Practical wisdom and the development of cross-cultural knowledge management: a global leadership perspective

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Abstract: This paper responds to calls for pragmatic context-dependent cross-cultural scholarship. Specifically, with regard to global organisations, we attempt to reconcile the imbalance between global and local concerns by proposing a framework that merges a new understanding of culture with a classical leadership approach. The objective is to achieve more effective cross-cultural practice. The article makes the case for an appreciation of what we call 'cross-cultural knowledge management' and the role of wisdom in global business leadership in a modern culturally diverse knowledge economy.

Keywords: cross-cultural; knowledge management; globalisation; wisdom; leadership.

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1 Introduction

There is growing concern among scholars of international business that international management research has lost direction or is focused on transferring Anglo-Saxon business models to the rest of the world (Buckley, 2005; Cheng, 2007; Dunning, 2007; Oesterle and Laudien, 2007). Cheng (2007) has cited several problems that need resolution if international management research is to reach its next level, including addressing the imbalance between global and local concerns.

In this article we attempt to reconcile the imbalance between global and local concerns by proposing a framework that merges a new understanding of culture with a classical leadership approach to achieve more effective cross-cultural practice. Specifically, this article makes the case for an appreciation of what we call Cross-Cultural Knowledge Management (CCKM) and the role of wisdom in global business leadership in a modern, culturally diverse knowledge economy. While it is popularly believed that nominal cultural differences undermine cross-cultural management knowledge processes, in this paper, using case material, we hope to demonstrate that it is more likely management's lack of prescience about how a particular cultural impact can disconcert individuals, undermining strategy and effective cross-cultural management. The kind of wisdom we are advocating is associated with a rarely discussed aspect in the cross-cultural literature: prudence shaped by the capacity to anticipate tendencies towards positive/ successful/effective or negative/unsuccessful/ineffective outcomes (Fink and Holden, 2007; Holden, 2008).

2   Culture

One handicap besetting the development of international business studies has concerned the treatment of culture (Holden, 2002; Jackson and Aycan, 2006; Tsui et al., 2007). As Tsui et al. (2007, p.460) have noted: "The fundamental concept of culture has not been systematically examined, nor has the proliferation of cultural frameworks … [W]e need to re-examine the construct of culture". In international business, culture is frequently perceived simply as a source of mutual misunderstanding and antagonism. This is done so automatically that it is easy to overlook the central feature of culture in international business: that culture is a valuable form of business knowledge and hence an important factor in competitive advantage.

Seen in this way, culture is, according to Holden (2002), best understood as "varieties of knowledge" (p.99) that "are globally scattered, yet awkwardly local" (p.245). Global corporations, whether they are aware of it or not, daily encounter culture in its global and local varieties. These encounters, at all levels and in all instances, are usually undervalued and often unnoticed opportunities to glean knowledge of all kinds: from local market conditions and consumer preferences to the nature of business relationships and the best ways of handling them. From this perspective, we believe it is reasonable to view culture as a knowledge resource. Mismanaging culture, as with other resources, can undermine corporate endeavour in ways that catch managers – often at senior levels – off guard and in some cases throw corporate strategies off course for years.

This paper is set out in three parts. First we discuss the issues that drive our contention that culture is a resource that can be managed (often mis-managed) illustrated by three mini case studies. The case studies concern the DaimlerChrysler merger, the recent performance – or rather underperformance – of Wal-Mart in Europe and the untoward experiences of French retailers in Poland. In the second part, we introduce the idea of CCKM and frame the challenge of managing local knowledge in a global world. In the third part, we propose a wisdom strategy that we believe can successfully underpin CCKM and provide leaders and managers with a better understanding of what they need to know to more successfully address the imbalance between local and global concerns. We conclude by arguing that cross-cultural research designs need to be developed to better account for culture as knowledge as it occurs in interactions between context, practice, rationality, imagination and insight in CCKM practice.

3   The issues

Modern corporations, whatever their products or services, are in the knowledge business. The former CEO of Siemens, Heinrich von Pierer, is quoted as saying: "Between 60% and 80% of the value-added we generate is linked directly to knowledge – and that proportion is growing" (Fink and Holden, 2005, p.5). Knowledge, a complex amalgam of know-how, values and experience, is dispersed throughout organisations' global networks. A rarely noted aspect of these processes is that the way in which knowledge is transferred can transform organisations in unhelpful ways. For example, if corporate headquarters is regarded by local subsidiaries as aloof or its policies/directives/ programmes as unworkable (a common occurrence), then its knowledge will be perceived negatively by its subsidiaries; it has lost utility in the transfer process (Fink and Holden, 2005; Vance and Paik, 2005).

In fact, cross-culturally mediated management knowledge always runs the risk of being misdirected, misconstrued or simply missed and therefore of being underused and devalued. For firms to grasp what is happening to knowledge in their networks, managers must be more than just 'sensitive' to the wider environment, which is made of myriads of locales throughout the world. They need, as we shall argue, a form of cross-cultural practical wisdom for discerning how key business knowledge is subtly embedded in markets, business partnerships and in employees – and is encoded in local culture and custom, as well as values and attitudes. Practical wisdom, or *phronesis* is, according to Flyvbjerg (2001), the capacity (a) to understand 'where are we going', (b) to know who gains and who loses when a particular course of action is taken, (c) to understand if the course of action is desirable at both individual and global levels and (d) to know what should be done in light of the answers to these questions. Central to its success are sound ethics, insight and foresight, the ability to weigh and judge, and agency to effect change (Rooney and McKenna, 2008). In its local garb, often hidden behind a language barrier, knowledge is – from the outsider's point of view – elusive, of questionable value and hidden. It is a considerable challenge to be able to convert such context-based knowledge into new ideas for products and services or even the creation of new markets. In human terms, it means working with culture and cultural difference as a valuable resource, not as a begetter of antagonism.

This global interplay of people and languages throughout firms' networks makes it difficult to apply only the heretofore standard concepts of culture to international business interactions. This is why discernment and wisdom are even more fundamental than just cultural awareness and are key ingredients of CCKM. Our three short cases will reveal why.

4   Three cases of indifferent – and costly – CCKM

1   *DaimlerChrysler (The Economist, 1999; Holden, 2002):*

In 1998 the US$36 billion DaimlerChrysler merger was hailed as 'an inspiration' …with 'impeccable' logic (*The Economist*, 1999). Previously a Daimler team had studied 100 industrial mergers to ensure post-merger success, but the merger was hindered by:

- a mass defection of US designers to Ford and GM

- clashes at board level

- no involvement of US designers in Mercedes cars

- arguments between US and German managers about the size of business cards

- the high number of Americans who did not have passports which limited the travel of US managers to Germany (see also http://mba.tuck.dartmouth.edu/pdf/2002-1-0071.pdf; http://www.lordofthewebs.com/pr/dailmlerChrysler.pdf).

2   *Wal-Mart in Germany (Ghauri and Cateora, 2006; The Economist, 2006):*

The first German Wal-Mart store opened in 1991, but in 2001, 1200 jobs (10% of the workforce) were cut due to:

- (a) aggressive pricing; (b) cultural inappropriateness of US management tactics; (c) not enough account taken of German retail regulations; (d) market research underestimated stiff competition from other retailers; (e) mismanagement of labour relations

- "Americans tend to prefer large one-stop excursions, unlike Germans … who buy their ham from one store, their toilet paper from another" (*The Economist*, 2006)

- Germans tend to prefer to do their own packing (while considered a service in the USA, it is an irritation in Germany) (see also http://www.dw world.de/ dw/article/0,2144,318142,00.html).

3   *French retail consortium (Hurt and Hurt, 2005):*

It took a French retail consortium in Poland ten years and three distinct phases of operation to achieve their objectives. In the beginning the French firms were optimistic about bringing Western consumer society to Poland, but:

- The French and Polish models were embedded in very different administrative heritages.

- This hindered its ability to transfer managerial practices and work routines to Polish store management and floor personnel.

- From the very first days of involvement with hired staff, the Polish brought "silence, a lack of reactivity, apparent resistance, absenteeism, carelessness, and lack of initiative – as well as cases of theft and drunkenness" (p.38).

As suggested above, the disruption to strategy, the diversion of unbudgeted funds and the redeployment of personnel took the firms by surprise. Particularly instructive is the case of DaimlerChrysler, as the German car maker, which despite its research team's preparatory work, found that unimaginable frictions and cantankerous behaviour led to mutual negative stereotyping, the flight of their designers, and farcically petty wrangles over the size of business cards. In the case of DaimlerChrysler it is clear that US–German spats were not inevitably the result of cultural differences. Rather, and at a more fundamental and manageable level, the issue of cultural differences were symptomatic of a situation in which various people at various levels in the organisation considered themselves deceived, discredited or not treated as equal. Thus, DaimlerChrysler despite its in-house knowledge about how to deal with cross-cultural issues did not provide the leadership or have the wisdom to use it effectively.

DaimlerChrysler has something in common with both Wal-Mart and the French retailers: a limited vision of what other countries must be like leading them to misread consumer behaviour, to fail to acknowledge cultural differences embedded in work practices, and to inadvertently create destructive conflict. In the case of DaimlerChrysler, the prevailing attitude can be summed up in the phrase: "Wir kennen die Amis!" (which has the condescending flavour of 'we know our friends, the Americans'). This is a problem of taken-for-granted assumptions unwisely taking the form of declarative

knowledge. Similarly, the French retailer's HQ strategists underestimated the degree to which its Polish employees were still stuck with aspects of the mindset acquired during the years of communism.

It is of course only too easy to have 20/20 hindsight as an outsider confronted by this evidence. The consequences of these cross-cultural knowledge failures were significant. Nevertheless, it is indisputable that the practical consequences of these miscalculations run in each of the three cases into millions of unbudgeted dollars and damage to corporate reputations.

While these cases may be classified as cross-cultural failures, the fact is they are more a consequence of lack of attention to CCKM than a result of any instantly predictable clash of cultures. This bad management can be traced to unexamined cultural biases (Pauleen and Murphy, 2005), and reflects poor judgement, lack of insight, lack of empathy, poor capacity to integrate knowledge, and a lack of discernment in relation to the subtle or obscure details of knowledge work across cultures. Much of the failure in managing cross-cultural knowledge transfer lies in the inability of individual managers to perceive and respond appropriately to cultural codes. This lack of anticipation and response to cultural codes impacts on knowledge transfer, undermines strategy, creates uncertainty for those involved, can be a major drain on corporate resources (easily amounting to millions of ¥, $, £ or €), and shows that managers are out of touch.

## 5   Knowledge, culture and CCKM

Having provided case study data and suggested strong links between knowledge and culture, it is now helpful to explore what our research tells us about knowledge, CCKM and wisdom that would assist managers in dealing with issues similar to those highlighted in our cases. We begin with fundamental observations about the nature of knowledge. The links between knowledge and culture are profound. There are two critical levels on which knowledge and culture are linked and they both have significance for CCKM and are important dynamics in the cases described above. First, and in very general terms, knowledge guides us in how we live (including how we work). This guidance works in the form of often habitual patterns of assumptions, cognitions and feelings that underpin culture and that can lead to CCKM failures. Such patterns are central to the problems encountered in our cases. Second, knowledge communicates and signals social meanings, but as a cultural form knowledge constitutes meaning and creates new objects and practices (creativity) (McCarthy, 1996). This signalling function of knowledge draws our attention to communication and meaning and therefore to knowledge as an instrument of collective action (Rooney and Schneider, 2005). In this light, it is clear that a critical function of knowledge is in creating and maintaining social order and coherence through communication, and therefore in rendering social relations socially and culturally meaningful, all critical conditions for good organisational performance and points of failure in our cases.

In each of our case studies social incoherence and disorder emerged as communication became dysfunctional. Culture is a set of largely tacit or implicit rules for the social game. Culture therefore can be seen as the tacit knowledge of a group of people (Hofstede, 2007). Moreover, culture is the "locally grounded terrain of collective practices" (McCarthy 1996, p.88) and assumptions that create meanings and identities typical of particular localities, potentially raising problems when raised to the global

level. It is not surprising then that our cases highlight communication problems resulting in unrecognised and unresolved conflicts at the level of assumptions (tacit knowledge). A key to understanding knowledge in these grounded collective practices is to grasp that various groups tend to seek to define and assert their knowledge's value, power and necessity (Rooney and Schneider, 2005). Seen this way, it is not surprising that when interacting groups assert conflicting worldviews, problems can arise. Moreover, when seen as processes of this kind, the cases can clearly be seen to be open to a CCKM solution.

To explain CCKM, we start by saying that, put very simply, KM is the process of marshalling an organisation's intellectual resources to better learn, solve problems, innovate, judge, decide and act on matters of importance to that organisation. Only recently has KM begun to look outside the organisation's boundaries to assess the huge amount of knowledge residing there. If we accept that culture represents a form of potential organisational knowledge then we can accept the idea that KM must include the management of culturally coded knowledge that moves within and between organisations and the wider environment. We call this management process CCKM. We define CCKM as the systematic and purposeful management of culture as an organisational knowledge asset (Figure 1). In an organisation with a multicultural workforce, a diverse or international customer base, international suppliers and global competitors the potential for culture to become a significant organisational knowledge asset is great indeed, one that needs conscientious management and wise leadership.

Figure 1   The essence of CCKM
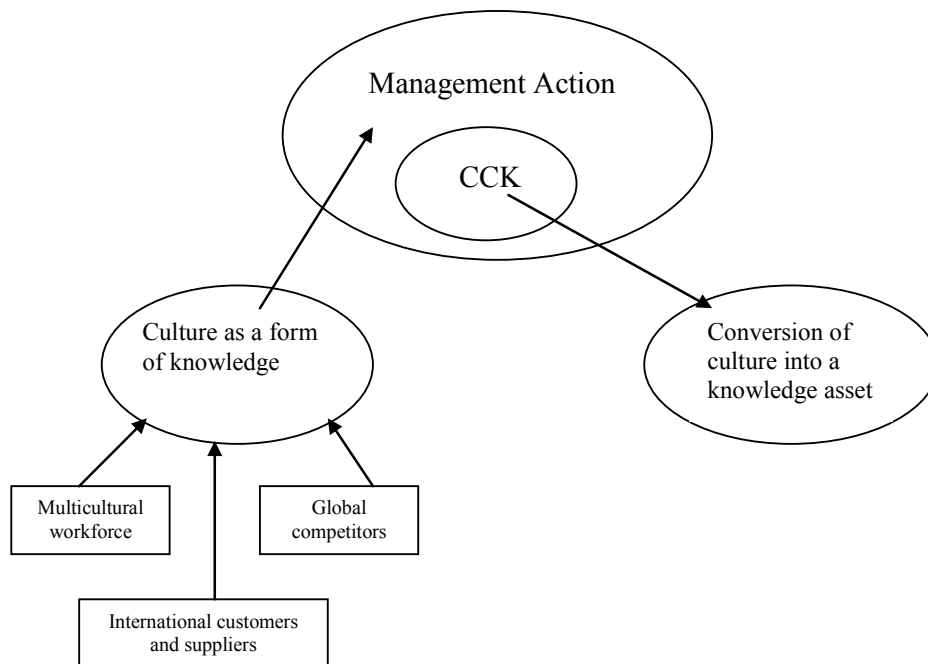
6 Framing the challenge of managing local knowledge in a global world

Of course the downside of local knowledge is that when more knowledge is gained through culturally diverse interaction, more worldviews are being asserted, thus creating the possibility for more cultural, political and ideological conflict as value, power and necessity claims are asserted. CCKM needs to deal with these conflicting aspects of knowledge because they are part of what constitutes a knowledge system. Looked at this way, conflict over the size of business cards is symptomatic of the cultural dimension of knowledge expressed in assumptions and habituated patterns of thought. CCKM solutions to these problems can be found at the level of leadership that rises above the habituation and localness of culturally coded knowledge, recognises that such a problem has occurred, sees what the problem really is, and sees how to assess and respond to the problem. We argue that CCKM leadership was a missing ingredient in the case studies and that a vital ingredient in this leadership is the integrative subtlety of wisdom.

7 Underpinning CCKM with wisdom

Given the complexity of the global economy and the need to effectively manage the transfer of knowledge in and out of organisations, the wise leader understands that the time when a single perspective of the world would suffice for organisational survival has long passed. Removing this kind of complexity is not an option; dealing with complexity is the province of wisdom and its capacity to bring together and integrate knowledge creatively, astutely and quickly. In the world today, multiple perspectives and local culturally coded knowledge underpin the global economy. What is required now are wise leaders with the ability to unravel the cultural codes that allow us to access the local knowledge which informs the global knowledge base. Value is derived by recombining this local knowledge in practical and innovative ways that resonate with culturally diverse employees, customers, suppliers, business partners and the like. How can this be done? First, through the lens of CCKM theory, we suggest that global leaders and organisations can more clearly discern the cultural complexity of knowledge in a way that makes it understandable and manageable. Based on wisdom theory, we then outline the capacities and dispositions that need to be developed to provide the kind of qualities needed for CCKM leadership.

Successful CCKM leadership is a great professional challenge. Because of the economic, social, cultural, ethical and intellectual complexities present in the CCKM field, a particular set of Knowledge, Skills and Abilities (KSAs) are needed. For example, interpersonal and intergroup communication skills, management skills, area and expert knowledge, and political skills are needed. Furthermore, the capacities for foresight, insight, empathetic understanding, tolerance of ambiguity, emotional intelligence, etc. are also required.

Practical wisdom provides the foundation for building the leadership and managerial KSAs to effectively use CCKM to access, understand, integrate and utilise local knowledge at the global level. Practical wisdom enables excellent judgement and action in everyday life: using logic, reason and facts; employing subjective insight; exercising excellent judgement and communication skills; and being ethical in a way that produces rewarding outcomes. In particular, it enables people to decide and act well and thrive in complex, changing and ambiguous conditions that prevail in the global knowledge

economy. As we describe it here, there are important similarities between practical wisdom and the notion of a global mindset. However, global mindset is not used in our approach because of its emphasis on the global level. Practical wisdom is preferred because it places equal emphasis on the global and local, and this is important for our CCKM approach which integrates the local and the global.

Cross-cultural awareness alone does not seem to limit the potential for major setbacks. It is reasonable to assume that many of these setbacks or CCKM failures are related to insufficient integration in practitioners of the KSAs needed for successful CCKM. Such integration is the province of practical wisdom. It is wisdom that embodies the discerning judgement, high-quality decision-making and effective action that all organisations seek. Furthermore, wisdom mediates what is an enormous ethical, judgemental, emotional, interpretive, evaluative, logical and analytical mental load on leaders and managers working in a cross-cultural context.

Many of these CCKM problems are not new and have exercised the minds of managers and researchers for some time. Researchers have been concerned with decision-making, judgement, mindfulness and so on. These are all relevant to practical wisdom but none on their own are the equivalent of it. Practical wisdom is a complex of these and other things.

We suggest that practical wisdom provides a grounding for integrating the above KSAs in managers and leaders, offers a systematic approach to making sense of the complex system that is the global knowledge economy and presents a way to make effective decisions in that complex environment. But what is the range of attributes that a practically wise person should develop?

8   Characteristics of practical wisdom

The concept of practical wisdom was first delineated by Aristotle. Aristotle identified three forms of knowledge: *episteme*, *techne* and *phronesis* (practical wisdom). He regarded practical wisdom as the highest form of knowing. Practical wisdom integrates multiple forms of knowing into a greater whole and demands ethical application of knowledge. It is its status as the embodiment of this integrated whole that makes practical wisdom so important. Noting that it is a concept which has been "forgotten in the depths of time", Jackson and Aycan (2006, p.6) comment that phronesis can develop a new generation of cross-cultural scholarship "that can handle context-dependent, pragmatic action-oriented diversity on its own terms" (p.7). To better articulate the characteristics needed for CCKM leadership and how they relate to each other, it is necessary to set out the dimensions of practical wisdom.

In the Aristotelian view, practical wisdom:

1   is based on reason and observation

2   allows for the non-rational and the subjective

3   is empathetic and is directed to humane and ethical outcomes

4   is practical and prudent

5   is articulate, aesthetic and intrinsically rewarding.

The following discussion looks at each of the five aspects of practical wisdom individually, taking examples of CCKM failures to illustrate their importance. Of course, a critical point about wise thinking, deciding and acting requires the integration of multiple (even all of these) aspects, as the situation demands. Thus, although each of our examples could be seen from more than one point of view we resist doing so for the sake of economy of analysis.

Wisdom acknowledges what we might call the logic of situations. For example, we may posit that the situated and somewhat myopic logic of the French retailers did not suggest to them that the kind of behaviour and thinking associated with the communist era would affect their business in Poland. The logic of the situation, which they failed to grasp in the beginning, was that there would be countervailing factors of such magnitude coded from the past that would undermine their strategy. This is an example of mindless rather than mindful logic and of inappropriately applying the logic of one situation (France) in another (Poland).

A second example is when Wal-Mart did not establish enough facts about the different situation in Germany or grasp their salience in such a way as to productively develop their business: it drew the wrong conclusions and paid the price.

The non-rational and subjective, including tacit knowledge, are important to wisdom. Insight, good intuition, and good judgement are important to international business management because they are needed to deal with complexity and ambiguity. In our cases, we see lack of commitment to making good subjective judgements. Trying to be too rational and having a lack of 'feel' for different cultural circumstances and lack of vision led to making poor judgements. Good insight, intuition and judgement need to be developed, they do not just happen, except by luck. Insight, intuition and judgement depend to an important extent on experience and knowledge. In these cases, lack of culturally or situation-based experience limited subjective ability. All three cases make it clear that cleaving HQ assumptions about the 'rest of the world' were factors that distorted the firms' views and led to decisions that were ill-founded. The lack of 'visionary wisdom' meant that the HQs' subjective, imagined future scenarios were quite different from what actually happened. They had not developed the experience and tacit (local) knowledge needed for effective subjective judgement. Although Daimler had collected large amounts of research data about mergers and acquisitions, it was not able to employ this knowledge effectively because their subjective judgements and failure to see the deteriorating mood early enough put them at a disadvantage. A critical part of wisdom is to integrate different knowledge, and to actively question subjective assumptions.

Ethics is central to wisdom and it is underpinned by sensitivity and empathy directed to humane outcomes. Our case studies reveal a lack of sensitivity and empathy in not understanding the position of the 'other', thus leading to conflict. A focus on narrow business data at the expense of people issues was one cause of major problems in the case studies. Lack of empathy can also be linked to the defective subjective judgement discussed above because without empathy one cannot understand the 'other'.

It may have been expedient and easy, particularly in the short term, to ignore a larger set of problems but it was not practical or prudent, especially in the long term. Our view of wisdom is that it is practical and prudent. What seems expedient to do under the pressures of daily work is often redefined as practical but is often not prudent or wise if long-term success is important. Expediency may get a manager off the hook today but create a rod for his or her back tomorrow. It is a moot point to what extent our three

companies showed prudence. If they did, it was not in advance, but rather forced on them by circumstance. It could be argued that as all three firms did not show prudence, grasp the logic of the situations or allow for the non-rational and subjective, the adopted procedures were not practical over the long term (even if they may have seemed expedient at the time).

Perhaps the most difficult aspect of practical wisdom for business to fully appreciate is that it requires aesthetics, the art of management. Wisdom is articulate and intrinsically rewarding by providing the best available outcome that balances the needs of all stakeholders. In modern parlance we could say that the start of business aesthetics is to be found in the maxim: "if it ain't worth doing well, it ain't worth doing", and also in the ideas that there is an art to doing business and that effective communication matters in management, particularly where cultural diversity exists. We argue, firstly, that this component refers to the art of accommodating, communicating, learning and leading through an array of complexities to the satisfaction to all concerned, and of having done something well. Communication failure, slowness to learn from local experience, and unresolved conflicts are central to the failures of our cases. Furthermore, it is difficult to think of the managers in our cases as having been artful exponents of their profession, let alone effective leaders. Secondly, we argue that it is also an aspect of practicality versus expedience. Doing a poor job of patching over the cracks, or acting while in denial of reality lacks practicality. Some might say examples of grasping expediency are part of the ugly side of management. It certainly does not look good to a knowledgeable, experienced observer. Being able to find a balance or harmony, even elegance, is part of wisdom.

For us, the core dynamic in organisational aesthetics, though, is communication. Significantly, we note that communication is equally important to knowledge and wisdom. Indeed, if an organisation has exemplary communication practices, including the ability to communicate effectively across cultures and resolve conflict, and its leaders exhibit wisdom it has little need for additional KM: it is already largely done. This applies doubly in CCKM.

We summarise the components of practical wisdom as being logical and analytical, sensitive and intuitive, clear and articulate, creative, practical, empathetic and ethical. In having such attributes a wise leader will use his or her vision, intuitions, etc. to establish a multifaceted grasp of situations. Lastly, however, we also emphasise that practical wisdom is a kind of knowledge and practice that befits leaders and is linked to experience. Such people are not 'mere' managers.

Each of these five components of wisdom is essential and each complements the others as a leader conducts him/herself in everyday work. Decision-making and action based on reason and fact alone are too limited. Importantly for dealing with the complexities of CCKM, leaders must also draw on their sensitivities and use their intuition and insightfulness, imagination and creativity, and ethics to make cross-cultural work environments more effective. Global KM leadership requires these skills, particularly in cross-cultural contexts. In our cases, if top management had appropriately integrated and applied leadership and wisdom in combination, many if not all of the problems encountered could have been avoided.

9 Conclusions

It might be thought that the lack of anticipation as illustrated in our cases is just a setback of a kind that besets firms every day and that they cope with or simply ride roughshod over. But note what unites all our examples (see also Holden, 2008):

- the strategies were undermined relatively quickly

- there were massive financial losses

- cultural differences were not so much a cause of friction as a symptom of anger, resentment and frustration – and bad management

- the originally cooperative atmosphere was spoiled

- the uniqueness of situations makes it difficult to predict cultural impacts and their longer term consequences

- the impact of headquarters' way of seeing the world (*Weltanschauung*) was detrimental.

All these factors suggest a blind spot in organisations, a blind spot whose effects are not so easily constrained by structural reorganisation or the installation of a new leader.

The knowledge management challenges of effectively dealing with and learning from a culturally, linguistically and intellectually diverse environment are not well understood, but the fact remains that global business is conducted in a complex intellectual and cultural context. This complex diversity is both a great opportunity and a challenge, and provides the imperatives for better management.

Cross-cultural management researchers are normally concerned with context; they tend not to deal in introspective corporate thinking. The challenge for them is to develop a new generation of cross-cultural scholarship 'that can handle context-dependent, pragmatic action-oriented diversity on its own terms' (Jackson and Aycan, 2006, p.7), in other words, give practitioners a vector to guide them to practical solutions. A context of special interest will almost certainly be the cross-cultural interface: variously a point of contact or a common boundary, which does not have to be physical nor permanent nor even permeable (Holden, 2002; Pauleen and Holden, 2007; Fink and Holden, 2010). Conceived of and observed in phronetic terms, the interface can bring forth not confirmations of differences in power-distance or masculinity or femininity, but all the richness of the subliminal captured in unexpected – practical – insight.

In the annals of international business, managerial miscalculations are far from uncommon. Some are often seen as unavoidable. Yet they ought to be avoidable or at least limitable. As we argued in this article, many companies and their leadership have ignored or mismanaged the specific forms of organisational knowledge needed to cope with complex cross-cultural interactions. CCKM can provide organisations with a frame for understanding the inter-relationship of culture and knowledge at (a) the organisational level and (b) at key interfaces and its vital importance in achieving global effectiveness. Central to this is leadership based on practical wisdom, a wisdom that can be garnered over time and with sufficient effort. Wise leadership and CCKM will not come easily, they must be pursued with a sense of purpose. Developing these will involve new educational models (Sternberg, 2001), reflexive practice (Mintzberg, 2004), finding what can be learnt from experience rather than simply gaining experience (Grint, 2007), changed organisational cultures (Rooney and McKenna, 2008), and new thinking about

integrating different knowledge and practices through KM. Wise leaders of CCKM are not managerial technocrats wielding spreadsheets. The global 'knowledge-scape' in international business is too complex and varied for that (Hearn et al., 2003). Wise leaders know the art of management; they have broad experience, are creative and ethical communicators, and have empathy. Based on these foundations:

1   they learn and reflexively question assumptions

2   they are always engaged in genuine conversations with stakeholders

3   they are not obsessed with command and control modes of management because they see complexity and ambiguity as normal, even useful

4   they actively develop their judgement and insight

5   they can integrate judgement and insight with reason and formal analysis, and with ethics to reach good decisions with broad benefits.

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