

TRANSNATIONAL KNOWLEDGE ITS CREATION AND DISTRIBUTION EXPLOITING ENTREPRENEURSHIP AND ORGANISATIONAL BEHAVIOUR

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Introduction

How can knowledge be created (incentivised) and distributed (shared socially) when it is what economists define as a public good - it is very expensive to produce, its use by any one person leaves no less for anyone else and it is generally difficult to sustain property rights over? In economic terms the marginal cost of distributing knowledge is zero and as marginal cost should equal price for optimality, price should be zero. Clearly if the price were zero there will be no incentive for anyone to produce it. So what is to be done? To charge for it on a per use basis is hard as it can be cheaply and costless transferred from one person to another.

Despite this it is undoubtedly been made available in ever increasing quantities and quality. Universities were one traditional way of creating new knowledge in the public domain. These were supported out of general taxation or endowment and scholars working in them were expected to make their ideas available free to all who might be interested. Modern academic capitalism seeking to establish IPR in academically produced knowledge undermines that. These essence of creative advance in knowledge is that the ideas of all are available to all to do with what they will. If for commercial reasons sharing in this way may be undesirable and if it does not occur then a particular line of inquiry will be blocked of and in the longer term this could kill creativity.

Distribution especially of tacit knowledge is extremely difficult and in some ways is about creating new normative commitment through training and staff development that then impacts on affective and continuous commitment.

In the 21st Century economic value are ever more rooted in knowledge creation and distribution. Distribution occurs both intra and inter-organisationally. Intra-organisationally this is generally through staff training or development programmes. The first moves ideas and the latter people. Inter-organisational transfers are increasingly driven by both informal and formal links between private enterprise and university research.

Nowhere is the latter interaction most evident than in the work of Saxenian (Saxenian, 2002). This work is on the knowledge creating transnational entrepreneurial network being built up

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in the San Jose area of Northern California. These networks result from research and educational exchange between Northern California and the rest of the world but particularly India and China. Graduate students come from these countries to the USA and stay, at least for a while, to create a society of linked entrepreneurial ICT enterprises in Northern California and in their home countries. The latter are then strongly linked in with Northern California. In software San Jose is linked strongly with Mumbai and in hardware with Taipei and increasingly Beijing. This is highly significant both for global knowledge creation and distribution and local and transnational economic development.

Renault's (Renault, 2006) significant work on the Raleigh-Durham research triangle in North Carolina echoes the above highlighting the growing role played by academic entrepreneurs in economic development. Lam (Lam, 2006) work also highlights this role as does the work of Farquarson (Farquarson 2009). Lenovo China's micro computer lead company in the ICT industry has its principal research centre and Headquarters at Raleigh-Durham.

However to see such transfers purely in knowledge creation terms is not to go far enough. Knowledge transfer is also increasingly prevalent in the emerging transnational corporate community. Jack Welch at GE made this famous by his use of GE's Crotonville training centre to stimulate the cross fertilization of ideas and know-how within GE not just across its many businesses but across its transnational network of enterprise as it increasingly developed capacity in regions of the world with low factor costs and huge potential markets. e.g. China. More recently flexibility has focused ever more on the distribution of market knowledge not least among huge retailers such as Walmart, Metro, Carrefour and Tesco's (Newman, 2009) but across organisations such as IKEA (Jonsson, 2008)

This burgeoning business in knowledge creation and distribution does not occur free of controversy and problems. Knowledge is what economists call a public good, it costs a lot to create, has huge pay-offs from use with no subsequent decrease in the amount left for others and it is hard to effect intellectual property rights in it.

The creation and distribution channels have a considerable interface in North East Asia where cultural attitudes to knowledge creation and distribution are very different from those in the West (Hilton, 2009, Lam, 2003, Lehman, 2006).

However despite such difficulties the survival and long-term competitiveness of any transnational organisation is in its ability to identify, share and exploit knowledge (Bartlett and Ghoshal, 2002). Any enterprise must strive to learn and by doing so develop capabilities distinct from those of its rivals with which to compete sustainably on the international stage. Bartlett and Ghoshal (1989) highlight the importance to multinational firms of acting in a transnational way with the head office and overseas subsidiaries working together as a network of strategic partnerships.

The means by which knowledge is shared between different parts of an organisation has received increased attention in the literature ().

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Theoretical Position

We would hypothesize that an effective process of social embeddedness (Granovetter,) of the knowledge creating and distributing industries has yet to evolve and in the meantime we are in the interregnum between two eras where enterprise has broken free of the socio-political context provided by capitalism and democracy (North,) but as yet has not co-evolved a new one.

The traditional ways of dealing with information were either to embed its production costs in the political process as a good produced out of general taxation or to attempt to create state sponsored enforceable private ownership rights in it for a period of time after which it would be put out into the public domain. Both of these have their disadvantages. The first creates sinecures for university staff with no real incentive for them to create new ideas at all. The second slows down the rate at which important new ideas can be exploited to the benefit of all. A patent or copyright holder does not have to exploit his idea only patent or copyright it so it may even fail to be sued till the patent runs out 20years later. This is clearly unsatisfactory.

The modern world has sought to find ways to fund its production and to find a means to pay for it indirectly along the lines promulgated by search engines such as Google or portals such as Netscape where the cost of its production was funded out of the advertising income generated by selling space on that entry point to the internet.

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