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Short Communication

Knowledge Management in Multinational Firms and Its Impact on Global Organizational Performance

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Abstract

Knowledge management in multinational firms involves the systematic creation, sharing, and utilization of knowledge across geographically dispersed organizational units. This study examines the role of knowledge management in enhancing innovation, coordination, and performance in multinational enterprises. It explores mechanisms such as knowledge transfer, organizational learning, and digital knowledge platforms. The paper highlights challenges related to cultural differences, communication barriers, and knowledge protection. It also discusses the strategic importance of integrating tacit and explicit knowledge across global operations. By combining knowledge management theory with international business perspectives, this study emphasizes that effective knowledge management strengthens organizational capability, supports strategic decision-making, and contributes to sustainable competitive advantage in global markets.

Keywords: Knowledge Management, Multinational Firms, Organizational Learning, Knowledge Transfer, Global Coordination, Digital Knowledge Systems, Competitive Advantage, International Business.

INTRODUCTION

Knowledge management has become a critical strategic function in multinational firms operating across diverse geographic and cultural contexts. Multinational enterprises generate vast amounts of knowledge through international operations, subsidiaries, and partnerships. Effectively managing this knowledge enables firms to leverage global experience and expertise. Knowledge management supports coordination and innovation in complex international environments (Mårtensson, 2000).

The globalization of business has increased the dispersion of organizational knowledge. Knowledge resides in different locations, teams, and individuals across borders. Without effective knowledge management systems, valuable insights may remain isolated within subsidiaries. Knowledge integration enhances organizational learning and performance. Knowledge management involves both tacit and explicit knowledge (Chopra et al., 2021). Tacit knowledge includes experience, skills, and insights that are

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difficult to codify, while explicit knowledge can be documented and shared through formal systems. Multinational firms must develop mechanisms to capture and transfer both forms. Balancing tacit and explicit knowledge supports innovation and efficiency (Heisig, 2024). Cultural differences significantly influence knowledge sharing in multinational firms. Communication styles, trust levels, and attitudes toward knowledge ownership vary across cultures. Cultural barriers can hinder knowledge transfer and collaboration. Cross-cultural training and inclusive organizational cultures enhance knowledge sharing.

Organizational structure affects knowledge management effectiveness. Centralized and decentralized structures influence how knowledge flows across units. Multinational firms often adopt hybrid structures to balance global integration and local responsiveness. Structural alignment supports effective knowledge exchange. Digital technologies play a vital role in modern knowledge management. Knowledge management systems, collaboration platforms, and data repositories facilitate global knowledge sharing. Digital tools reduce geographic barriers and improve accessibility. Technology-enabled knowledge management enhances organizational agility (Zhang et al., 2024).

Leadership commitment is essential for fostering a knowledge-sharing culture. Leaders influence employee attitudes toward learning and collaboration. Supportive leadership encourages knowledge contribution and utilization. Leadership-driven knowledge management strengthens organizational capability. Knowledge protection is an important consideration in multinational firms. Firms must safeguard intellectual property while promoting knowledge sharing. Balancing openness and protection is a key challenge. Effective governance frameworks support secure knowledge management.

Learning from international experience enhances strategic decision-making. Knowledge gained from foreign markets informs product development, market entry strategies, and risk management. Organizational learning supports adaptation and competitiveness. Knowledge management also contributes to innovation in multinational firms. Integrating diverse perspectives and expertise fosters creativity and problem-solving. Knowledge-driven innovation enhances global competitiveness (Despres & Chauvel, 1999).

Overall, knowledge management is essential for managing complexity and leveraging global resources in multinational firms. Organizations that develop strong knowledge management capabilities achieve superior performance and sustainable competitive advantage.

CONCLUSION

Knowledge management plays a vital role in enhancing the performance and competitiveness of multinational firms. This study highlights that effective knowledge creation, transfer, and integration support organizational learning and innovation. Multinational enterprises that invest in strategic knowledge management systems are better positioned to succeed in dynamic global markets.

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