How Mentorship Improves Reserve Transfer of Tacit Knowledge in Chinese Multinational Companies (MNCs)

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Abstract
Knowledge transfer has long been a major focus of research in the literature on MNCs in developed countries. However, reverse knowledge transfer in MNCs in developing countries (e.g., China) have received limited attention. By integrating mentorship, social capital and international adjustment theories, this study developed a theoretical framework to demonstrate when and how mentoring improves reverse transfer of tacit knowledge in Chinese MNCs. In particular, we propose that (1) mentoring functions (i.e., vocational support, psychological support and role modeling) have positive effects on three dimensions of social capital (i.e., tie strength; trust; shared language and vision), which in turn, improve reverse transfer of tacit knowledge between mentors and mentees. (2) International adjustment of mentors (i.e., work adjustment, interaction adjustment and general adjustment) moderates the relationships of mentoring with tie strength, trust, shared language and vision. A survey should be conducted to test the theoretical model. This research should provide theoretical and practical implications for mentoring and knowledge management of MNCs scholars and practitioners.

Keywords: Reverse transfer of tacit knowledge, Mentoring, Social capital, Interactional adjustment
1 Introduction

In recent years,《PWC Merger and Acquisition (M&A) 2012 Review and 2013 Outlook》 reported that the number of Chinese global M&A ranked second worldwide in 2011, and is expected to exhibit consistent growth in the future. The aim of Chinese global M&A is to establish Chinese multinational companies (MNCs) and to realize the “reverse transfer” of tacit knowledge from foreign subsidiaries to the parent company for developing core competitive advantageous of Chinese MNCs (Liu, 2012). Foreign enterprises in developed countries often possess more advanced knowledge than enterprises in China (Liu, 2012). Thus, knowledge in MNCs of developing countries (e.g., China) is often reverse transferred, which differs from traditional knowledge transfer from a parent company to a subsidiary in MNCs of developed countries (Liu, 2012).

Accompanying by the popularity of Chinese MNCs, reverse knowledge transfer received more and more attention. Among varied knowledge, tacit knowledge is a key raising the core competitive advantageous of enterprises but not easily to be transferred (Lazarova & Tarique, 2005). In real business world, reverse transfer of tacit knowledge often fails and results in the failure of many Chinese MNCs and global M&A (Liu, 2012). Therefore, how to improve reverse transfer of tacit knowledge in Chinese MNCs is pivotal problem need to be solved immediately.

The extant literature mainly focuses on knowledge transfer from parent to subsidiaries in MNCs of developed countries, and pay little attention on reverse knowledge transfer from subsidiaries to parent in MNCs of developing countries (for a review, see Liu, 2012). Moreover, although researchers highlighted that different types of knowledge have different transfer mechanisms in MNCs (Foss and Pedersen 2002), limited attention was directed toward the mechanism suitable for the tacit knowledge transfer in MNCs. Thus, this study fills up this gap to explore how to improve the reverse transfer of tacit knowledge in MNCs of a developing country (e.g., China)?

In the knowledge management literature, some scholars have focused on the roles of knowledge transfer processes in encouraging knowledge transfer effectiveness (e.g., Najafi-Tavani, Giroud and Sinkovics, 2012). Others have highlighted that the knowledge transfer processes is less important than organizational issues, such as incentives, socialization, performance appraisal, communication as well as control and informational mechanisms, in improving knowledge transfer (e.g, Gupta and Govindarajan, 2000; Persson, 2006; Schotter and Bontis, 2009). Although the above research found that different types of knowledge have different transfer mechanisms in MNCs (Foss & Pedersen 2002), they paid little attention on what mechanism is suitable to “tacit knowledge” reverse transfer in MNCs.

Prior research suggested that mentoring, as an organizational issue, could be used to transfer tacit knowledge (Swap, Leonard, Shields and Abrams, 2001). Tacit knowledge is non-codifiable and is carried by employees from foreign subsidiaries (Fang, Jiang, Makino and Beamish, 2010). Thus, a more experienced employee from foreign subsidiaries who carries advanced tacit subsidiary-specific knowledge could be a mentor and reverse transfer the tacit knowledge to a less experienced employee from the Chinese parent company (the mentee) by direct coaching and interaction behaviors (Carraher, Sullivan and Crocitto, 2008; Kram,
1985). However, little empirical research has examined the effect of mentoring on reverse knowledge transfer and explained how mentoring improves the reverse transfer of tacit knowledge in MNCs of developing countries?

Several scholars identified various mediators in the mentorship-outcomes relationship. These mediators include personal learning, role ambiguity and so on (Blickle, Witzki and Schneider, 2009; Haggard, Dougherty, Turban and Wilbanks, 2011; Payne and Huffman, 2005). In mentoring and coaching, the frequent social interaction between the mentors and the mentees should elicit the generation of social capital (i.e., potential resources embedded in the mentor-mentee relationship) (Coleman, 1988), which is well-documented to be beneficial to knowledge sharing (Chiu, Hsu and Wang, 2006). View in this light, social capital is popular and important in mentor-mentee relationships, no empirical study has examined the mediating role of social capital in the relationship of mentoring with the reverse transfer of tacit knowledge in Chinese MNCs. Thus, the first objective of this study is to adopt social capital theory (SCT) and examine the mediating effect of social capital in the mentoring-reverse transfer of tacit knowledge relationship.

Furthermore, in the mentorship literature, prior research identified that the mentorship-outcome relationship was regulated by various moderators, including individual cognition, sex, autonomy, self-efficacy, relational duration, and social support (e.g., Larose, Tarabulsy and Cyrenne, 2005; Norziani and Ahmad, 2010). The present research extends the literature by considering the moderating effect of international adjustment on the mentorship-outcome relationship. In the context of Chinese MNCs, mentoring from a foreign mentor might not be clearly understood and absorbed by his/her Chinese mentee because of cultural difference, and therefore deteriorates reverse transfer of tacit knowledge (Yu, 2006). Thus, the other objective of this study is to explore whether international adjustment, which refers to foreign mentors adapting to Chinese interpersonal interaction style and culture, moderates the relationship between mentoring and reverse transfer of tacit knowledge in Chinese MNCs.

2 Literature Review and Research Model

2.1 Reverse transfer of tacit knowledge

Knowledge can be categorized as tacit and explicit knowledge. Reverse knowledge transfer refers to a process of the systematic exchange of information and skills from a subsidy to the parent company in a MNC, which differs from traditional knowledge transfer from a parent company to a subsidy (Liu, 2012). In the literature on knowledge transfer in MNCs, one line of research adopted knowledge management theories (e.g., sender-receiver model) to identify factors involved in a knowledge transfer process, such as willingness to transfer, capacity to transfer, capacity to absorb, intent to absorb and knowledge characteristics, as determinants of knowledge transfer in MNCs (Liu, 2012; Minbaeva, et al., 2003; Najafi-Tavani, Giroud & Sinkovics, 2012; Wang, Tong & Koh, 2004). Another line of research adopted organizational behavior theories to identify organizational factors, including incentives, socialization, performance appraisal, communication, control and informational mechanisms, as determinants of knowledge transfer in MNCs (Bjorkman, Barner-Rasmussen and Li, 2004; Dhanaraj, Lyles, Steensma and Tihanyi, 2004; Fang, et al., 2010; Gupta and
Govindarajan, 2000; Persson, 2006; Piscitello and Rabbiosi, 2006; Rabbiosi, 2005; Schotter and Bontis, 2009). These studies contributed to literature but focused more on general knowledge rather than on tacit knowledge, focused more on MNCs of developed countries rather than on MNCs of developing counties and focused more on traditional transfer rather than on reverse transfer.

Tacit knowledge is non-codifiable and is difficult to talk and write down. Such knowledge is carried by individuals and can be transferred only through the active involvement of the teacher (Dhanaraj et al., 2004). Foreign mentors from subsidiaries carrying tacit knowledge may facilitate such reverse transfer through specific coaching behaviors to Chinese mentees in parent companies of Chinese MNCs.

2.2 Mentoring and social capital
Mentoring is defined as the case in which a more experienced employee (mentor) from subsidiaries who provides a less experienced employee (mentee) from a parent company with technical advice, coaching, or information (Carraher, et al., 2008).

Prior research found that mentoring has positive effects on various desirable outcomes including learning, organizational knowledge, job satisfaction, organizational commitment, work pressure, performance and career success (e.g., Carraher, et al., 2008; Haggard, et al., 2011; Lankau and Scandura, 2002). Mentoring function includes vocational support, psychosocial support and role modeling (Lankau and Scandura, 2002).

Mentorship is divided into informal mentorship and formal mentorship. The former grows out of an informal relationship and interaction between two organizational members. The latter arises, because an organization requires two organizational members participate into a formal mentorship program. Compared with formal mentorship, mentors in informal mentorship have higher motivation to help their mentees and the mentees are more open to the assistance of their mentors (Chao, Walz and Gardner, 1992).

This study focuses on informal mentorship, which develops spontaneously on the basis of perceived competence and interpersonal comfort (Lankau and Scandura, 2002). A mentor and a mentee in an informal mentorship often have a high quality relationship and have frequent interactions which generate trust and psychosocial functions (Lankau and Scandura, 2002). These potential resources facilitate the generation of social capital in the mentor-mentee relationship. Thus, this study explores how informal mentoring elicits social capital, which in turn, improves reverse transfer of tacit knowledge?

Based on social capital theory (SCT), social capital refers to the potential resources embedded in and derived from individual relationships (Nahapiet and Ghoshal, 1998). Social capital includes cognitive capital, structural capital and relational capital. Following Nahapiet and Ghoshal (1998), structural capital is manifested as mentor-mentee tie strength (i.e., the degree to which resources, emotional support and time are provided by mentors to mentees). Relational capital is manifested as trust (i.e., specific beliefs regarding mentors integrity, benevolence and ability). Cognitive capital is manifested as shared language and shared vision (i.e., shared goals and aspirations). Prior research focused more on the consequences rather than antecedents of social capital. Only a few of qualitative research explore the
antecedents of social capital (Bolino, et al., 2002; Fang, Duffy, and Shaw, 2011). For instance, Bolino et al.’s (2002) proposed that organizational citizenship behaviour (OCB) improves social capital. OCB refers to the helping behavior of employees toward their colleagues (Bolino, et al., 2002). This concept is similar to mentorship, which refers to the helping and coaching behavior of mentors toward their mentees. Thus, mentoring is expected to improve social capital (tie strength, trust, shared language and vision).

In particular, vocational support indicates that a mentor teaches his/her mentee tacit skills and knowledge through direct coaching or challenging task assignments (Kram, 1985; Lankau and Scandura, 2002). During the frequent interaction, the mentor provides lots of resources to the mentee which induces a strong mentor-mentee relation tie. Moreover, the mentor’s expertise in vocational support also improves the mentee’s trust on the abilities of his/her mentor. Furthermore, a mentor provides psychosocial support to his/her mentee through counseling and friendship. The mentee feel free to discuss problems, fears or anxieties with the mentor (Kram, 1985; Lankau and Scandura, 2002). Such psychological and emotional support engenders the mentee’s trust on his/her mentor benevolence and integrity, as well as leads to a supportive and strong mentor-mentee relationship. In addition, a mentor is also a role model for his/her mentee. Being motivated by the desire to be like and learn from the mentor, The mentee emulate his/her mentor’s language, attitudes, values and behaviors (Kram, 1985; Lankau and Scandura, 2002). Such practice will induce shared language and shared vision between the mentor and the mentee. Therefore, mentoring is expected to have positive effects on tie strength (structural capital), trust (relational capital) and shared language and vision (cognitive capital).

Meanwhile, SCT claims that individuals can utilize social capital in their social relationships to improve various outcomes (Nahapiet and Ghoshal, 1998). Extant empirical research confirmed that structural capital, relational capital and cognitive capital have positive effects on various outcomes, including knowledge transfer, cooperation, organizational knowledge diffusion, informational flow, and so on (for a review, see Bolino, et al., 2002; Maurer, Bartsch and Ebers, 2011). Therefore, the above arguments are captured into the following propositions (see Figure 1):

Proposition 1a: Mentoring increases the tie strength (structural capital) of a mentor-mentee relationship, which in turn, improves the reverse transfer of tacit knowledge in Chinese MNCs.

Proposition 1b: Mentoring increases trust (relational capital) of a mentor-mentee relationship, which in turn, improves the reverse transfer of tacit knowledge in Chinese MNCs.

Proposition 1c: Mentoring increases shared language and shared vision (cognitive capital) of a mentor-mentee relationship, which in turn, improves the reverse transfer of tacit knowledge in Chinese MNCs.

2.3 Moderating function of interactional adjustment
Difference in language, thinking and communication style raises the possibility that the mentoring provided by foreign mentors might not be easily understood by Chinese mentees. This condition inhibits reverse transfer of tacit knowledge. Thus, this study adopts international adjustment theory (IAT) (Black, Mendenhall and Oddou, 1991) to identify international adjustment as a new moderator which regulates the effect of mentoring on reverse transfer of tacit knowledge.

In the context of MNCs, the international adjustment of foreign mentor was defined as the adaptation of foreign mentors to the environment of Chinese MNCs. Interactional adjustment includes three dimensions: task adjustment, which refers to adjustment to job requirements; interactional adjustment, which refers to adjustment to interaction with local Chinese; and general adjustment, which refers to adjustment to Chinese culture (Shaffer, Harrison and Gilley, 1999). Work adjustment is task-oriented while interactional and general adjustment is relationship-oriented. Interactional adjustment was found to have positive effects on performance, organizational commitment, job satisfaction, among others (for a review, see Hechanova, Beehr and Christiansen, 2003; Bhaskar-Shrinivas, Harrison, Shaffer and Luk, 2005). Although the main effect of international adjustment has been well-documented, the moderating function of interactional adjustment received little attention. It is expected that interactional adjustment moderates the mentoring-reverse knowledge transfer relationship. As a foreign mentor with low adjustment always tend to withdraw attention, efforts and resources away from his/her current positions (Bhaskar-Shrinivas, et al., 2005), not even mentioning coaching other colleagues effectively. On the contrary, a well-adjusted foreign mentor often has greater personal resources (time, effort, emotional investment) and motivation to mentoring their mentees efficiently (Shaffer, et al., 2001).

Firstly, we argued that work adjustment is expected to moderate the effects of mentoring on tie strength and trust. The reason is that only when a foreign mentor has adapted to the new job requirement assigned by a Chinese MNC, can he/she be more likely to spend spare time to provide required coaching and have ability to teach required tacit knowledge to his/her Chinese mentees (Bhaskar-Shrinivas, et al., 2005; Shaffer, et al., 1999). The willingness of inputting extra time and resources will improve mentor-mentee tie strength and make the mentee trust on the mentor’s abilities. Secondly, we argue that interactional adjustment moderates the effects of mentoring on tie strength and trust. Given that only a foreign mentor adjusts to Chinese interpersonal interaction style, his/her psychological support could be more appropriate and comfortable for his/her mentees (Bhaskar-Shrinivas et al., 2005; Shaffer, et al., 1999). These conditions could improve the tie strength and trust, respectively. Finally, general adjustment (i.e. mentors’ adjustment to Chinese culture) is expected to moderate the effect of mentoring on tie strength, trust, shared vision and language. The reason is that when a foreign mentor becomes familiar with Chinese culture manifested as language, values and attitudes (Shaffer, et al., 1999), he/she will adapt their attitudes and values according to Chinese culture. The vocational support, psychological support and role modelling of the mentor could be more effectively absorbed and internalized by the mentee, thus improving tie strength, trust, shared vision and shared language in the mentor-mentee relationship. The above logics can be captured in the following propositions (see Figure 1):

Proposition 2a: Work adjustment moderates the effects of mentoring on tie strength and trust,
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such that the positive effects of mentoring on tie strength and trust are stronger when work adjustment is high rather than when it is low.

Proposition 2b: Interactional adjustment moderates the effects of mentoring on tie strength and trust, such that the positive effects of mentoring on tie strength and trust are stronger when interactional adjustment is high rather than when it is low.

Proposition 2c: General adjustment moderates the effects of mentoring on tie strength, trust, shared language and vision, such that the positive effects of mentoring on tie strength, trust, shared language and vision are stronger when general adjustment is high rather than when it is low.

Figure 1. Research model

3 Research Site and Data Collection Plan

Data will be collected from 30 Chinese MNCs from diverse industries in diverse districts of China. These 30 MNCs would represent a convenience sample and would be randomly selected from the list of top 100 Chinese MNCs published by Xinhua News. Human resource (HR) managers of these companies will be contacted to help with survey logistics and to encourage Chinese employees from Chinese parent companies to participate in our survey.

We will provide each Chinese employee with a definition of informal mentoring and then ask a single question about whether he/she has had such an informal mentor from the foreign subsidiaries of his/her Chinese MNC. Only the Chinese employees who answer “Yes” will be invited to participate the formal survey to fill in the questionnaire. We will confirm with these mentors. Following many studies of mentoring (for a review, see Carraher, et al., 2008), we assume that if one half of a mentor-mentee dyad indicates an existing mentoring relation and the other half agrees on it, we will ensure that the mentoring relationship does exist. Finally, we plan to invite 1000 Chinese mentees from the 30 parent companies as the respondents of our survey.

We will adopt the temporal separation of measurement approach to reduce common method bias (Podsakoff, MacKenzie, Lee and Podsakoff, 2003) and to provide evidence for the
proposed causal directions. Initially, Chinese mentees will complete the items for the control variables and evaluate the mentoring functions of their foreign mentors (independent variable). After approximately one month, they will complete the items to evaluate the interactional adjustment of their foreign mentors, tie strength, trust, shared language and vision. In the final phase after approximately one month, they will rate the reverse transfer of tacit knowledge. To match the questionnaires completed in different time periods, participants will write their names on the questionnaires. They will be instructed to place the completed questionnaire in sealed envelopes, which will be collected and returned to the researcher directly.

The items for the variables are adopted from the English literature and translated into Chinese by means of a back-translation procedure. A pilot test will be conducted on a small sample to ensure that there was no ambiguity in the translation. Mentoring functions are measured by 15 items from Lankau and Scandura (2002) and shall represent the vocational, psychological, and role modeling dimensions. We measure tie strength with three items adapted from the scale of Dhanaraj et al.’s (2004). Trust is measured using five items from the scale of Chiu, et al., (2006). Shared vision and shared language are measured using three items adapted from the scales of Chiu, et al.’s (2006), respectively. Measures for interactional adjustment consist of seven items for general adjustment, four for interaction adjustment, and three for work adjustment adapted from the scales of Shaffer et al.’s (1999). Reverse transfer of tacit knowledge is measured by three items adapted from the scale of Dhanaraj et al.’s (2004). A pilot test with a small sample size of 20 Chinese mentees from a MNC will be conducted to test the reliabilities and validities of all measures.

In the context of China, cultural factors such as guanxi, mianzi should be controlled as control variables, in order to make the moderating effects more valid.

Data will be analyzed by SPSS and LISREL 8.70. In particular, descriptive analysis of the sample, reliability and validity of measure will be tested by SPSS. The measurement model will be tested by LISREL. Propositions of mediating and moderating effects will be tested by Sobel test and moderation analysis of SPSS, respectively.

4 Discussion

This research-in-progress study presents a theoretical model to investigate how mentoring affects the reverse transfer of tacit knowledge in Chinese MNCs. A preliminary analysis of the literature review suggests that most previous research has focused on the predictors of knowledge transfer in MNCs of developed countries, with less attention directed toward the predictors of reverse transfer of tacit knowledge in MNCs of developing countries. Considering the tacitness of knowledge, we proposed that mentoring could be an effective mechanism for the reverse transfer of tacit knowledge from subsidiaries to the parent company in Chinese MNCs. Moreover, considering cultural difference, we proposed that the interactional adjustment of mentors could be a moderator in the mentoring-reverse knowledge transfer relationship. By integrating SCT and IAT, our research model presents when and how mentoring affects the reverse transfer of tacit knowledge in Chinese MNCs, that is, mentoring improves the reverse transfer of tacit knowledge through eliciting three dimensions of social
capital. Moreover, the mediating process is regulated by interactional adjustment. We believe that this novel perspective offers both theoretical and practical implications for mentoring and knowledge management of MNC scholars and practitioners.

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