and resource availability are two important factors that positively affect knowledge transfer of both expatriates and Malaysian workers in multinational companies Malaysia. Long-term planning positively influences

knowledge transfer of Malaysian workers but it does not have significant impact on knowledge transfer of expatriate employees. The limitation of this study is that it only focuses on studying local and expatriate employees that currently work in multinational companies Malaysia. The research instrument used in this study can be replicated in other Asian countries to examine factors affecting knowledge transfer among expatriates and Malaysian workers in those countries.

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