Developing Intellectual Capital Through Knowledge Management in International Assignments: A Conceptual Model

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Abstract: Currently, organisations must view their intangible assets from a strategic perspective and ensure they can develop intellectual capital to integrate knowledge into their day-to-day management as part of their intangible assets. This strategic perspective leads to using international assignees as knowledge facilitators who can help develop intellectual capital. However, managing knowledge from international assignments to create intellectual capital is often complicated, and the literature pleads for more research on the topic. Therefore, through a systematic literature review, this study aims to overview the state of the art regarding knowledge and intellectual capital management in the context of international assignments to develop a new conceptual model in the field. This study answers the gap in the literature regarding a model that analyses how international assignments influence knowledge management and the creation of intellectual capital in organisations. The main findings suggest that research needs to focus on developing a system to manage knowledge and intellectual capital in the context of international assignments to ensure competitive advantage. The main limitation of this study is the use of only two databases. Further studies should implement the same research procedure using other databases to achieve a broader understanding. In addition, future research needs to focus on developing measurement models of knowledge and IC management for organisations.

Keywords: Knowledge, Knowledge management, Intellectual capital, International assignments, Systematic literature review

1. Introduction

In the current era, intangible resources such as knowledge and intellectual capital (IC) are crucial to creating competitive advantages that secure the success of organisations (Azamat et al., 2023). The increasing attention given to the management of intangible resources such as knowledge and IC is then significant for organisations for different reasons, such as increasing innovation, achieving higher performance and accessing global knowledge, which leads organisations to view knowledge and IC from a strategic perspective (van Criekingen, Bloch and Eklund, 2022; Azamat et al., 2023). IAs are crucial in accessing and acquiring knowledge from different locations (Phil St John Renshaw, Parry and Dickmann, 2020). They are seen as knowledge facilitators despite the need for more research to help identify their organisational value (Reiche, 2011; Renshaw et al., 2020b). However, management practices often do not consider the value of IAs for knowledge and IC management (Crowne, 2009; Awang, Hussain and Malek, 2013).

In the literature, there are few studies establishing a connection between some IC components and some KM processes, namely suggesting that different IC dimensions can impact KM processes differently. Therefore, there needs to be more literature considering the relationship between IC and KM in the context of international assignments, with most studies focusing on just IC or KM. This paper aims to analyse how the literature on knowledge and IC management evolved in the context of international assignments to develop a needed conceptual model in the field. Namely, it aims to answer the following research question: how is knowledge managed in the context of international assignments to help create intellectual capital?

2. Theoretical Background

In this study, IAs can be defined as people who go to work abroad, and different types can be identified in the literature (Fenwick, 2004; Bozkurt and Mohr, 2011). The two main groups of IAs analysed in the literature are expatriates and self-initiated expatriates (SIEs). Expatriates, also denominated as organisational expatriates, are employees sent by their home companies to international posts, following the organisation’s path and depending on it (Makkonen, 2015; Farcas and Gonçalves, 2019). SIEs decide to live and work abroad by themselves, being hired as a local in a host country (Cerdin and Selmer, 2014; Andresen, Biemann and Pattie, 2015). Recently, a new type of IAs has been gaining attention, namely inpatriates. These are host or third-country managers transferred into the HQs on a semi-permanent to permanent basis to enhance the globalization of their business activities (Azar, 2012). In general, IAs are seen as knowledge brokers, facilitating knowledge
transfer. In doing so, they play a strategic role for organisations by connecting the home-country company to its subsidiaries (Bozkurt and Mohr, 2011; Azar, 2012). This happens since throughout the entire assignments (from pre-departure until they become repatriates), they can bring essential knowledge regarding the cultural context of potential international target markets they might have been involved (Knocke and Schuster, 2017).

Knowledge management (KM) is crucial from a strategic perspective to sustain competitive advantage for organisations and to help develop IC. In the KM literature, several processes can be identified (Kamoche, 1997; Choi and Johanson, 2012; Wu, Lee and Pham, 2020; Hsu et al., 2021). Since the knowledge involved in these processes can have two forms - tacit and explicit knowledge – it will differently influence how IC is developed (von Krogh, Nonaka and Aben, 2001; Thomas and Gupta, 2022).

In this study, IC is viewed as the knowledge that can be converted into value and englobes the four dimensions, namely human, social, structural and relational capital (Edvinsson and Sullivan, 1996). Human capital (HC) refers to the organisation’s members’ tacit knowledge, such as competencies and skills (Becker, 1993; Ramaswami, Carter and Dreher, 2016). Structural capital (SC) usually relates to tacit knowledge of the organisation, including mechanisms and structures that support employees in their quest for optimum intellectual performance and overall business performance (Bontis, 1998; Bakhsha, Arefzad and Esfahanipour, 2018). Social capital refers to the ability of people and organisations involved in networks to secure mutual benefits (Portes, 1998; Ganguly, Talukdar and Chatterjee, 2020). Finally, relational capital (RC) is the relationships between the institution and internal and external entities, including its participation in national and international networks (Secundo et al., 2015; Abu-Rumman, 2018). So, considering the connection between KM and IC, as an example, by efficiently managing tacit knowledge, organisations can develop HC, which, in turn, can lead to SC creation in the form of explicit knowledge.

Since most knowledge derived from international assignments is tacit, it is difficult to codify and transfer it among individuals and throughout the organisation (Crocitto, Sullivan and Carraher, 2005; Glisby and Holden, 2005; Matherly and al Nahyan, 2015). Therefore, organisations must ensure that they have a proper mechanism to manage knowledge from IAs, namely, to transform tacit knowledge into explicit knowledge (Dahou, Hacini and Burgoyne, 2019). Furthermore, organisations must have strategies to manage different types of IAs to transfer the acquired knowledge and, consequently, create IC (Minbaeva and Michailova, 2004; Phil St J. Renshaw, Parry and Dickmann, 2020).

3. Materials and Methods

A literature review helps to gain knowledge on a specific topic of what has been done, the methods used, the key issues and future research needs (Hart, 1998; Denney and Tewksbury, 2013). A systematic literature review was conducted using the PRISMA method, followed by an in-depth literature analysis (Liberati et al., 2009; Page et al., 2021). On February 14, 2022, papers published to date on the Scopus and Web of Science databases were considered for analysis. The search in the databases only includes a limitation to document type, namely articles. No further limitations were included in this phase to achieve a better representative sample.

A first search was conducted using (“knowledge manag**” OR “knowledge shar**” OR “knowledge diff**” OR “knowledge transf**” OR “knowledge creat**” OR “knowledge dissem**” OR “knowledge absor**” OR “knowledge acqu**” OR “tacit knowledge” OR “explicit knowledge”) AND (“mobility” OR “job mobility” OR “human mobility” OR “labour mobility” OR “labor mobility” OR “employee mobility” OR “expat**” OR “repat**” OR “assign**”). As a result, a total of 3558 articles were obtained: 1983 articles from the Scopus database and 1575 articles from the Web of Science. The second search was conducted using (“intellectual capital” OR “relational capital” OR “human capital” OR “structural capital” OR “social capital”) AND (“mobility” OR “job mobility” OR “human mobility” OR “labour mobility” OR “labor mobility” OR “employee mobility” OR “expat**” OR “repat**” OR “assign**”). Finally, the term “assign**” was used instead of “international assign**” to achieve a broader number of articles that can use the first term to refer to international assignments. As a result, 2354 articles were obtained in Scopus and 2554 in ISI Web of Science (4908 articles in total). Hence, the initial sample was composed of 8466 articles.

After excluding duplicates, 5666 articles were included for the first screening. All abstracts were read. Those that were not aligned with the goal were excluded. Also, the articles with no access and those written in languages other than English, Portuguese, French or Spanish were excluded. Therefore, 105 articles were eligible to be fully read from the Intellectual Capital query and 115 from the Knowledge Management query.

The 220 articles, which comprised the final sample, were then thoroughly read and grouped according to their relevance (see Domingos et al., 2022). Hence, 37 articles were considered irrelevant and excluded. The remaining 183 articles were then analysed using an Excel sheet. This compilation of data made it possible to
create a comprehensive screening of all articles while comparing them to achieve a full systematic review. Figure 1 shows the PRISMA method applied in this paper to screen the articles.

Figure 1: Knowledge, Intellectual Capital, and Mobility PRISMA. Source: Page et al. (2021)

4. Results and Discussion

The analysis of the articles shows a change in careers from people working in organisations that operate at a global level (Andresen et al., 2021). However, the management of IAs imposes several challenges to organisations, namely regarding how they manage their knowledge and IC.

4.1 KM in a Mobility Context

Traditionally, literature has focused on KM as a unidirectional process (from the headquarters (HQs) to the subsidiaries). However, in recent years, seeing it as a bidirectional process gained importance (Sanchez-Vidal, Sanz-Valle and Barba-Aragon, 2018). The sender is usually the IA and the receiver is the host-country national. However, the literature suggests that these parties should play both roles to create a bi-directional knowledge flow (Chang, 2012; Hsu et al., 2021).

The main KM processes referred to in the sample are knowledge (KT), knowledge sharing (KS) and knowledge hiding. Regarding KT, it was found that the process is way smoother when IAs and locals cooperate (Ado, Wanjiru and Su, 2021). Moreover, it was found that KT needs to be managed by considering whether it refers to explicit or tacit knowledge (Ado, Wanjiru and Su, 2021). While some authors suggest that IAs are better transferors of tacit knowledge due to their boundary spanner role, others see them as transferors of explicit knowledge, namely social capital. In the context of KT, increasing attention is given to the reverse knowledge transfer (RKT) process (knowledge from repatriates). However, there is still a lack of mechanisms in organisations to manage RKT (Ali et al., 2021; Amir et al., 2020).

Although KT and KS are commonly used as synonyms, KS is often more used in articles which analyse IAs from a social lens (Boyle, Nicholas and Mitchell, 2016; Heizmann, Fee and Gray, 2018). Concerning the KS process, it should be stressed the effect that cultural intelligence has on it. Cultural intelligence refers to a person’s ability to work effectively in culturally diverse work environments (Ali et al., 2019). However, the role played by IAs in the KS process still needs to be clarified, as well as their impact on the type of shared knowledge (Boyle, Nicholas and Mitchell, 2012, 2016; Fan and Harzing, 2017). One crucial aspect to be assessed in the KS process is the direction of the sharing. Two directions are identified: the forward KS (from HQs to subsidiaries) is mainly conducted by expatriates, and repatriates conduct the reverse KS (from subsidiaries to HQs). As identified in the
KT process, less attention is given to the reverse KS (Huang, Chiu and Lu, 2013; Jayasingam, Chong and Abu Bakar, 2021).

Finally, a new process is emerging in the literature on IAs and KM: the one of knowledge hiding. This process refers to more than the absence of knowledge sharing. Instead, it is an intentional effort to conceal or deny knowledge another person requires. Three forms can be identified: (1) Rationalised knowledge hiding - knowledge holder provides a reason why knowledge is not being shared; (2) Evasive hiding - knowledge holder provides misleading, incorrect or partial information and (3) "Playing dumb" hiding - knowledge holder deliberately pretends ignorance or behaves as if unaware to avoid sharing knowledge (Ado et al., 2021; Ali et al., 2021).

4.2 IC in a Mobility Context

Regarding the relationship between IC and international assignments, the most analysed dimension is social capital (e.g., Andresen et al., 2018; Au & Fukuda, 2002; Furusawa & Brewster, 2018, 2019; Yildiz et al., 2019). First, it is mentioned that social capital positively influences IAs since it allows people to access resources embedded in a network (Au and Fukuda, 2002). Moreover, since IAs act as boundary spanners, it was found that social capital helps this role through its bridging and bonding perspectives. The bonding perspective views social capital as a means for establishing close and trustful relationships, while the bridging perspective views social capital as a resource that allows people to bridge ties in networks (Adler and Kwon, 2002; Andresen, Goldmann and Volodina, 2018; Egbe, Adegbite and Yekini, 2018).

The second most analysed dimension is HC (e.g., Andresen et al., 2021; Benson & Pattie, 2008; Breitenmoser et al., 2018; Ewers, 2013). In the analysed articles, HC tends to represent the human resources of an organisation that pursues an international assignment (Andresen et al., 2021). HC is developed through social interactions. Thus, social capital can maximise HC benefits since, i.e. through social networks, it can provide easier access to information and vital resources (Collings, 2014). However, the HC acquired abroad, although a source of competitive advantage, is only sometimes valued by organisations upon repatriation (Benson and Pattie, 2008; Breitenmoser, Bader and Berg, 2018). Such a fact imposes a problem for IC and knowledge management since the organisation's HC is the primary source of knowledge and facilitator of knowledge transfer and sharing (Azar, 2012). Moreover, if people feel that the organisation is not valuing their experience, they can leave it upon repatriation, taking their "new" knowledge with them. In such a case, HC will be lost for the organisation (Shieh, 2014).

The remaining IC dimensions – SC and RC –were less analysed over the years. As a result, most of the articles end up not specifying that they are analysing these dimensions. SC is indirectly referenced in the form of organisational routines and procedures. At the same time, in the assessed articles, RC is grounded on the relationships established between organisations, between the employees and between employees and organisations (e.g., Egbe et al., 2018; Ramaswami et al., 2016).

4.3 KM and IC in a Mobility Context

To answer the research question - how is knowledge managed in the context of international assignments to help create intellectual capital - the literature shows that KM processes boost the development of IC (Ali et al., 2021). However, in both IC and KM queries, there is no analysis of different processes/dimensions and how they can influence each other. With the increased globalisation, IAs act as boundary spanners by mediating the flow of knowledge. IAs are to increase their knowledge by acquiring new skills while abroad. To achieve common ground, it is necessary to consider that an international assignment cycle exists and that multiple aspects of this cycle must be managed according to its different phases. So, organisations should design a system by which IAs can transform tacit into explicit knowledge (e.g., through reports), thus reducing knowledge loss and creating intellectual capital.
This study aims to help future researchers by offering a base model portrayed in Figure 2 to be further developed as the research moves forward. The main idea behind it is that, in the context of mobility, how knowledge is managed can influence the creation or destruction of intellectual capital.

5. Conclusions

This study is relevant to the field since it aims to analyse KM on a broader way in the context of international assignments. Moreover, by identifying the main processes of KM mentioned in the literature, it helps to clearly define a research path to identify how the management of knowledge can impact the development of IC in the context of international assignments.

Research and practical implications

The main research implication of this study is the development of a base conceptual model. Second, is the identification of a need for studies to interconnect IC and knowledge management in the context of international assignments. Also, this study identified the need for research to differentiate the management of knowledge and IC in this context from traditional human resource management practices.

In terms of practical implications, it was found that it is important for organisations to create a knowledge and IC management team inside the human resource management department, which can develop a proper governance mechanism to retain this knowledge. Moreover, human resource managers must look at IAs as individuals who are different from the rest of the employees due to their knowledge, which can influence the development of IC.

Limitations and future research

This study’s main limitation is using only two databases, namely Scopus and ISI Web of Science. Further studies should implement the same research procedure using other databases to achieve a broader understanding. In addition, future research needs to focus on developing measurement models of knowledge and IC management for organisations.

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