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**Abstract**

This study examines effective knowledge transfer in post-acquisition integrations. Although research already exists on knowledge transfer, significant gaps could be found in the literature, especially in the context of cross-border acquisition integrations. The aim of this study is to identify how can knowledge be transferred effectively in cross-border acquisition integrations. The sub-questions of this thesis are to find out why effective knowledge transfer is vital in integrations; what characteristics influence the transfer of knowledge and which transfer mechanisms should be chosen to ensure effective knowledge transfer.

In order to attain the aim of this study, a framework was conducted based on the existing theories and findings of earlier literature. The theoretical framework combined knowledge transfer with different integration measures. Based on the theoretical framework and operationalization table, six expert interviews were conducted during three weeks in February 2019. The interviewees were chosen based on their expertise in the subject. All of the interviews were transcribed and analyzed through thematic analysis. Based on the transcribed interview material, thematic networks were built to be used for the analysis of this study.

The empirical research of this study reinforced the existing theories to a large extent but gave also new viewpoints on the factors influencing effective knowledge transfer. It was concluded that knowledge transfer is an important element of integrations and depending on the level of the integration, significant amount of knowledge must be transferred in the integrations. If the transfer of knowledge is not effective or encounters challenges, it can affect the entire acquisition integration outcome. Consistent and clear communication is vital in order to build trust and a beneficial relationship between the acquisition parties. The better the communication achieved is, the more knowledge is transferred. Communication was concluded to be of great importance especially in the context of cross-border post-acquisition integration. Furthermore, surveillance is added to the influence factors to be an important aspect, since integrations often involve uncertainty among the employees. This uncertainty can also be decreased by effective communication.

Additionally, building social communities to transfer knowledge, especially tacit one, is highlighted to be an effective mean. However, one should not merely rely on one transfer mechanism as the most effective way is often times a combination of more than one. Future research is encouraged to be able to gain more insight on this topic.

Key words	Knowledge transfer, post-acquisition integration
Further information	



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#### Tiivistelmä

Tämä tutkimus käsittelee tiedonsiirron tehokkuutta kansainvälisten yritysostojen integraatioissa. Vaikkakin aiheesta on jo jonkin verran tutkimustietoa, merkittäviä tutkimusaukkoja löytyi etenkin tiedonsiirrosta yritysostojen integraatioissa. Tutkimuksen tavoitteena on selvittää, kuinka tietoa saadaan siirrettyä mahdollisimman tehokkaasti yritysostojen integraatioissa. Tutkimuksella on kolme osatavoitetta: tutkia, miksi tehokas tiedonsiirto on ylipäättään tärkeää integraatioissa, selvittää tiedonsiirron tehokkuuteen vaikuttavat tekijät, sekä kartoittaa sopivimmat keinot tehokkaaseen tiedonsiirtoon.

Tutkimuksen tavoitteen saavuttamiseksi luotiin viitekehys, jossa käsiteltiin aiempaa teoriaa ja löydöksiä aiheesta. Teoreettisen viitekehyyksen ja operationalisointitaulukon pohjalta toteutettiin kuusi asiantuntijahaastattelua helmikuussa 2019. Haastateltavien valinnan perusteena oli heidän varsin pitkä kokemuksensa yritysostojen integraatiosta ja asiantuntijuutensa aiheesta. Haastattelut litteroitiin ja niiden jäsentämisessä hyödynnettiin temaattista analyysiä. Kerätyn aineiston perusteella rakennettiin tulkinnan avuksi myös temaattiset verkostot.

Tämä tutkimus tukee hyvin pitkälti jo olemassa olevia teorioita ja tieteellisiä löydöksiä, mutta tuo myös uusia näkemyksiä aiemman tutkimustuloksen lisäksi. Tutkimuksessa todettiin tiedonsiirron olevan tärkeä elementti integraatioiden onnistumisen kannalta. Riippuen integraation tasosta, integraatioissa voidaan joutua siirtämään hyvinkin merkittävä määrä erilaista tietoa. Jos tiedonsiirto ei ole tehokasta tai siinä tulee ongelmia, voivat nämä vaikuttaa merkittävästi koko yritystoston integraation onnistumiseen. Jatkuva ja selkeä viestintä on ensiarvoisen tärkeää luottamuksen rakentamista sekä hyvän yritysten välisen suhteen syntymistä ajatellen. Mitä paremmin onnistunutta viestintä on, sitä enemmän tietoa siirretään integraatioissa. Viestinnän merkitys korostui erityisesti tässä tutkimuksessa, sillä tutkimuksen kontekstina ovat kansainväliset yritysostot. Myös valvonnan merkitystä korostettiin, sillä yritysostojen integraatioita leimaavat usein työntekijöiden epävarmuus. Tätä epävarmuutta voi vähentää myös hyvän viestinnän avulla. Lisäksi, epävirallisten sosiaalisten yhteisöjen merkitystä tehokkaana tiedonsiirron keinona korostettiin, varsinkin hiljaisen tiedon eli osaamisen siirrossa. Tutkimuksessa kuitenkin korostettiin erilaisten tiedonsiirron keinojen yhdistämistä, jotta saadaan aikaan mahdollisimman tehokas lopputulos. Aiheen tutkimista lisää suositellaan, jotta aiheesta voidaan luoda vielä tarkempi kuva kirjallisuudessa.

Asiasanat	Tiedonsiirto, yritysostojen integraatio
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**UNIVERSITY  
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Economics

**KNOWLEDGE TRANSFER IN CROSS-  
BORDER POST-ACQUISITION  
INTEGRATION**

Master's Thesis  
in International Business

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# 1 INTRODUCTION

In this chapter, the background as well as the objective of the study are introduced. First, an introduction to the background and the main concepts of the research topic are presented. Next, the research gap as well as the purpose of the study together with the structure are introduced.

## 1.1 Background of the study

Knowledge has become the key notion in the present corporate world. In order for companies to be able to encounter the challenges in the competitive business environment, they need to manage their capabilities by continuously upgrading their knowledge base. (Sivakumar 2018, 30.) Furthermore, the acquisition of knowledge has been seen as a shortcut to create and attain competitive advantage (Akhavan et al. 2015, 562; Wang et al. 2017, 1580) and the ability to transfer knowledge effectively can be considered as one of the main competitive advantages of multinational corporations (MNCs) (Minbaeva et al. 2003, 586). Therefore, knowledge can be described as a central building block for companies of any size due to its ability to enable the development of core competencies and managing complexities (Hörisch et al. 2015, 309).

A substantial amount of research has concentrated on the topic of knowledge management and knowledge itself (Hörisch et al. 2015, 309). The main purpose of knowledge management is for companies to gain awareness of their individual and collective knowledge bases, and to use that knowledge in the most efficient and effective manner (Donate & Pablo 2015, 361). One major strand of the area of knowledge management that has been researched is the process of its transfer (Birkinshaw et al. 2000, 5; Jasimuddin et al. 2012, 195; Kogut & Zander, 1992; Liyanage et al. 2009, 2), which increases both performance and innovativeness of a company. However, organizations often lack the expertise in executing knowledge transfer and fairly often fail to realize its potential (Szulanski et al. 2016, 304). Furthermore, knowledge transfer remains poorly managed since organizations continue to make inefficient knowledge transfer investments, which do not result in the anticipated value creation (Reus et al. 2009, 397).

Intra-organizational knowledge transfer refers to the transfer process occurring within a company whereas inter-organizational transfer is between at least two organizations (Easterby-Smith et al. 2008, 679). Comparing the contexts of intra- and inter-organizational transfers, it can be stated that knowledge transfer within one firm contributes greater on performance outcomes than transfer between firms (Van Wijk et al. 2008, 845). However, successful knowledge transfer, regardless of whether it is executed within or between firms, is not an easy task due to the complexity of the

phenomenon. Even for a comparatively simple case of transferring knowledge from one unit to another within the same firm, numerous factors may influence the effectiveness. (Szulanski 1996, 27.) The complexity of knowledge transfer increases in the inter-organizational context and even more with geographical and cultural distance between the parties. This may be one reason why the intra-firm knowledge transfer has greater outcomes on performance than the inter-organizational knowledge transfer. Moreover, transferring knowledge in the context of a cross-border acquisition can be described as a rather intricate case (Easterby-Smith et al. 2008, 677). Mergers and acquisition present an opportunity for companies to gain pre-existing knowledge of proven value. However, the challenge lies in converting the opportunity to transfer knowledge into realized value. (Empson 2001, 843.)

Mergers and acquisitions is abbreviated by using the term M&A. Although the terms are frequently used as synonyms, a difference lies in the meaning. Acquisitions are the result of the combination of two companies, not necessarily by mutual agreement whereas mergers are the result of combining two companies with both parties' consent. Moreover, in acquisitions the level of control may be uneven while in mergers the level of control is equivalent. (Jagersma 2005, 14.) However, the term is frequently used as corresponding for both "mergers" and "acquisitions", and in this study, the term will be applied to refer to acquisitions (Hassett et al. 2011).

Mergers and acquisitions have become vital means for the growth and internationalization of firms (Sarala et al. 2016, 1231). Cross-border acquisitions are in case, when the parties are from different countries (Jagersma 2005, 14). Literature is still attempting to attain consensus on the definition of the M&A process in terms of the beginning and conclusion of an acquisition. However, the transfer of ownership from the target company to the acquiring company presents a significant procedure in the process. The legal agreements signed due to the ownership transfer divide the M&A process into two distinct parts, the *pre-* and *post-acquisition* phases. (Gomes et al. 2013, 16.) This two-phase approach is also adopted in this study. Haspeslagh and Jameson (1991, 29) argue that the entire value creation takes place in the post-acquisition phase by enhancing the strategic capabilities of the combined firms. Consequently, this study will focus on the post-acquisition integration phase of the M&A process, since the majority of knowledge transfer occurs in this phase.

Cross-border M&As – being a key component of foreign direct investment – have been used for a long time by MNCs as a mean to create growth and to access new and transfer existing knowledge (Birkinshaw et al. 2000, 398). Although a large number of acquisitions are conducted nowadays, M&As continue to exhibit high rates of failure (Gomes et al. 2013, 14). Approximately 30% to 50% of M&A's end up decreasing the shareholder value and 60-80% do not add any value for the shareholders (Young et al. 2018, 2). Intuitively, an M&A transaction generates value when the target's potential

value as a part of the acquirer is greater in comparison to the value of the target before the acquisition as a stand-alone entity (Alhenawi & Stilwell 2017, 1041). According to Young et al. (2018, 2–3) the high failure percent of creating value might be due to overlooking the human element and importance of human integration to ensure creating value. However, it is important to keep in mind that there are no universal measures of acquisition performance, since it can be measured through financial, strategic, managerial or regulatory measures, among many others. Thus, the numbers of failure must be considered with great awareness on these aspects. (Lees 2003, 28–31.) Nevertheless, it should be noted that many M&As do not succeed in the way hoped for.

Considering the high percent of failure in M&A integration as well as the challenges in regards of the knowledge transfer, the question of how to make knowledge transfer effective in the post-acquisition integration phase arises. Knowledge has become one of the key motives for conducting M&As (Miśkiewicz 2017, 7), whether it is gaining access to new knowledge or to transfer specific knowledge to another part of the firm (Bresman et al. 2010, 6). Moreover, knowledge transfer is of great importance in mergers and acquisitions (Junni & Sarala 2013, 420) because cross-border M&A success is anticipated to be dependent on knowledge transfer (Bresman et al. 1999, 457). In the post-acquisition integration process, organizations are required to transfer various kind of knowledge from one organization to another in order to align their operational practices and culture (Kosonen & Blomqvist 2013, 205). However, organizations ability to successfully transfer knowledge often does not meet the expectations (Schoenberg 2001, 108).

Knowledge transfer in cross-border M&A is largely unexplored (Blome et al. 2014, 315; Wang et al. 2017, 1580) and due to the complexity of the context, future research is encouraged. Thus, the organizational phenomenon of knowledge transfer in the inter-organizational acquisition context provides an intriguing area to study more thoroughly since knowledge has a major role in organizations nowadays and it is crucial to attain competitive advantage.

## **1.2 Purpose and structure of the study**

Although some previous research is already available on the topic (cf. Ranft & Lord 2002; Scheunemann & Suessmair 2013; Schoenberg 2001; Kosonen & Blomqvist 2013) it has been acknowledged that the gaps in knowledge about the transfer of knowledge are greater than expected (Huber 2001, 73; Wang et al. 2017, 1580). A considerable amount of the existing literature has focused on knowledge transfer in other modes of internationalization, but M&As have so far not been the main focus (Bresman et al. 2010, 6). Furthermore, the attention on knowledge transfer has largely been on transfer within one organization (Argote & Ingram 2000; Szulanski 1996; Tsai 2001) and not in the

M&A sector. In general, international acquisitions remain largely under-explored comparing to the domestic M&As (Bertrand & Betschinger 2012, 415). Since knowledge transfer in M&A's integration requires specific management processes (Bresman et al. 1999, 442) and due to the high failure rate of acquisitions in general (Young. et al 2018, 2), it is vital to research this topic more carefully in today's business environment.

This study aims to fill the gap in the current research by focusing on knowledge transfer in the context of cross-border mergers and acquisitions. Huber (2001, 78) states that given the relevance of this subject, it is worthwhile to investigate effective knowledge transfer more thoroughly. The way in which knowledge is being transmitted among the members of two organizations is regarded as composing a strategy that is the most appropriate for effective knowledge transfer (Jasimuddin 2008, 57.)

The main research question of this study is: How can knowledge transfer be effective in the post-acquisition integration phase? The sub-questions of the study are:

- Why is effective knowledge transfer important?
- Which factors facilitate the knowledge transfer?
- What kind of knowledge transfer mechanisms would be the most effective?

This thesis seeks to analyze the means by how knowledge transfer can be executed effectively in the post-acquisition integration phase. In this study, effective knowledge transfer refers to the ability to transfer knowledge in a quick, accurate and comprehensible manner. In other words, effective knowledge transfer saves resources and improves the profitability of involved companies. The comprehension of the aim of the study is sought for by analyzing three sub-questions. Firstly, the benefits of effective knowledge transfer to the post-acquisition integration are explained. Secondly, the factors that facilitate the knowledge transfer are investigated, since they are believed to have a large impact on the effectiveness of the transfer. Finally, different kinds of knowledge transfer mechanisms are analyzed, and the most effective means to transfer knowledge are investigated based on different kinds of knowledge.

As mentioned earlier, this study focuses on examining the post-acquisition integration. Hence, the pre-acquisition phase of preparing the possible acquisition and conducting due diligence, has been left out. The reasoning behind this decision of focusing solely on the post-acquisition integration phase is that knowledge transfer occurs mainly in this phase of the acquisition. Moreover, the post-acquisition integration may hinder the transferring of knowledge (Greenberg & Guinan 2004, 136) and the success of the transfer largely impacts the outcome of the integration (Bresman et al. 1999, 457). Thus, the relation between post-acquisition integration and knowledge transfer is evident. Subsequently, the context of post-acquisition integration presents an intriguing ground for examining the

different factors contributing to the transfer of knowledge between the parties involved in the integration.

While research has studied intra-organizational knowledge transfer within one firm (Szulanski 1996; Zander & Kogut 1995) and between firms in the context of alliances as an inter-organizational procedure (Simonin 1999; Soekijad & Andriessen 2003), the context of an acquisition integration is neither a clear case of intra- or inter-organizational knowledge transfer (Ranft & Lord 2002, 421). In the beginning of the post-acquisition phase, two distinct companies still exist. Depending on the sought-after level of integration, the companies are integrated accordingly, perhaps as one entity. Acquisitions include features from both intra- and inter-organizational knowledge transfer (Ranft & Lord 2002, 421.) In this study, knowledge transfer is regarded as inter-organizational. The decision of referring to the knowledge transfer as inter-organizational is made, since even after the deal is completed, it takes some time to become an united entity. Hence, it can be viewed that knowledge transfer in post-acquisition integration occurs between two companies.

Although inter- and intra-organizational knowledge transfer entail dissimilarities with distinct problems, they also share features in the transfer process (Easterby-Smith et al. 2008, 678). Hence, the literature review includes aspects of both dimensions, but with a larger focus on the inter-organizational knowledge transfer. Those models and theories of intra-organizational knowledge transfer are presented that the author believes will bring value to the aim of this study. Moreover, as the knowledge transfer in post-acquisition integration presents unique dynamics of its own (Ranft & Lord 2002, 421) and unexpected challenges may occur (Scheunemann & Suessmair 2013, 76), specific characteristics of M&A knowledge transfer are also elaborated. The structure of this study is presented in figure 1.

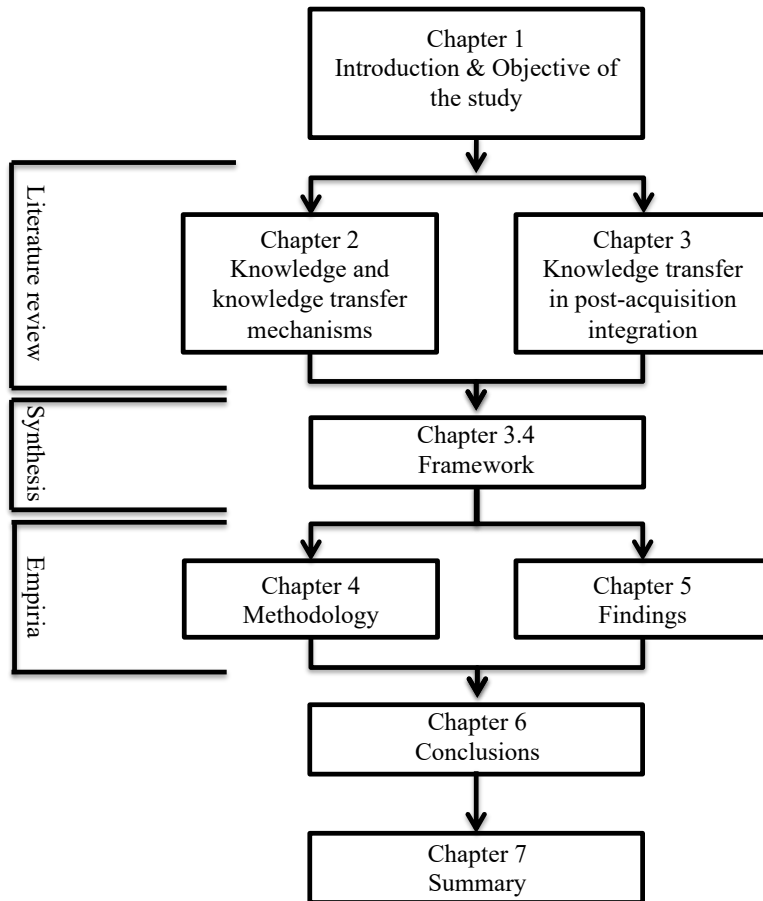


Figure 1 Structure of the study

As seen in figure 1, this study is divided into seven chapters. In chapter 1, the background of the topic as well as the purpose of the study are introduced. In the background section, the key definitions and concepts are briefly presented as well as the research gap regarding the subject of the study. A comprehensive literature review to contribute to the base of the theoretical framework is introduced in chapters 2 and 3. More specifically, chapter 2 defines the concept of knowledge, its variations and the process of transferring knowledge. Chapter 3, on the other hand, focuses on introducing the post-acquisition integration phase as a concept, taking into consideration why knowledge transfer is important in post-acquisition integration context. Moreover, it elaborates on the special characteristics on the inter-organizational knowledge transfer in cross-border acquisitions. In the last part of chapter 3, a synthesis and theoretical framework constructed based on the findings from previous chapters is presented. In the following, the research design utilized in this study is elaborated in chapter 4. Chapter 5 introduces the key findings of the study, followed by the presentation of theoretical and managerial contributions in chapter 6. Decisively, a concluding summary of the thesis is outlined in chapter 7.

## 2 KNOWLEDGE TRANSFER

Understanding knowledge transfer requires defining knowledge as well as understanding how it can be identified in an organization. Hence, this chapter provides a description of knowledge and introduces the perspectives of the knowledge-based view of the firm. After discussing the importance of knowledge as a resource in a firm, the process of knowledge transfer is introduced. Moreover, the different kinds of knowledge are combined with the transfer process to formularize the process of knowledge transfer.

### 2.1 Classifications of knowledge

The different characteristics of knowledge affect the mechanisms of knowledge transfer (Jasimuddin 2011, 197) and hence, knowledge is classified precisely in this chapter. Knowledge can be defined as what we know: it involves the mental processes of comprehension and understanding. Knowledge goes on in the mind but also involves interaction with others. Whenever knowledge is expressed in any form – oral, written, graphic, gestural or even through the use of body language – the messages do not carry knowledge but are constituted of information. Therefore, the knowledge built from received messages can never be exactly the same as the knowledge base from which the messages were emitted. (Wilson 2002, 3.) Different kinds and carriers of knowledge are crucial to understand, in order to build on the comprehension of knowledge as a resource for companies. The distinction between different kinds of knowledge is not entirely clear and different authors may use same terms but however, mean different things (Mooradian 2005, 104). Nevertheless, common features can be established from different ways to divide knowledge and they are required to be understood in order to be able to analyze knowledge transfer as a process.

Generally, knowledge is distinguished along two dimensions. The argument from Polanyi (1962, 602) that knowledge is present in either *explicit* or in *tacit* form has received much attention in the literature. Most researchers base their theories on this division of tacit and explicit knowledge (Chini 2004, 8) but the distinction of these two kinds of knowledge is not entirely clear. Knowledge that can be expressed in words and numbers only represents a fraction of the possible knowledge base. Explicit or codified knowledge indicates knowledge that can be transmitted in formal and systematic language. (Polanyi 1966, 7.) Miskiewicz (2017, 47) defines components of explicit knowledge as internal rules, standards, analyses, reports and forecasts in the firm, by keeping in mind the codability and the difficulty to transfer these components. Explicit, articulated knowledge, is specified either verbally or in writing in a codable format (Hedlund 1994, 75). Explicit knowledge can be understood as information, the one that

has articulated their knowledge into written format can never be sure of the of the receivers building of the messages to be exactly the same.

On the contrary, tacit knowledge is nonverbalized, intuitive and unarticulated (Hedlund 1994, 75) and it connotes a personal quality. Hence, tacit knowledge is more challenging to formalize and communicate. (Polanyi 1966, 7.) Tacit knowledge can be described as experience-based (Zack 1999, 46) or that it is developed by an individual's and organization's insights, values and beliefs, which are developed constantly. It can be seen as the foundation of how organizations make decisions and their ability to view the surrounding world. (Riesenberger 1998, 96.) However, it should be noted that the value of the tacit knowledge is not embedded into not being articulable but rather that it has not been articulated yet. In other words, the importance for firms lies in their ability to articulate the tacit elements. (Chini 2004, 10.)

The need for a third category, *implicit* knowledge, is suggested by some researchers (Wilson 2002, 16; Mooradian 2005, 105). Implicit knowledge can be defined as previously unexpressed but expressible knowledge. Implicit knowledge is taken for granted in our actions and it may be shared through common practices or culture. (Wilson 2002, 16.) Polanyi (1962, 601) introduces the term subsidiary knowledge, which can be seen as a synonym for the category implicit knowledge. Subsidiary knowledge indicates that knowledge is present in the mind but not attended to directly that would lead to explicit knowledge. Thus, implicit knowledge is not consciously accessed in the moment of knowing (Mooradian 2005, 106) Implicit and tacit knowledge can be quite easily confused with each other in the literature (Wilson 2002, 16) and the difference lies in the expressability of the knowledge. It is important to note that tacit knowledge is inexpressible and very challenging to transfer. Implicit knowledge, on the other hand, may not usually be written down but if necessary, it can be. (Wilson 2002, 24.)

Even though researchers would use only the division of explicit and tacit knowledge, it is widely accepted that some tacit knowledge is more easily expressible in natural or formal language than other kinds of tacit knowledge (cf. Mooradian 2005). Hence, it can be concluded that even though the category implicit knowledge does not appear in much of the literature, the same type of knowledge is meant. This study adopts the viewpoint of dividing the knowledge transferred into explicit, implicit and tacit knowledge. This is presented in figure 2.



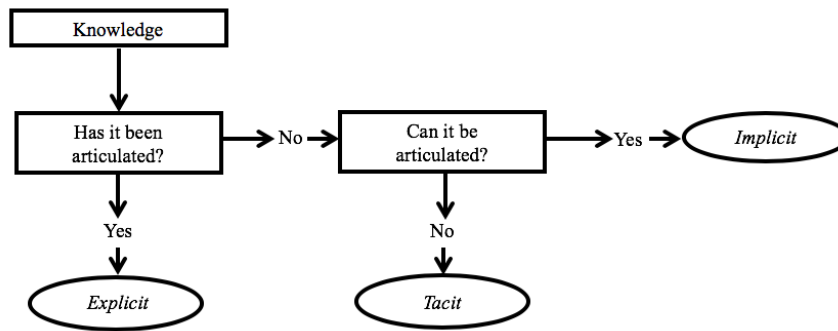


Figure 2 Classifications of knowledge

As seen in figure 2, the articulability of knowledge is the key differentiator. Explicit knowledge exists in an already written form, examples being financial data of a company or data about customers. Tacit knowledge can be described as a bodily skill which involves brain signals of which one is not fully conscious of, for instance complex social leadership skills. Such knowledge is impossible to articulate and thus, it is categorized as tacit knowledge. (Mooradian 2005, 110.) Implicit knowledge may for instance be market-knowledge of a foreign company. It may not be written down but is known by people living in that culture and it is capable to be articulated in written form. (Wilson 202, 24.) Hence, it is expressible knowledge.

Hedlund (1994, 75) identifies four different levels on which knowledge is carried: *individual*, *group*, *the organization* and *the interorganizational domain*. Individual knowledge consists of reflections of individual experience and it is the basis for the development of group level knowledge as well as organizational knowledge. The organizational knowledge is embedded in the values, collective memories and the overall notion of what is believed in the organization of different matters whereas the interorganizational domain refers to knowledge carried by stakeholders, such as important customers, suppliers or competitors. (Chini 2004, 10.) Explicit, implicit and tacit knowledge exist on all of these levels that carry knowledge (Hedlund 1994, 75) and all of these levels of knowledge carriers are analyzed in this thesis.

A firm's knowledge can also be analyzed through five central constructs at the levels of individual competence as well as group and organizational capability. *Codifiability* refers to the degree to which the knowledge is encoded whereas *teachability* reflects the training of individual skills and the degree to which workers can be trained on a specific job. *Complexity* indicates the highly complex aspect of knowledge and the many competences it may require attaining. The degree to which a capability is dependent on other experienced people is measured by *system dependence*. Finally, *observability*, is the extent to which capable competitors are able to copy the capabilities of the firm. (Zander & Kogut 1995, 79–80.) These five characteristics of knowledge measure different aspects of it and understanding these features help to analyze the demanding transfer process.

As mentioned earlier, knowledge is a complex concept regarding its definition and the various kinds of it. Further distinctions of defining knowledge even more thoroughly can be made (Hedlund 1994, 76), but for the purpose of this study, the above mentioned clarification on the kinds and carriers of knowledge are sufficient, in order to analyze the knowledge transfer process this study aims for. Next, knowledge is analyzed as a resource and it is debated on whether knowledge is more important in some companies than others.

## 2.2 Knowledge as a resource

In today's globalized world, knowledge has become a critical resource for companies (Jasimuddin 2012, 195) and it has been considered a fundamental asset of the organizations for a while. However, in the early 19<sup>th</sup> century, the interest towards knowledge as a subject within organizations increased abruptly. (Garavelli et al. 2002, 269.) Chini (2004, 10) states that knowledge has to be managed as a resource to acquire the value of it and the benefits it can bring to organizations. Stemming from this notion, the knowledge-based view (KBV) suggests that knowledge itself is one of the utmost strategically important resource from the firms' resource base. The KBV can be seen as an outgrowth of the resource-based view (RBV) (Grant 1996, 110; Hörisch et al. 2015, 768). By taking into consideration the resources of enterprises, these two viewpoints explain how firms achieve and sustain competitive advantage (Lin & Wu 2014, 408). One should be able to understand the purpose of RBV in order to be able to form a comprehensive picture on knowledge being a key resource in attaining competitive advantage.

The core of the resource-based view is for companies to develop barriers against their competitors (Liao et al. 2017, 1432). The definition of a resource is anything, that could be thought of as either a strength or weakness of a firm. A more formal explanation describes a firm's resources as the tangible and intangible assets tied semi permanently to the firm. The RBV claims that firms are able to achieve competitive advantages through the application of their valuable resources at their disposal. The resources should be valuable, rare, inimitable and non-substitutable for the company to effectively realize these competitive advantages. (Wernerfelt 1984, 172-174.) Such resources include the firm's assets, capabilities, processes, information and knowledge that enable the firm to envision and implement strategies in order to improve its effectiveness (Barney 1991, 101).

These numerous resources a firm possesses can be divided into three categories, the first being the *physical capital resources*. Physical capital resources include the physical technology used in a firm, location and access to raw materials whereas *organizational capital resources* include the formal reporting structure, controlling and coordinating as

well as the informal relations between individuals and their environment. *Human capital resources* comprise the experience, intelligence, relationships of individual managers and workers in the firm. Not all of these resources are strategically important and thus, the attributes that sustain a firm's competitive advantage are specified here more closely. (Barney 1991, 102.) Miller and Shamsie (1996, 521-522) add that on one hand resources can be property-based, such as exclusive rights to a technology or channels of distribution. These resources are applied to a specific product or a process. On the other hand, resources can be defined as knowledge based, which take form of a particular skills and are protected by knowledge barriers. Such knowledge-based resources are challenging to imitate and thus, they are of great importance in creating competitive advantage through these knowledge barriers. (McEvily & Chakravarthy 2002, 302.)

The knowledge-based view suggests that firms should be analyzed based on their knowledge resources. The KBV implies that companies are able to generate and sustain greater profits if they are in possession of value-creating organizational knowledge that is relatively rare or has imperfect substitutability. (Ranft & Lord 2002, 422.) Advocates of the KBV place knowledge as the strategic resource with highest importance in a firm since it can restructure and transfer tangible resources in an efficient manner. Therefore knowledge is claimed to improve a company's total performance and increase innovativeness within the firm. (Grant 1996, 110; Huber 2001, 72.) Knowledge in its many forms is argued to sustain competitive advantages, since it is easily replicated within an organization but challenging to imitate by other firms. Thus, transferring such knowledge can create competitive differentiation. (Kogut & Zander 1992, 384.) However, to achieve such results in the transfer of knowledge, it requires that knowledge is constructed well within an organization and certain appropriate processes need to be executed (Blome et al. 2014, 309).

All kinds of organizations and types of work do involve knowledge in order to attain sustainable competitive advantage (Swart & Kinnie 2003, 61). However, the category of knowledge-intensive firms (KIFs) or knowledge-intensive organizations (KIO) emerged in the 1990s (Alvesson 2000, 1101), to describe firms where most work is said to be of an intellectual nature and where the majority of the work force consists of well-educated and qualified employees (Starbuck 1992, 715; Alvesson 2000, 1101). KIFs claim to produce qualified objects or services using the knowledge of their employees as the major resource, typical examples being consulting companies or advertising agencies. Even though the distinction is not self-evident – since all organizations and work involve knowledge in some level – it is important to note that some firms are more dependent on their knowledge than others. When discussing the importance of effective knowledge transfer, the question arises whether it is equally vital in all kinds of organizations. No direct answer to this could be found but one could argue that the likelihood of importance of effective knowledge transfer could increase in KIFs in comparison to other

organizations. One reason for this could be the great importance of personnel to knowledge-intensive firms. Since the personnel is the most significant resource for KIFs, they need to ensure retaining the key personnel with commitment and loyalty. (Alvesson 2000, 1101, 1103.) Ahammad et al. (2016, 72) denote that the retention of employees is also one of the crucial factors in transferring knowledge effectively. Knowledge transfer and its mechanisms will be discussed more in detail next.

### **2.3 Defining knowledge transfer**

Many extant definitions are available for knowledge transfer. Some researchers have taken a simple exchange approach by defining knowledge transfer as “dyadic exchanges of organizational knowledge between a source and recipient unit in which the identity of the recipient matters” (Szulanski 1996, 28). Greenberg and Guinan (2004, 137) describe knowledge transfer as an organization’s capability to assimilate, adapt and improve other organization’s existing processes and products. Jasimuddin and Zhang (2011, 85) identify knowledge transfer as a process by which knowledge of one actor is obtained by another one. Other researchers take into focus the changes resulted in the recipient. For example, knowledge transfer can be described as “an activity through which one unit is affected by the experience of another one” (Argote & Ingram 2000, 151). Ranft and Lord (2002, 420) go further and argue that knowledge transfer refers to acquiring and utilizing a new set of knowledge-based resources. Therefore, the difference in the various definitions lies in the implementation of the transferred knowledge and in the possible change resulted in the recipient. To others knowledge transfer refers to the actual transfer process whereas others view the implementation of new knowledge into every day routines as the crucial part.

Moreover, knowledge transfer is often used interchangeably with knowledge sharing (e.g. Huber 1991, 104). Knowledge transfer involves on one hand the sharing of knowledge by the source of the knowledge and on the other hand the acquisition and application of knowledge by the recipient. Knowledge transfer is thus described as the movement of knowledge between different units, divisions or organizations, rather than individuals. (Wang & Noe 2010, 117.) The process of knowledge transfer does not demand a flawless replication in the receiving unit but rather the transfer may lead to some alterations of knowledge by the recipient combining the new knowledge with the existing capabilities in the firm (Björkman et al. 2007, 661). Hence, a distinction can be made that knowledge transfer means the receiver’s use of the sender’s knowledge.

As knowledge transfer can be understood in different ways, this thesis adopts the viewpoint of considering the transfer process as a wider one. In other words, as important as the process itself is to transfer the wanted knowledge, the change resulted in the recipient is regarded as an equally important part of the transfer. Moreover, it is important

to note that knowledge transfer is not a perfect replication of knowledge in a new location but rather it involves the modification of some existing knowledge to a different context (Foss & Pedersen 2002, 54). Overall, knowledge transfer involves either actively communicating to others what one knows or actively consulting others to learn what they know (Krylova et al. 2016, 1045). Knowledge in some form is exchanged constantly through communication but to intentionally transfer a piece of knowledge requires a careful specification of the factors comprising the transfer. The following sub-chapters will introduce the knowledge transfer process itself as well as the mechanisms of knowledge transfer. Different types of knowledge cannot be transferred in the exact same way (Foss & Pedersen 2002, 65; Krylova et al. 2016, 1046) and thus, the mechanisms are presented for each type of knowledge.

### 2.3.1 *Process of knowledge transfer*

Knowledge transfer can be defined as a process, in which the organization recreates and maintains a range of complex routines in the target setting. The process view allows a closer examination of how complexity and ambiguity are involved in the transfer. (Szulanski 2000, 10.) Also Medbeva et al. (2003, 587) observe knowledge transfer between organizations as a process that covers several stages. Figure 3 represents the stages of the transfer process of knowledge.

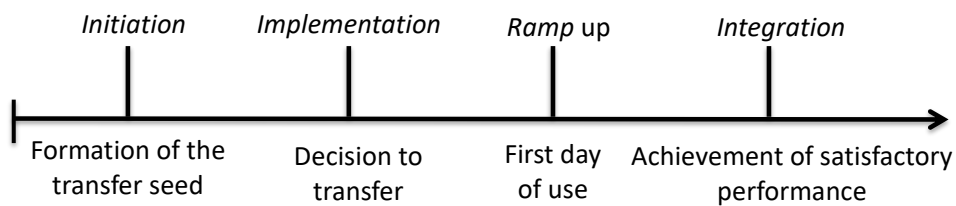


Figure 3 The process of knowledge transfer (Szulanski 2000, 12)

As seen in figure 3, Szulanski (2000) describes the process of knowledge transfer to be divided into phases of *initiation*, *implementation*, *ramp-up* and *integration*. The initiation phase begins with recognizing the opportunity to transfer knowledge (Szulanski 2000, 13). The stage entails the events that lead to the actual transfer decision (Tsang & Zahra 2008, 8) and such opportunity for transfer exists as soon as a gap and knowledge to address the gap is found within the organization. In the following implementation phase, the attention shifts to the actual exchange of information and resources between

the source and the recipient. (Szulanski 2000, 13–14.) The implementation phase starts with the actual decision to take part in the transfer process (Tsang & Zahra 2008, 8). The establishment of transfer-specific ties are made, and the flows of knowledge will increase and end up with the application of the transferred knowledge by the receiver. During the ramp-up phase, the recipient starts to use the acquired knowledge and the role of the source is to identify and resolve possible unexpected problems that would keep the recipient from matching the expectations of the post transfer performance. Finally, in the integration phase, the use of new knowledge becomes gradually a part of the firm's routines. In order to ensure the successfulness of the integration, an effort is required to remove possible obstacles and to deal with challenges resulting from the routinization. (Szulanski 2000, 14–16.)

Additionally, the knowledge spiral is introduced to describe the different modes of knowledge transfer. The knowledge spiral presents the idea of tacit knowledge being captured and being made explicit (Wilson 2002, 24). Knowledge conversion is the creation and expansion of human knowledge that is reached through social interaction between explicit and tacit knowledge. On this belief Nonaka and Takeuchi (1995, 61–62) built a model of knowledge creation – the spiral of knowledge, as seen in figure 4. Although the spiral is described to analyzing the creation of knowledge, the creation actually takes place through the transfer of knowledge and thus, it can be applied to study knowledge transfer as well (Dayasindhu 2002, 553).

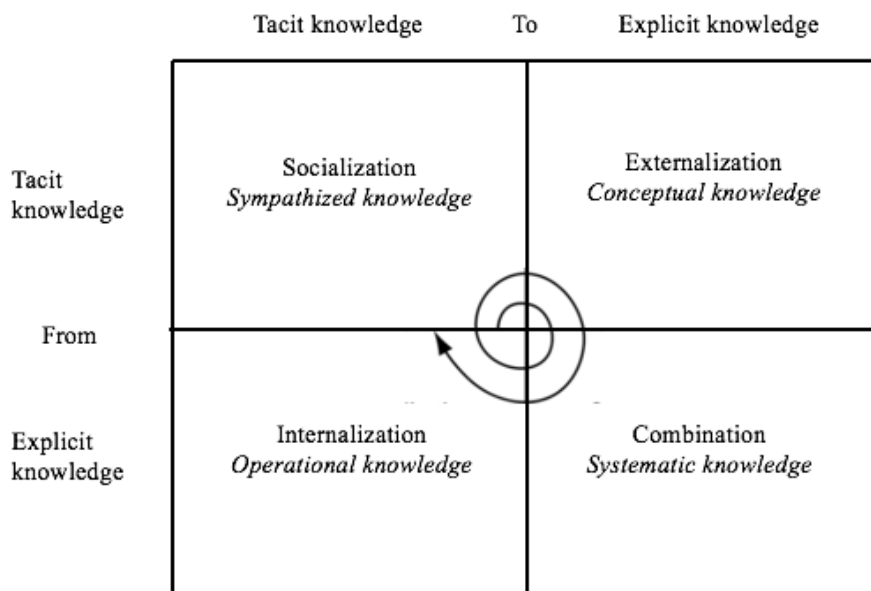


Figure 4 Knowledge spiral (Nonaka & Takeuchi 1995, 62, 71)

The core assumption of figure 4 is that tacit knowledge has to be converted into explicit in order to be leveraged as a whole. The interaction between the tacit and explicit

knowledge and the transfer of knowledge are described as the conversion processes: socialization, externalization, combination as well as internationalization. As knowledge creation and knowledge transfer usually occur simultaneously (Wu et al. 2013, 11), it is important to understand the spiral of knowledge when focusing on knowledge transfer as a process.

*Socialization* refers to sharing experiences and therefore, tacit knowledge is extremely challenging to acquire without some form of shared experience. Individuals exchange tacit knowledge through shared mental models and technical skills. (Nonaka & Takeuchi 1995, 62–63.) Peer-to-peer support can be described as a mean to transfer tacit-to-tacit knowledge (Lindvall et al. 2002, 98). This phase is an example for informal modes of transferring knowledge, where individuals have unscheduled meetings and discussions. However, knowledge waste can occur due to the absence of formal recording of knowledge. (Liyanage et al. 2009, 12.) The second conversion process, *externalization*, denotes articulating tacit knowledge into explicit concepts. The conversion can be executed in the form of metaphors, analogies, models and so on. (Nonaka & Takeuchi 1995, 65–67.) In the externalization mode, personal knowledge can be transferred onto a corporate-wide basis of knowledge (Chini 2004, 19) by collaboration and communication technologies (Lindvall et al. 2002, 97).

*Combination* is a process of systemizing explicit concepts into a knowledge system. Existing elements of knowledge are combined in order to create new explicit knowledge. This can occur by individual exchanging knowledge through documents, meetings or conversations. (Nonaka & Takeuchi 1995, 67) Knowledge portals and document management tools are widely used in explicit-to-explicit knowledge transfer (Lindvall et al. 2002, 98–99). In the last mode, the *internalization* phase, explicit knowledge is embodied into tacit knowledge. Once experiences of externalization and combination are internalized into individual's tacit knowledge base, they become valuable assets. The internalization of what the individual has experiences enriches the tacit knowledge base. (Nonaka & Takeuchi 1995, 67–70.) E-learning tools provide an opportunity to transfer knowledge from explicit-to-tacit (Lindvall et al. 2002, 101).

However, some opposing views have been made regarding the knowledge spiral and its division to explicit and tacit knowledge. Wilson (2002, 24) argues that the model presented in figure 4 is misleading in regards of tacit knowledge not actually being meant. He notes that instead of referring to the inexpressible tacit knowledge, expressible knowledge would be the correct term. Hence, as discussed in chapter 2.1, implicit knowledge would be more accurate in this case. Moreover, Mooradian (2005, 108) addresses that the structural distinction between tacit and explicit knowledge applies to the thinking process of an individual. As stated earlier, the externalization phase refers to tacit knowledge being made available to the organization. However, if the individual is aware of possessing knowledge to contribute to the organization, it must already be

explicit. Otherwise, the individual would be unaware of this useful knowledge and would not be able to convert it. Thus, the term tacit knowledge in figure 4 is considered as implicit knowledge in this study, since it can be articulated if needed.

The transfer and its successfulness can be measured by assessing changes in knowledge or in performance by the recipient unit. For instance, Darr et al. (1995, 1759) measure changes in performance of a fast-food store through knowledge transfer from other stores in the same franchise. However, the measurement based on changes in knowledge or performance may face challenges due to the difficulty to measure tacit or implicit knowledge. Moreover, the embeddedness of knowledge can create problems for the measuring. (Argote & Ingram 2000, 151–152.) In order for companies to be able to identify effective knowledge transfer, these challenges should be considered and ways to measure the effectiveness of knowledge transfer should be planned accordingly. Furthermore, as reviewed in chapter 2.1, knowledge can exist on many different levels. Organizational knowledge is comprised by both the individual member's knowledge as well as the collective knowledge held by all members of an organization on how to coordinate, recombine and distribute the individually held knowledge. Due to the interrelations of collective knowledge, it is greatly harder to transfer than individual knowledge. (Zhao & Anand 2009, 961–962, 964.) Hence, while transferring knowledge, both the individual's as well as collective knowledge should be kept in mind considering the appropriate mechanisms for the transfer. Different means to transfer knowledge are elaborated in the following chapter.

### **2.3.2 Mechanisms for knowledge transfer**

Knowledge transfer can take place in many different ways (Jasimuddin et al. 2012, 198) and the mechanisms of how to transfer knowledge can be said to comprise the core of knowledge transfer (Jasimuddin & Zhang 2011, 85). The mechanism for knowledge transfer is the way by which knowledge is transmitted between parties concerned (Jasimuddin et al. 2011, 198). The distinction of explicit and tacit knowledge can be seen as a basis for understanding the mechanisms of knowledge transfer. (Mooradian 2005, 110; Scheunemann & Suessmair 2013, 79). However, it should be noted that one should not draw a clear distinction between these two types of knowledge transfer since it is possible to transmit both types also at the same time. (Miśkiewicz 2017, 56–59.)

Zack (1999, 50), Connell et al. (2003, 141) and Hansen et al. (1999, 1) introduce two different approaches in order to transfer knowledge. In some companies, knowledge is closely tied to the person who developed it and is shared mainly through direct person-to-person contacts. (Hansen et al. 1999, 1.) This can be referred to as a *personalization* view, where knowledge is considered inseparable from a person or a group of individuals



who hold it. In the personalization approach, the emphasis is on transferring tacit knowledge between individuals in a synchronized way (Jasimuddin et al. 2005, 198).

In turn, *codification* view refers to knowledge being seen as a commodity which might be isolated and codified. (Connell et al. 2003, 141.) Knowledge is codified and stored in databases where it can be easily accessed by anyone in the company. This approach allows many people to search for that exact knowledge without having to contact the person who originally developed it. (Hansen et al. 1999, 1–2.) Furthermore, the codification approach assists in the transfer of explicit knowledge using technology-based solutions (Jasimuddin et al. 2005, 198). Hansen et al. (1999, 2) argue that the personalization approach provides creative and analytically demanding advice on strategic issues by challenging individual expertise while on the other hand, the codification strategy provides fast implementation by using articulated knowledge.

Jasimuddin et al. (2005, 107) argue that the personalization and codification approach would need to be integrated with each other in order to gain the benefits of both tacit and explicit knowledge. Jasimuddin et al. (2012, 205) further develop the two-way approach and highlight the importance to add a hybrid mode to these two approaches. The hybrid mode is concluded to be relevant in transferring knowledge, since neither the personalization approach nor the codification approach is enough in all situations, since the transfer of knowledge is context-specific. Figure 5 presents integrating the two approaches as well as tacit and explicit knowledge with each other.

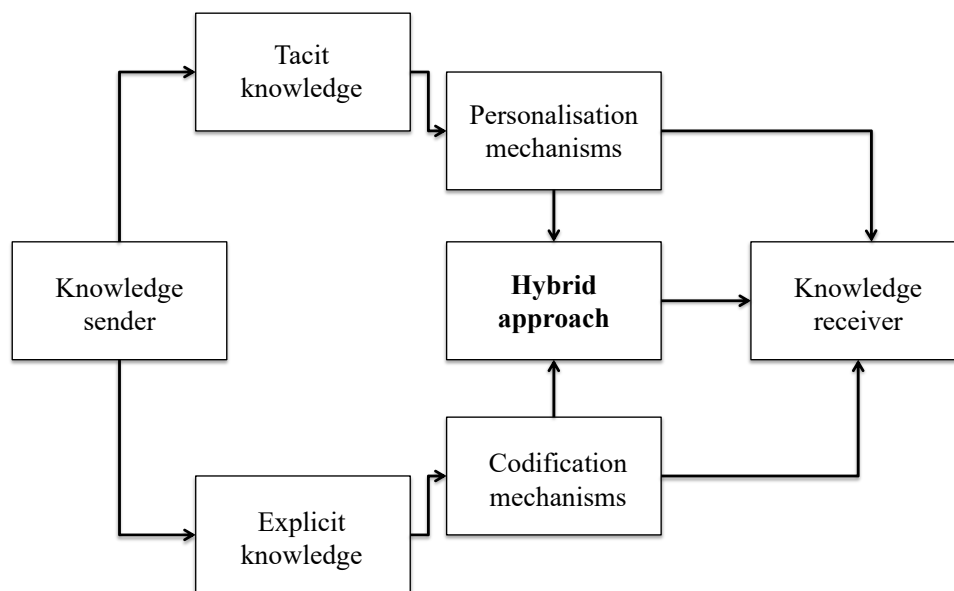


Figure 5 Three approaches to knowledge transfer (Jasimuddin et al. 2012, 201)

As seen in figure 5, the hybrid approach combines the codification as well as personalization approach. Jasimuddin et al. (2012, 200) claimed that the codification approach was used to transfer explicit knowledge using technology-mediated

mechanisms whereas personalization approach was viewed as the most favored mechanism of knowledge transfer in some other situations. Thus, hybrid mechanism, which combines both approaches, is favored to be an effective mechanism. This hybrid approach can be viewed as less context-specific, which increases the suitability for its use. Moreover, Jasimuddin (2008, 63) concludes that in the hybrid mode, the benefits of both the tacit and explicit knowledge can be observed.

The classification of codification and personalization transfer mechanisms are widely seen in the literature. However, since knowledge transfer mechanisms provide an extensive field to study, other approaches are introduced to be able to analyze different means to transfer knowledge effectively. Another approach to the transfer mechanisms is a framework provided by Argote and Ingram (2000, 164), which presents that knowledge is embedded in members, tools and tasks of an organization. They suggest that knowledge transfer occurs by either moving these elements or by modifying them accordingly. These mechanisms were researched also more widely as in the personnel movement (Almeida & Kogut 1999; Takii 2004), movement of tools (Berry 2003) and movement of tasks (Winter & Szulanski 2001). Moreover, Kumar and Ganesh (2009, 16) support these three basic elements of organizations in their morphology and analyze the movement of people, tools and tasks to be effective knowledge transfer mechanisms. Furthermore, knowledge transfer mechanisms include training in groups or individually (Moreland & Myaskovsky 2000, 130) and observation (Nonaka 1994). These mechanisms need to be chosen depending on the type of knowledge transferred.

The nature of the transferred knowledge is addressed as an important factor regarding the knowledge transfer process. Several researchers (Von Hippel 1994, 430; Hislop 2002, 166; Easterby-Smith et al. 2008, 680) argue that the nature of the knowledge aimed to be transferred will impact the process of knowledge transfer. Explicit knowledge of production procedures is most often transferred through different databases, while operational improvement can be achieved through the practice of workshops. (Miśkiewicz 2017, 56–57.) However, explicit knowledge is less likely to give any firm an advantage since it might be transferred across as well as within firms (Ranft & Lord 2002, 422). This is due to the fact that explicit knowledge is much easier to decode than it is to imitate tacit knowledge. Often, the owner of tacit knowledge is unable to articulate the knowledge (Miśkiewicz 2017, 57) but this type of knowledge is precisely an opportunity for a company to gain competitive advantage (Ranft & Lord 2002, 422).

Explicit knowledge is easy to store because such knowledge is codified. The chance of losing explicit knowledge due to employee turnover is quite slight since the knowledge is quite easily available in organizational repositories. (Jasimuddin et al. 2005, 106). *Archived codified knowledge* is systematized explicit knowledge that can be easily transferred if the sender and receiver have same or very similar vocabularies and cognitive models. Even highly explicit codified knowledge requires the balance motivating factors

for the transfer. *Archived non-codified information* refers to the fact that the information needs to be transformed into knowledge that can be used. In these situations, knowledge is originally possessed by one or a few people and it is deposited into a knowledge archive from which it can be accessed by potential users. (Huber 2001, 73–74.) In both of these scenarios, knowledge is easily accessed by anyone in the organization (Hansen et al. 1999, 2). The transfer of *expert-respondent knowledge* on the other hand involves interaction and it requires person-to-person communications. Sometimes, if knowledge is difficult to make explicit, it can be transferred with involving interaction and participation of intermediaries in person-to-person communication. (Huber 2001, 75–76.)

Among many, Soekijad and Andriessen (2003, 580) and Jasimuddin et al. (2005, 104) highlight that the salient features of tacit knowledge influence greatly the transfer mechanisms of knowledge. In general, the tacitness of knowledge has a negative impact on knowledge transfer (McEvily & Chakravarthy 2002, 285; Minbaeva 2007, 48). Zander and Kogut (1995, 85) determine that the degree of knowledge articulability and the difficulty of teaching it forwards affects the speed of the transfer. Thus, a higher the degree of tacitness reduces the speed of the knowledge transfer process since tacit knowledge is difficult to articulate and codify forward. Tacit knowledge is conveyed by observation and imitation (Miskiewicz 2017, 56). Johannessen et al. (2001, 13) remark that the benefit of using tacit knowledge in a firm is its inimitability and that no investment on IT has to be executed. Moreover, the use of tacit knowledge brings a higher rate of innovation (Alvesson 2001, 884). However, tacit knowledge is difficult to store (Connell et al. 2003, 141) and there is loss of knowledge due to labor turnover (Boiral 2002, 296). Thus, the retention of the key employees is an important way to ensure knowledge transfer.

Bresman et al. (1999, 442) combine social communities with the flow of knowledge. A social community refers to an emerging group with a similar set of values and beliefs with a low risk of taking advantage of its members. Thus, they argue that individuals will only participate willingly in transfer of knowledge once they share a sense of identity or belonging with their colleagues. This social community is aimed to achieve in order to execute transfer two-way and often tacit know-how. Yen et al. (2017, 5) highlight the importance for organizations to form online communities to learn from each other and to share solutions for organizational problems. Zander and Zander (2010, 31) add that the knowledge of people, their routines and capabilities, is useful even if the knowledge flow is intended to be unidirectional.

Taking into consideration the different approaches presented in this chapter regarding the means of transferring knowledge, it is clear that researchers have not agreed yet on a specific knowledge transfer process model (Van Wijk et al. 2008, 847). As we can see from the different approaches on the means of knowledge transfer presented in this chapter, the most appropriate choice of transfer mechanism is tightly connected with the

kind of knowledge. Hence, this should be taken into consideration when considering the means for knowledge transfer. Moreover, besides the different kinds of knowledge affecting the mean for the transfer to occur, other factors have been identified to influence knowledge transfer. These inter-organizational influence factors, and their effect on the choice of the most appropriate transfer mechanism, are elaborated next.

## 2.4 Inter-organizational influence factors impact on the knowledge transfer mechanisms

As discussed earlier in this study, the kind of knowledge and the mechanism of transfer are a vital component in knowledge transfer. Other factors are introduced by various researchers to influence the transfer process itself as well as the choice of the most appropriate mechanism to transfer knowledge. Grant (1996, 110–111) and Argote et al. (2003, 573) recognize the attributes of knowledge, the characteristics of the donor firm and the recipient firm, and the knowledge transfer process itself to be central to developing organizational learning capabilities and transferring knowledge. Furthermore, also Kosonen & Blomqvist (2013, 206–207) recognize four factors affecting the knowledge transfer: characteristics of the knowledge, characteristics of the source and recipient and the context in which the transfer takes place. As the characteristics of knowledge and their effect on the transfer mechanism have already been elaborated, this chapter focuses on two influence factors, namely the characteristics of the sender and receiver and the relationship. These are shown in in figure 6.

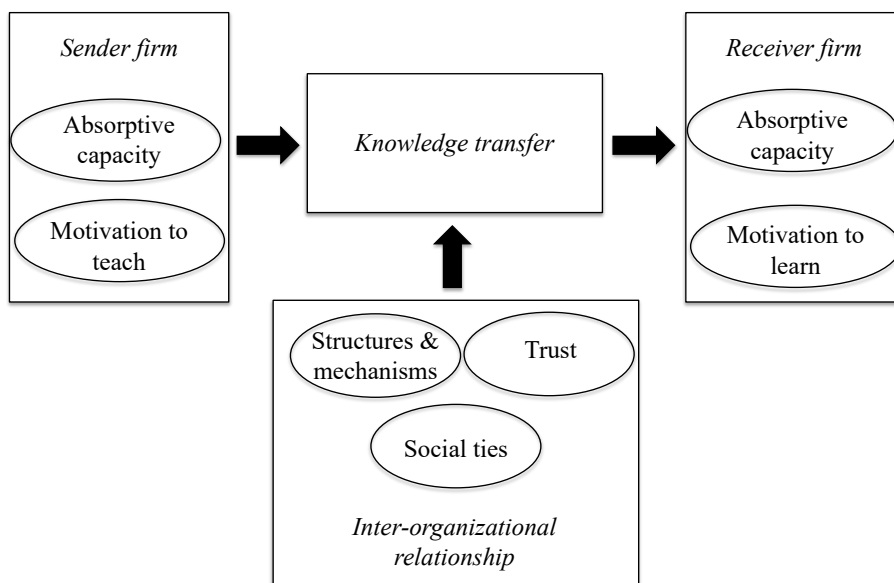


Figure 6 Inter-organizational knowledge transfer (modified from Easterby-Smith et al. 2008, 679)

As seen in figure 6, inter-organizational knowledge transfer is a phenomenon that has many attributes affecting it. Knowledge transfer is strongly influenced by two factors that are related with each other and thus, an effective transfer process requires the consideration of these dimensions. These dimensions are *the characteristics of the sender and receiver firm* and *the relationship between the companies*. The following sub-chapters provide insights on these two dimensions.

#### **2.4.1 Characteristics of the sender and receiver**

The main attributes to have the ability to transfer knowledge are similar between the sender of knowledge and receiver of knowledge. Hence, they are presented almost identically in figure 6. The features of both sender and receiver units include absorptive capacity and the motivation to either teach or learn new knowledge.

The absorptive capacity is viewed as a requirement for knowledge transfer and as an important characteristic of both the sender and receiver (Van Wijk et al. 2008, 831). Cohen and Levinthal (1990, 131) identify that “learning is cumulative, and learning performance is greatest when the object of learning is related to what is already known”. Kim (1998, 506) denotes that absorptive capacity is constructed of two greatly important element: prior knowledge base and intensity of effort. Prior related knowledge comprises a knowledge base and therefore, it makes recognizing the value of new information possible. Thus, the ability of a firm to acknowledge the value of new, external information, absorb it and finally, apply it, is defined as *absorptive capacity*. In other words, absorptive capacity refers to the organization’s needs of prior knowledge related to the topic of the knowledge intended for transfer in order to assimilate and use the new knowledge. (Cohen & Levinthal 1990, 128–129,131.)

Absorptive capacity can be separated into collective and individual dimensions (Cohen & Levinthal 1990, 131; Matusik & Heeley 2005, 550; Zhao & Anand 2009, 966), as knowledge can exist on different levels (cf. Hedlund 1994). The absorptive capacity of an organization depends on the pre-existing knowledge bases of its individuals. However, a firm’s absorptive capacity is not just simply the sum of the absorptive capabilities of its employees and thus, the aspects of absorptive capacity can be separated on what is distinctively organizational. (Cohen & Levinthal 1990, 131.) Zhao and Anand (2009, 966) determine organizational absorptive capacity to be characteristics in the organization that encourage to absorb new knowledge. Moreover, absorptive capacity does not only refer to the assimilation of information by an organization but also to the ability of the organization to exploit it (Cohen & Levinthal 1990, 135). Absorptive capacity entails learning capability to assimilate new knowledge transferred as well as problem-solving skills in order to create new knowledge (Kim 1998, 507). However, research on the effect

of absorptive capacity on knowledge transfer has provided some opposing views. For instance, Lane and Lubatkin (1998, 473) indicate that the ability of a firm to learn from another firm is solely determined by the similarity of characteristics of the sender and receiver and not so much the absorptive capacity of the receiving organization.

The *motivation to teach and learn* are vital characteristics in inter-organizational knowledge transfer. The receiver of the new external knowledge needs to be motivated to gain it and the sender must have something meaningful to offer. (Easterby-Smith et al. 2008, 679.) The intention of learning is a key determinant. Systematic learning and transfer of knowledge is nearly impossible to achieve without clearly communicating an intent for it. (Hamel 1991, 90.) The receiver's motivation to learn can be regarded as an equally important factors with the donor's motivation to teach. Furthermore, the motivation to teach and learn may also affect each other, for instance that the lack of motivation to learn affect the enthusiasm for teaching. (Easterby-Smith et al. 2008, 679.)

Kalling (2003, 121) addresses that motivation greatly affects the transfer of knowledge. The stronger the motivation to learn is, the more likely individuals work harder on trying to learn and acquire new transferred knowledge. Whereas Szulanski (1996, 28) found little or no support for motivation being a key factor, Gupta and Govindarajan (2000, 490) and Minbaeva et al. (2003, 589) discuss the importance of motivation. Moreover, effective knowledge transfer is linked with the sender's ability and motivation to distribute knowledge from its own context as well as the receiver's ability and motivation to understand the new knowledge and implement it. Both aspects, ability and motivation, need to be present in order for the transfer to succeed. Thus, the ability of transferring knowledge and receiving it is necessary, but not sufficient without actual motivation. (Minbaeva et al. 2003, 587, 597.) Thus, one of the key elements of knowledge transfer is the extent to which the receiver acquires the useful knowledge and utilizes it in its own operations.

Both absorptive capacity as well as motivation greatly affect the transfer of knowledge. Moreover, they affect the mechanisms to choose for the transfer. If the organization possesses absorptive capacity and motivation, the transfer is more likely to be easier than without these aspects. In the codification approach, explicit knowledge is transferred in an efficient manner (Jasimuddin et al. 2005, 198) but without absorptive capacity or any motivation, the transfer is not likely to be successful. Hence, it could be argued without these two characteristics, one should not rely merely on codification as a sole mechanism to transfer knowledge. Furthermore, without motivation, the social communities and other means to transfer tacit knowledge are challenging to establish. Hence, these characteristics affect also the suitable transfer mechanism. Another crucial component of inter-organizational knowledge transfer has been identified to be the established relationship, which is analyzed in the following section.

### 2.4.2 *Inter-organizational relationship*

As the inter-organizational knowledge transfer involves two organizations, therefore it is important to understand the dynamics between these organizations. Argote et al. (2003, 574) outline that the dyadic relationship has an effect on the outcome of the knowledge transfer. Figure 6 presents two broad factors that are analyzed regarding the relationship between the two organizations: *trust* and *risk, structures and mechanisms* as well as *social ties*.

The inter-organizational relationship is a complex subject with many important components. Firstly, the level of trust and possible risk affect the development of an adequate relationship. The recipient of knowledge may face a risk with the quality of knowledge received, that it may not be useful nor of high quality. (Easterby-Smith et al. 2008, 679–680.) The credibility of the source affects the knowledge transfer (Ko et al. 2005, 66) and it is associated with inter-organizational trust. Trust can be described as a “psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or the behavior of another” (Rousseau et al. 1998, 395). Larsson et al. (1998, 295–296) define interorganizational trust as the mutual confidence among the members of two or more organizations in the forbearance of exploitation of one organization by another based on calculations. McEvily et al. (2003, 97) claims that the level of trust influences the processes of sharing and transferring knowledge. Therefore, the lack of trust is a barrier to organizational knowledge transfer.

The structure of the inter-organizational relationship refers to the contextual situation in which the knowledge transfer occurs and the chosen transfer mechanisms which are established in that specific context. It can be stated that organizations have to be in some form of strategic alliance before any significant knowledge flow is established between two units. (Easterby-Smith et al. 2008, 680.) Moreover, Hagedoorn and Narula (1996, 279) identify that the context in which firms are strategically cooperating affects how the organizations interact and the mechanisms of how knowledge is transferred.

Regardless of the structure of the relationship, Bell and Zaheer (2007, 967) conclude that social ties between members of different organizations are superior conduits for knowledge transfer between geographically distant locations. These social ties are informal and of casual acquaintance that promotes interaction and fosters trust and the flow of knowledge between the parties. These ties help to reduce national or corporate cultural differences, which may exist between two organizations (Easterby-Smith et al. 2008, 680).

The relationship between the sender and receiver of knowledge plays a key role in the inter-organizational knowledge transfer. Moreover, it has an effect on the suitable transfer mechanism. The codification approach (Jasimuddin et al. 2005) of transferring explicit knowledge does not require trust or basically any form or relationship, since the receiver

of knowledge does not need to be in contact with the sender. If there is access to knowledge by the receiver, it can be transferred. However, the transfer may not be effective if the receiver of knowledge does not understand the knowledge the way it was intended to and without any relationship, the knowledge cannot be corrected. Thus, some form of relationship is encouraged to be built. In the transfer of tacit knowledge, the importance of the relationship increases drastically, due to the nature of tacit knowledge. The characteristics of the sender and receiver firm as well as the relationship between the companies affect the knowledge transfer process.

As discussed earlier in this chapter, companies are in possession of a large variety of knowledge and the transfer mechanisms are strongly linked to the knowledge aimed to be transferred. In order to ensure effective knowledge transfer, the mechanisms as well as inter-organizational influence factors should be considered. In the following chapter, knowledge transfer will be analyzed in the post-acquisition integration context and the various integration measures and special characteristics of M&A knowledge transfer will be elaborated next.



### 3 KNOWLEDGE TRANSFER IN POST-ACQUISITION INTEGRATION

This chapter introduces the aspect of post-acquisition integration in and discusses the viewpoints important in it regarding knowledge transfer. Firstly, knowledge transfer on organizational and individual level is elaborated in the context of post-acquisition integration. Next, key elements that influence knowledge transfer in M&A integration are introduced. The last section of this chapter provides a framework consolidating the previous chapters and combines the aspects of knowledge transfer in the integration phase of an acquisition.

#### 3.1 Knowledge transfer during post-acquisition integration

Knowledge transfer is of utmost importance in acquisitions (Junni & Sarala 2013, 420). The post-acquisition phase refers to the takeover and the integration of the acquired and the acquirer's organization (Hassett et al. 2011, 85). The phase of integration is widely recognized as the most important phase in the value creation in a M&A (Haspeslagh & Jemison 1991, 105). Acquiring firms can access valuable knowledge from the target and therefore, complement their existing knowledge base (Deng 2010, 512). However, the transfer of knowledge is not necessarily only one-way. Bresman et al. (1999, 457) and Ranft and Lord (2002, 436) that the context of an acquisition integration makes knowledge transfer distinctly different other modes of knowledge transfer, due to the rapidly evolving relationship between the parties.

Ahammad and Glaister (2011, 72; 2016, 71) link successful integration and knowledge transfer to improved performance in foreign acquisitions. In an event of an acquisition, two companies nominally and legally become part of the same parent company but that does little to reduce or eliminate barriers of the knowledge transfer between the acquirer and the acquired firm. The amount and type of knowledge needed to be transferred in post-acquisition integration depends largely on the extent to how much the companies are integrated with each other. Mickiewicz (2017, 47) introduces commonly transferred knowledge in acquisition integrations and divides them into implicit and explicit groups. Implicit types of knowledge include *personal skills, experience* such as knowledge of foresight and marketing knowledge about customers and *relations* to stakeholders. Commonly transferred explicit knowledge encompasses *internal regulations, standards* and *legislation, forecasts, patents, ideas* as well as *documents* and *reports*.

Knowledge transfer occurs both between organizational units and between individuals (Zhao & Anand 2009, 960). Consequently, the following chapters presents the two parts: the organizational and individual level of knowledge transfer. Different components on

both of these levels are introduced and their impact on the integration measures explained. The final part of this chapter elaborates on the directions of the flow of knowledge and how they be supported.

### 3.1.1 *Organizational level*

Organizational characteristics have been identified to influence knowledge transfer in acquisitions (Junni 2011, 308). Scheunemann and Suessmair (2013, 86) have identified three different integration measures on the organizational level that affect knowledge transfer in post-acquisition integration, namely:

1. Structural degree of integration
2. Speed of integration
3. Communication during integration

The listing of Scheunemann and Suessmair (2013, 86) is analyzed more thoroughly in this section. All of these impact knowledge transfer in the post-acquisition integration and hence, should be considered precisely during the integration phase.

Firstly, the *structural degree* of the post-acquisition integration is vital in regards of the knowledge transfer. Structural integration refers to coordination between two companies being enabled through the use of formal mechanisms such as common procedures and goals (Puranam et al. 2009, 317). Furthermore, structural integration offers the basis for the development of interpersonal relations between individuals. Thus, it creates an environment for knowledge transfer. (Zander & Kogut 1992, 393.) On the other hand, a certain level of autonomy is essential to ensure that the relevant knowledge-intensive capabilities do not interfere with each other harmfully (Ranft & Lord 2002, 437) but rather enable knowledge transfer.

Without adequate and effective integration, the chances of receiving the value hoped for from the acquisition, is vague. (Epstein 2004, 176; Schweiger & Weber 1989, 72). Moreover, the lack of integration strategy can be stated as a major reason for M&A failure (Schweiger & Weber 1989, 85). Majority of the planning should be completed even before the merger is announced to the public. (Epstein 2004, 176, 178). The integration approaches play a key role but as M&As are undertaken within different context and with different motives, the integration strategy needs to reflect these differences (Gomes et al. 2013, 22). Thus, this complexity has created many frameworks focusing on the most suitable approach to the integration phase of the M&A (Angwin & Meadows 2015; Haspeslagh & Jemison 1991, 145; Schweiger & Weber 1989, 72–73.)

Gomes et al. (2013, 22) claim that the most influential post-acquisition integration framework is the one by Haspeslagh and Jemison, who proposed four integration styles – Symbiotic, Preservation, Absorption, Holding. Each style has a different level of

intended synergy. The *absorption* refers to a full consolidation over time and the objective is to fully dissolve organizational boundaries whereas the *preservation* acquisitions refers to an integration with high need for autonomy and a low need for interdependence among the combining companies. In *symbiotic* acquisition integration, the companies first coexist and after that, gradually become independent from each other. In the *holding* integration approach, the acquiring firm has no intention of integrating the companies and creating value through anything, but the financial transfers and risk-sharing. (Haspeslagh & Jemison 1991, 139, 145, 148–149.) This is an important point to note that in some cases integration is not even aspired for. However, this study leaves out the holding approach strategy, since without any level of integration hardly any knowledge transfer is aspired for either.

Recent research has begun to recognize a more complex field of post-acquisition integration strategies (Zaheer et al. 2013, 607). Angwin and Meadows (2015, 248) add a fifth integration strategy, *Reorientation*, to the four approaches presented earlier. In this approach distinctive areas of the organization are left independent and changes are made through collaboration. However, it is much more directive than the preservation or symbiotic styles, where change is protected. In this approach, capturing value and creating it coexist. Zaheer et al. (2013, 620) conclude that the higher the business similarity between the two firms is, the higher is the obtained degree of integration.

As can be imagined, knowledge transfer during integration requires a certain basis to transfer knowledge between the acquirer and the target company. Thus, the decision of the integration approach and the degree between complete absorption and ongoing autonomy are of great importance regarding knowledge transfer. (Scheunemann & Suessmair 2013, Junni & Sarala 2013, 434). Moreover, a certain level of coordination is necessary in order to agree on a mutual adjustment of processes and the agreement of responsibilities between the employees of the acquirer and acquired company units (Puranam et al. 2009, 313.) Hence, this level of coordination can offer the necessary link between the companies and build the basis needed for knowledge transfer.

The achieved level of integration is positively associated with knowledge transfer from the acquirer to the target. However, no effect to transfer process from the target to the acquirer could be observed. Thus, acquirers are required to put effort into integrating the target firm in order to facilitate the transfer practice. (Junni & Sarala, 2013, 432). On the contrary to finding by Ranft and Lord (2002, 424) which claims the acquirers may possibly need to limit the integration in order to preserve the target's knowledge base for effective knowledge transfer, Sarala and Junni (2013, 434) did not find integration to be harmful for the knowledge transfer from the target.

Tacit and socially complex knowledge is challenging to transfer (Ranft & Lord 2002, 422) and thus, transfer of tacit knowledge requires a high degree of integration (Puranam et al. 2003, 181). A high degree of structural integration can exist as a base for the

knowledge transfer process as long as the target possesses the necessary development stability in its business process (Scheunemann & Suessmair 2013, 82). Puranam et al. (2009, 317) denote the opportunity to create the required common ground through sharing sufficient knowledge to enable to align their actions. Hence, informal coordination based on common ground can replace the formal coordination driven by structural integration. As a result, the required basis for the knowledge transfer can be developed without solely relying on structural integration (Scheunemann & Suessmair 2013, 82).

The second influence factor on the organizational level is the *speed of integration*, which is viewed as essential to a successful integration, since completing integration projects early on can both mitigate the risk and allow earlier realization on the benefits of the acquisition (Epstein 2004, 178). Furthermore, speed may offer financial advantages due to faster return on investment and decreases the uncertainty among employees and stakeholders (Angwin 2004, 419–420). Subsequently, a slow integration process is related to higher autonomy of both company entities, which focuses on maintaining complex knowledge of the target company for preserving the valuable capabilities. On the other hand, a fast integration process is based on the objective to ensure a close relationship between both companies along with high degree of structural integration. (Scheunemann & Suessmair 2013, 82–83.) The influence of the integration speed on knowledge transfer is indirect, since it primarily affects the knowledge transfer activities by influencing the integration strategy (Schweizer 2005, 1061).

Ranft and Lord (2002, 431–432) state that a fast integration negatively affects implicit and socially complex knowledge of the target company whereas a slow integration prevents the development of a common ground to exchange knowledge. Thus, autonomy given to the acquired firm and a slow integration help to protect its valuable tacit and complex knowledge during the implementation and slower implementation is necessary to preserve the knowledge base from the acquired firm. However, a too long period of autonomy greatly inhibits the possibility for knowledge transfer. Moreover, Bresman et al. (1999, 452) identify that the effectiveness of the knowledge transfer activities increases with greater integration time.

However, speed may also cause problems to the integration. Ranft and Lord (2002, 436) conclude that a slow integration helps to build trust and reduce conflicts among employees. No “right” speed can be observed at which integration process should be performed but there may be certain times which are more appropriate in regards of taking action in the post-acquisition integration phase (Gomes et al. 2013, 24). Due to the differences in the viewpoints in regards of speed as a factor on the integration phase, Epstein (2004, 178) claims that the importance of speed is often underestimated. However, one has to remember to be critical towards the speed aspect. By executing integration practices just in a very fast pace does not guarantee success (Angwin 2004, 428) but rather gives an insight on the possible advantages it may offer.

Finally, *communication* during the integration process is taken into consideration. Angwin et al. (2016, 2392) Gomes et al. (2013, 25) and Schweiger and Weber (1989, 72) among many, highlight the importance of significant, consistent and constant communication and how it must build confidence in the integration process. Situations of knowledge transfer are intense in their communication, and they often involve several months of intensive interaction between the involved parties (Szulanski 1996, 29). The capability for transferring knowledge and integrating the knowledge bases requires coordination across both companies. It depends largely on the communication between managers and employees of the acquiring company as well as between the managers and employees of the acquired one. (Weber & Tarba 2010, 207–208). Bresman et al. (1999, 451) note that the more frequent communication there is between the individuals in the acquirer and acquired units, the greater is the knowledge transfer whereas Ranft and Lord (2002, 431) stress the importance of reducing uncertainty during the integration in order to enabling the management to presence knowledge in the target company.

Angwin et al. (2016, 2392) highlight the importance of an appropriate communication strategy with adequate time for implementation to have positive impacts of the outcome for the integration. Rich, face-to-face communication was shown to be critical for tacit knowledge transfer and acquisition integration. Rich communication was beneficial in all acquisitions, not just those intended to transfer tacit knowledge. (Ranft 2006, 64.) Bresman et al. (1999, 446, 451) add that the modes of interactions, such as meetings, visits and joint training programs influence the knowledge transfer. The more such actions are encouraged, the more effective is the knowledge transfer. Communication should be used as a virtue base for accomplishing a base for mutual understanding and trust (Yen et al. 2017, 6). Ranft and Lord (2002, 431) define two main functions of communication. On one hand, it is positively related to the preservation of the knowledge-based capabilities in the target company and on the other hand, it is positively related to the transfer of implicit knowledge overall.

The effectiveness of the communication can also be related to the delivery method. Effective communication stabilizes the possible negative reactions from employees towards an M&A announcement (Weber & Tarba 2010, 208). Furthermore, a well-thought communication strategy during the integration process is vital, in order to prevent employee retention with crucial and important knowledge (Epstein 2004, 177). The implementation of vertical communication channels in both directions is necessary, in order to adjust to the integration speed and interactivity of the process. The transparency of the integration reduces uncertainty and the communication should also include transparency of the future. Moreover, communication should encourage individuals to overcome possible barriers to knowledge transfer. (Scheunemann & Suessmair 2013, 87–88.)

Since the acquisition may bring a high level of concern about the impact of it on individual level, customers and well as employees require a high level of communication throughout the process. (Epstein 2004, 177.) Schweiger et al. (1993, 63, 64, 67) state that stabilizing the workforce early on diminishes the effects of uncertainty. Moreover, the message communicated in the integration phase should be validated through managers action and not just words. Furthermore, reducing uncertainty to create trust and ensuring retention of employees on individual level is vital, since knowledge transfer in integrations is affected in addition to these organizational aspects, on the individual level as well. These are introduced next.

### 3.1.2 *Individual level*

The acquisition integration process implies uncertainty for the employees of both parties (Seo & Hill 2005, 424) and thus, the focus of the management has to also be on the individuals to ensure realizing the value-added potential of the acquisition (Bresman et al. 1999, 442). Knowledge transfer becomes extremely difficult, if key employees with valuable tacit knowledge are lost or trust between individuals is not achieved. Losing valuable employees who possess important knowledge is a distinct barrier to knowledge transfer on organizational level. These influence factors that affect knowledge transfer on an individual level are presented by Scheunemann and Suessmair (2013, 87), namely:

- Retention of employees
- Trust of employees
- Relations of employees

These three individual level components affect knowledge transfer in the acquisition context. The potential of losing key employees during the acquisition process is viewed a serious challenge to the success of the acquisition (Ranft & Lord 2002, 433) and according to Ahammad et al. (2016, 72) *employee retention* impacts the activities of knowledge transfer by retaining sets of skills and specific competences. Employees are of great importance regarding the success of an acquisition, especially if the relevant business activities rely on social complex and implicit knowledge-intensive capabilities. If so, the employees carry the main organizational knowledge base. (Scheunemann & Suessmair 2013, 83.) Ranft and Lord (2002, 433, 435, 437) recognize that there is a positive relation between the effectiveness of knowledge-intensive acquisitions and the retention of important employees. A certain degree of autonomy for the target company and the commitment of employees are identified as success factors for not losing key employees an all levels and fields. However, financial incentives possess only a minor influence in regards of employee retention. (Ahammad & Glaister 2016, 71.)

*Trust* has been already identified as an important characteristic in interorganizational knowledge transfer. Furthermore, in the integration context, Westphal and Shaw (2005, 82) and Yen et al. (2017, 5) confirm the influence of trust-based factors on the success of knowledge transfer. They state that the quality of the relationship between the acquirer and acquired unit and the personal affinity to the employees of the partner matters greatly. Successful knowledge transfer requires employees to build basic trust immediately after the M&A and then enhance trust cross-border gradually (Yen et al. 2017, 5). Moreover, Greenberg and Guinan (2004, 150) note that without trust the activities of knowledge transfer are avoided due to the fear of not being appreciated by the receiver. The influence of trust is two-sided: trust towards the employees of the own organization and trust towards the employees of the acquisition partner (Scheunemann & Suessmair 2013, 85).

Empson (2001, 852; Junni 2011, 313) argue that the fear of not receiving sufficient return for the transfer of knowledge is a substantial barrier to knowledge transfer. The fear of exploitation refers to the employee's perception that knowledge base of their own is more valuable than the knowledge base of the acquisition partner. Moreover, the fear of contamination is related to posing a barrier on knowledge transfer by fearing negative image effects through the acquisition partner. (Empson 2001, 856, 858.) Junni (2011, 313) confirms that both aspects are negatively correlated with knowledge transfer to and from either party.

In order to support knowledge transfer, the management has to ensure trust both between the employees of the uniting organizational units as well as trust in the companies itself (Scheunemann & Suessmair 2013, 85). Levin and Cross (2004, 1479, 1480) argues that the competence-based trust facilitates the link between strong ties and the receipt of knowledge. Trusting the source of the knowledge to be competent increases the likelihood that the knowledge receiver will learn from the interaction. Moreover, trust in the competence of the partner affects how useful the knowledge received is seen. The lack of trust in the early stages of the integration may inhibit the transfer of knowledge (Junni 2011, 308). The more the knowledge transfer involves tacit knowledge, the more crucial trust for the partner's competence becomes. However, when a knowledge transfer only involves well-documented information, competence-based trust is not as critical. (Levin & Cross 2004, 1485.)

*Social ties* were identified to be a crucial component of interorganizational knowledge transfer in chapter 2.3.3. Social relations, which interconnect employees of different organizational units, enable knowledge transfer (Greenberg and Guinan 2004, 142) and hence, are a critical factor also in the context of post-acquisition integration (Scheunemann & Suessmair 2013, 85). Westphal and Shaw (2005, 95) classify the quality of the relationship between the employees of both organizations as a significant factor for activities of knowledge transfer. Differences in opinions or approaches to work are of minor importance as long as the relationship built is effective and productive. Greenberg

and Guinan (2004, 145) identify the development of communities of practice, informal networks created by individuals to exchange relevant knowledge with each other, as a crucial condition for knowledge transfer during integration. These should be informal in contrast to formal networks and project structures. Scheunemann and Suessmair (2013, 87) support the thought of communities of practice to exchange knowledge with involved parties as a mean to influence social relations. Moreover, the formal and informal networks can be supported by job rotations, which are targeted exchange of individual employees between the acquiring and target firm.

This chapter has introduced different aspects both on the organizational and individual level that affect knowledge transfer in post-acquisition integrations. Although the mentioned factors are separated onto two different levels, they are interlinked with each other. The structural degree of the integration as well as the communication during it largely affect the transfer of knowledge during integrations. Moreover, the factors impact also the aspects on the individual level, such as the development of trust and retention of employees. Hence, these interlinked influence factors highlight the complexity of the subject. Next, based on the existing literature, three key aspects regarding effective knowledge transfer in post-acquisition integration are presented. As they are not directly linked to the integration process, they are discussed in their own chapter.

### **3.2 Key factors of effective post-acquisition knowledge transfer**

The specific organizational constellations of M&As present unexpected challenges regarding knowledge transfer (Scheunemann & Suessmair 2013, 76). In the context of M&As, either side of the acquisition can be the receiver or sender of knowledge. Hence, knowledge can be transferred from the acquirer to the acquired or/and from the acquired to the acquirer. When knowledge is cross-transferred between these two parties, the term reciprocal knowledge transfer is used. (Bresman et al. 1999, 441, 444.)

However, Bresman et al. (1999, 457) identify that in the early stages of the integration, knowledge transfer was in most cases one-way from the acquirer to the acquired unit. Typically, at this stage, the knowledge is mostly imposed on the receiver. In the later stages however, knowledge transfer activities occurred in both directions and reciprocal transfer was more frequent. Moreover, as time passes, the type of knowledge being transferred shifts from relatively articulated knowledge to more tacit one.

This chapter will introduce key factors regarding knowledge transfer in the integration of an acquisition. These aspects are introduced precisely, since they have a large impact on knowledge transfer in cross-border acquisitions (Yen et al. 2017, 6; Junni & Sarala 2013, 420). The focus will be on the compatibility of new knowledge with the existing knowledge base of the recipient firm as well as the need to unlearn the parts that are not



compatible with the new knowledge transferred (Yildiz & Fey 2010, 448). Finally, absorptive capacity will be discussed as a mediator in increasing knowledge transfer in cross-border M&A.

### *3.2.1 Compatibility of the firms*

Yen et al. (2017, 6) state that organizational difference and understanding of it have a major impact on the effectiveness of the knowledge transfer. The congruence theory has been used to define and explain relationships between individuals or organizations (Gassenheimer et al. 1998, 249). Nadler and Tushman (1980, 45) define congruence or fit between two organizations as “the degree to which the needs, demands, goals, objectives, and/or structures of one component are consistent with the needs, demands, goals, objectives, and/or structures of another component”. Therefore, congruence measures how well pairs fit together. The theory contributes to the understanding of how well managers are able to promote inter-organizational compatibility to enhance performance of the partnering organizations (Rajaguru & Matanda 2013, 622).

In order to ensure successful inter-organizational relationships, the organizations partnering must have at least some degree of congruency in their goals and strategies (Samaddar et al. 2006, 476). Compatibility between organizations refers to the sharing of common experiences, principles, values and strategies between the partners (Kanter 1994, 101). Karahanna et al. (2006, 781) claim that compatibility refers to similar work styles preferred, existing working methods and prior experience as well as values. Compatibility can be divided into two factors: routine compatibility and knowledge compatibility. These two aspects are vital in facilitating knowledge transfer between organizations. (Wang et al. 2017, 1581.)

Routines are recognizable and repetitive patterns of current practice and actions (Feldman & Pentland 2003, 95; Teece et al. 1997, 518) and they reflect the ability to transfer knowledge inter-organizationally (Teece et al. 1997, 520). The implementation of an acquisition does change the firm’s routines and requires knowledge transfer within the combined firms (Ranucci & Souder 2015, 259). The routine compatibility of the two merging organizations refers to the degree by which the organizations are similar in their previous patterns of actions (Casal & Fontela 2007, 66). Therefore, the more the routines of the acquisition parties are compatible, the easier knowledge transfer is argued to be. If the routines of either of the acquisition party are changed drastically, it may have an effect on the speed of the integration as well as the development of social ties. These can again, affect the transfer of knowledge.

Knowledge compatibility emerges from the similarity of the two merging companies knowledge bases and it determines whether knowledge can be transferred effectively

(Park & Ghauri 2011, 123). The compatibility of knowledge is relevant for objective “know-what” (eg. compatibility of technical aspects of innovations) as well as subjective “know-how” (eg. compatibility of norms that are built on values). The higher the perceived similarity between the integration parties is, the higher will also be the knowledge flow in between. (Yildiz & Fey 2010, 449.) Moreover, Casal and Fontela (2007, 66) state that there is a strong relationship between the previous knowledge base of the acquired firm and the transfer of knowledge achieved by the end of first year after the acquisition. The knowledge base of the acquired unit is one of the factors that most favors the transfer of knowledge. Furthermore, if there is a too large difference on the knowledge bases, the acquiring firm will not be able to understand and absorb the target’s knowledge. Thus, it can be indicated that knowledge transfer in vertical M&As could be easier in the aspect of transfer, due to the higher knowledge base operating in the same industry.

Cohen and Levinthal (1990, 129–130) conclude that gaining new knowledge is nearly impossible without the possession of some kind of related knowledge. Prior related knowledge is comprised of various related knowledge domains, prior learning skills, problem solving methods and a shared language (Anh et al. 2006, 467). The success of knowledge transfer depends on the extent to which the recipients and receivers needs, interpretations and prior experiences are compatible (Yildiz & Fey 2010, 454). Therefore, the compatibility of knowledge is of paramount importance affecting the success of the knowledge transfer in the M&A context. The speed and easiness of the implementation of new knowledge is argued to be in reference to the similarity of the norms and value systems between the acquirer and recipient units. (Yildiz & Fey 2010, 449.) Possible incompatibilities have to be unlearned before the transferred knowledge can be completely integrated by the receiver of knowledge (Szulanski 2000, 14). Hence, unlearning as a process is presented next.

### **3.2.2 *Unlearning as a process***

Routines that make knowledge transfer possible can also make the development of new and different competences complex and difficult to achieve (Fowler et al. 2000, 370). Thus, companies that engage in cross-border M&A do need to consider also organizational change in the process of integration. Exposure to new knowledge does not mean that it is automatically accepted and taken into use. (Yildiz & Fey 2010, 451–452.) The recipient unit may report implementing the new knowledge but still use the old patterns of actions or implement new gained knowledge only partially (Kostova 1999, 308). Yildiz and Fey (2010, 452–454) argue that the rate of knowledge implementation

depends on how the recipient can observe the value in the new knowledge and how it can relate the new acquired knowledge to their past experiences.

Organizational unlearning has been identified as an important mean of achieving organizational change (Wang et al. 2017, 1582). Organizational unlearning refers to “the discarding of old routines to make way for new ones, if any.” Thus, it is an intentional process of purposely removing organizational knowledge and routines. (Tsang & Zahra 2008, 1437, 1441.) If the compatibility is lacking and thus, threatening the transfer of knowledge, organizations should be able to unlearn those structures or behavioral habits causing the incompatibility with new knowledge (Yildiz & Fey 2010, 454). Outdated and useless knowledge interferes with the inflow of new knowledge and hence, it is hazardous for the process of knowledge transfer. On the other hand, due to organizational unlearning, companies should also acknowledge organizational relearning, referring to the process in which new knowledge is acquired and new routines are developed. It helps companies to acquire new external knowledge. Furthermore, especially environmental changes trigger individual relearning. (Zhao et al. 2013, 903, 907–909.)

Zhao et al. (2013, 908) discuss the unlearning as an evolution process, in which individual unlearning triggers organizational unlearning. Individual unlearning encourages group unlearning eventually leading to unlearning on organizational level. However, it is vital to notice that even though unlearning can be regarded as a crucial mean to achieve success in the transfer of organizational practices in mergers and acquisitions, it does not mean that the receiving unit of knowledge should discard their entire knowledge base possessed prior to the acquisition. Instead, the success of an integration process denotes on preserving the skills and capabilities of the integration parties, which are highly compatible with each other. (Yildiz & Fey 2010, 454.) Thus, on one hand the receiver of new knowledge has to unlearn old knowledge with low compatibility to the sender’s knowledge base, and on the other hand, learn new knowledge with high compatibility in comparison to the sender.

### **3.2.3 *Absorptive capacity***

Absorptive capacity is of utmost importance in cross-border acquisition knowledge transfer (Easterby-Smith et al. 2008, 679). Absorptive capacity of the recipients organization is vital for knowledge transfer (Junni & Sarala 2013, 420; Zhao & Anand 2009, 960) and the knowledge base already possessed by the receiving unit influences the process of transferring knowledge (Casal & Fontela 2007, 60). Based on the findings by Junni and Sarala, (2013, 423, 432) the absorptive capacities of both the acquiring and the target firms are positively related to the knowledge transfer between the sender and recipient. The influence on absorptive capacity has been elaborated earlier in the context

of inter-organizational knowledge transfer (Van Wijk et al. 2008). However, as the importance of it is highlighted in knowledge transfer in cross-border post-acquisition integration, this will be focused on next.

In the context of acquisitions, the absorptive capacity of the acquiring firm comprises the acquiring firm member's ability and motivation to absorb the target's knowledge whereas the target's absorptive capacity consists of the target firm members' ability and motivation to absorb the acquirer's knowledge (Junni & Sarala 2013, 420). Particularly, Minbaeva et al. (2003, 422) argue that in addition to the prior knowledge base, absorptive capacity highlights the motivation and ability of the members in the organization to absorb the external knowledge and they both must be present in order to achieve high degree of knowledge transfer in MNCs.

Björkman et al. (2007, 664) argue that absorptive capacity can be considered as a mediating influence on knowledge transfer in acquisitions, but do not provide empirical support for this claim. Deng (2010, 522) claims that cross-border M&A requires an understanding of the acquiring firm's absorptive capacity and its determinants (i.e. prior related knowledge, combinative capabilities and strategy execution). Stronger absorptive capacity leads to a better understanding of new knowledge and the ability to harness that knowledge and implement it in the company's activities leading to superior business performance. In contrast to the finding of Deng (2010, 522) that the absorptive capacity of the acquirer is important in acquisitions, Junni and Sarala (2011, 432) emphasize also the absorptive capacity of the target to be vital.

Junni and Sarala (2013, 433) highlight the importance of communication during the integration positively to influence the absorptive capacity. This is line with prior studies that state communication being beneficial to the acquisition outcome in general (cf. Haspeslagh & Jemison 1991, Angwin et al. 2016). Hence, once again communication is mentioned as an important factor in regards of transferring knowledge transfer effectively.

To conclude this chapter, it is stated that knowledge transfer in post-acquisition integration has many factors impacting it. The importance of knowledge is highlighted, and the process of knowledge transfer is challenging in any situation, not to mention the complexity M&A post-acquisition integration brings to it (cf. Bresman et al. 1999). This study assumes that the effectiveness of knowledge transfer is affected by the mechanisms for the transfer, the aspired and useful characteristics of the sender and receiver, as well as the integration measures both on organizational and individual level. Since successful knowledge transfer is of utmost importance in post-acquisition integrations, companies do need to understand impacting components to the transfer. To accomplish this, a framework for effective knowledge transfer has been established, which will be introduced next.

### **3.3 Framework for knowledge transfer in post-acquisition integration**

Figure 7, which is based on the model of knowledge transfer presented by Easterby-Smith et al. (2008, 679), presents the theoretical framework for this study. The original model is modified by combining it with the post-acquisition context to reach the aim of this study. The framework illustrates the knowledge transfer between the sender and receiver. Based on existing literature, it combines the nature of the knowledge with the chosen transfer mechanisms, introduces the facilitators on both the sender and receiver's side, which affect knowledge transfer and finally, takes into account the integration measures and their influence on the effectiveness of knowledge transfer.

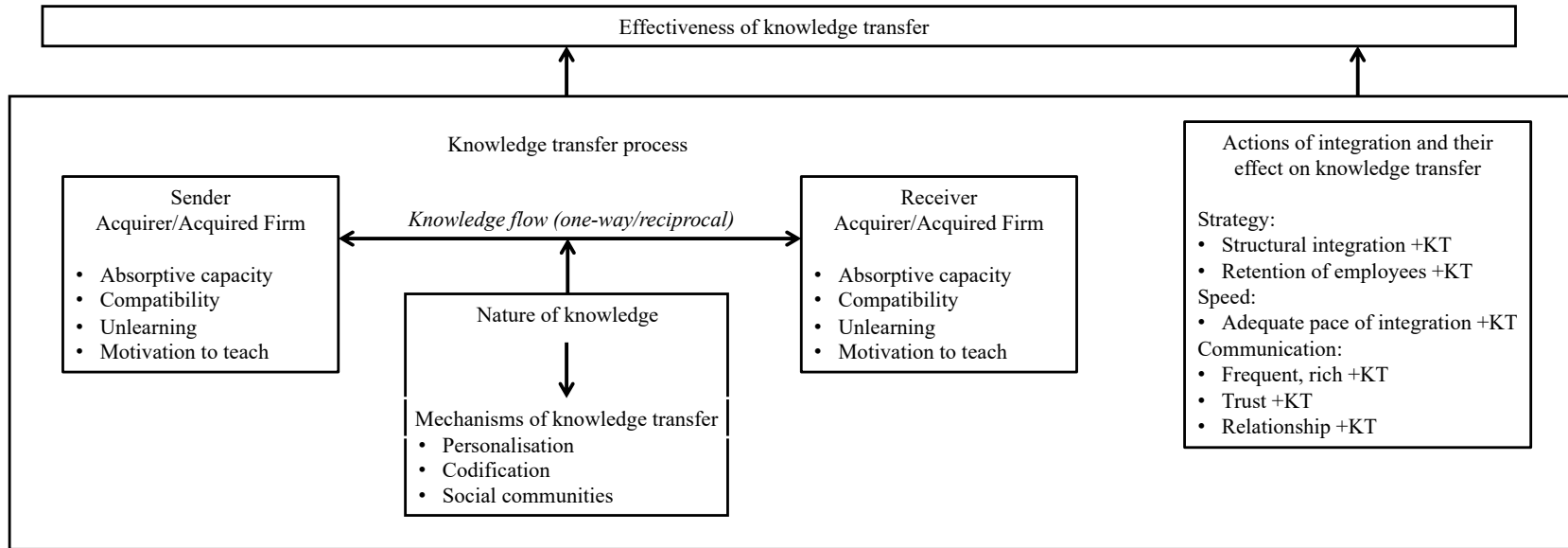


Figure 7 Framework

The framework presented in figure 7 is composed of three factors that contribute to the effectiveness of knowledge transfer in the acquisition context. Firstly, the factors of the sender and receiver firms are facilitators for the transfer. As mentioned earlier, knowledge transfer can be understood as a two-way flow, where knowledge can be transmitted from the acquirer to the acquired unit or vice versa (Bresman et al. 1999, 445). Thus, the factors of the receiver and sender of knowledge are nearly identical in figure 9 (Easterby-Smith et al. 2008). Based on existing literature, different features contributing to the effectiveness of knowledge transfer are introduced.

First, the *absorptive capacity* is of great importance in knowledge transfer between the acquirer and acquired unit and it is positively related to the effectiveness of the transfer (Junni & Sarala 2013, 432). Moreover, the importance of understanding the absorptive capacity of the counterpart, particularly in the acquisition context, is highlighted (Björkman et al. 2007, 664; Deng 2010, 522). Secondly, the *motivation* to teach by the sender is regarded as equally important as the motivation to learn by the receiver. Motivation is directly linked with the absorptive capacity of the parties. After all, motivation is mentioned to be one of the cornerstones of knowledge transfer (Minbaeva et al. 2003, 587). Thirdly, the *compatibility* of the two firms plays a key role in the knowledge transfer. Moreover, the similarity of the knowledge bases of the two firms is mentioned to be of great importance and affect the effectiveness of the knowledge transfer in acquisitions. (Yildiz & Fey 2010, 449.) Hence, the compatibility of the firms involved should be analyzed and thought about, when planning the knowledge transfer to occur in the integration phase. Moreover, if the compatibility is lacking between the involved parties, *organizational unlearning* should be encouraged of the outdated knowledge to make room for the new knowledge intended to be transferred.

The second component in figure 7 is the *nature of the knowledge* and how it straightly affects the most suitable *mechanism of transferring knowledge* in the acquisition context. The distinction between the tacit and explicit knowledge describes the structural relationship between what we know (explicit) and what that knowledge is based on (implicit). Therefore, knowledge transfer can best be understood as targeting explicit knowledge. However, it is crucial for organizations to understand that in order for the transfer to be successful, relevant tacit knowledge must be identified. The extent to which this is possible will be the predictor of success or failure regarding the transfer. (Mooradian 2005, 112.)

The division between the codification and personalization approach, added with the hybrid mode, provides one way to consider the mechanisms of knowledge transfer. Storing explicit knowledge is easy and hence, it is not in danger if employee turnover occurs after the acquisition process. On the other hand, implicit and tacit knowledge is challenging to transfer and there is a higher risk due to labor turnover. Means to transfer knowledge that can be highlighted are through interaction (Chini 2004, 19; Lindvall et al.

2002, 97; Huber 2001, 75), whether it is explicit or tacit. However, it is crucial to denote that the effectiveness and success of transferring knowledge does not end with the transfer being executed. Among many, Yildiz and Fey (2010, 451) and Szulanski (1996) highlight that after the knowledge inflow occurs between the acquirer and acquired unit, it must be also successfully implemented and internationalized. This is an important aspect of the transfer process.

The last factor of figure 7 is the factors of the post-acquisition integration and how they affect the execution of knowledge transfer (KT used as an abbreviation in the figure for knowledge transfer). Three drivers for the success of the integration process were found, namely implementing the acquisition strategy, the integration speed and the level and quality of communication during the integration phase. The success of these factors and the knowledge transfer can be linked to improved performance in foreign acquisitions (Ahammad et al. 2016, 71). The integration strategy affects the knowledge transfer positively on an organizational level. Offering a certain level of coordination can be the needed link for building the base for knowledge transfer. Moreover, if the integration is executed in the most effective and right manner in regards of structural integration and needed autonomy between the acquired and acquirer firm, the labor turnover will not likely be an issue. Thus, it increases knowledge transfer and sensitive knowledge is not diminishing in the situation.

The best possible integration speed is quite challenging to formalize since it is very context specific. It influences the knowledge transfer indirectly, since it primarily affects the integration strategy and how that is executed. A too fast acquisition integration process can negatively affect the transfer of socially complex knowledge due to the need to develop a common ground with the parties involved. If the integration is executed in a too fast pace in the eyes of the employees needed for the transfer, the exchange of tacit knowledge may become challenging. However, if the integration pace is too slow, it can also negatively affect the knowledge transfer because it creates uncertainty. The longer the integration time is, the more effective knowledge transfer activities are (Bresman et al. 1999, 452). The degree of articulable knowledge and how easily capabilities are teachable to the receiver have a noteworthy influence on the speed of the transfer process. It is much slower to transfer tacit and difficultly communicated knowledge than it is to transfer explicit knowledge. (Zander & Kogut 1995, 76, 85.)

Communication affects knowledge transfer and the more frequent and richer the communication is both on intra – and inter- organizational level, the greater is the knowledge transfer. Thus, if the communication is left vague or it is lacking, it negatively affects knowledge transfer between the parties involved. Moreover, clear communication from knowledge leader is essential during the integration process as it effectively reduces uncertainty and motivates people to engage in the effective knowledge transfer (Len 2017, 6). Also, encouraging different mechanisms to transfer knowledge can be seen as an



important factor. Rich communication may also increase trust between the employees of one company and between the acquirer and acquired firm, which is positively related to knowledge transfer. Moreover, fear of exploitation and contamination negatively affect transfer of knowledge. Furthermore, the relationship and the quality of social ties that have been built between the parties affect knowledge transfer positively. Strong trust and relationship are particularly important in the two-way transfer of complex explicit or tacit knowledge (Yen et al. 2017, 5).

All in all, these three components affect the effectiveness of the knowledge transfer in post-acquisition integration. To conclude, the framework implies that when there is a strong understanding of these various elements, the knowledge transfer in the post-acquisition integration is effective. Moreover, this should affect the outcome of the acquisition, since successful knowledge transfer is proposed to enhance the acquisition performance. The empirical data will indicate, whether this framework can be applied to in practice as well and not just on a theoretical level. In the analysis part of this study, the framework will be altered according to the empirical findings. Before the elaboration of the empirical findings and conclusions, the empirical research is introduced. Subsequently, the research design will be presented in the next chapter.

## 4 RESEARCH DESIGN

This chapter introduces the design of the research. First, the research approach, data collection and methods of analysis are presented. Furthermore, the trustworthiness of the study is evaluated.

### 4.1 Research approach

The research approach is considered as an overall strategy to receive the information wanted in order to answer the needs of the objective of the study (Ghauri & Grønhaug 2002, 47; Eriksson & Kovalainen 2008, 4). For this study, the qualitative research approach is chosen. Qualitative research approach is the most logical option, since the research problem can be described to be quite abstract and it focuses on the actions of individuals in organizations (Ghauri & Grønhaug 2002, 87). Since the main reasoning behind the of the suitable research approach should always be the focus and purpose of the study as well as the research problem in question (Eskola & Suoranta 1998, 14; Ghauri & Grønhaug 2002, 87), the decision of conducting a qualitative research is quite straightforward.

Hirsjärvi et al. (1996, 160) identify common characteristics for most qualitative research, which can be used to justify the choice of research approach for this study. First, qualitative research is *holistic and attempts to gather data in natural settings* (Hirsjärvi et al. 1996, 160). The focus on holistic understanding and interpretation of the issue studied in qualitative research is also supported by other researchers (Eriksson and Kovalainen 2008, 3; Ghauri & Grønhaug 1995, 86). This study attempts to reach a holistic overview on all the central theoretical concepts and to examine those concepts in an empirical setting without manipulating the data collection environment. Hence, the first criterion is met. Second, *the preferred instrument of data collection is human beings*. Furthermore, the research issues are approached from the view point of the informant. (Hirsjärvi et al. 1996, 160.) For this study, the empirical data is composed through interviews (chapter 4.2.) with eligible informants in regards of the aim of this study. The researcher seeks to assess the subject by personal interaction rather than other measurements. Thus, the second criterion is met.

Third, *the subjects of the research being interviewed are not chosen by using random sampling but rather with purpose and carefully following the objectives of the study* (Hirsjärvi et al. 1996, 160). For this study, each interviewee was chosen based on criteria set by the research problem. In order to gain knowledge on the objective of the study, each interviewee has an extensive experience in the field of cross-border M&A integration. The researcher familiarized herself with the expertise and background of each

informant and selected a group of competent subjects of research. Therefore, the third criterion is met. Fourth, an *inductive analysis is most often utilized in the data analysis part of the study*. The aim of qualitative study is not to test predetermined hypotheses or previous theories but rather to discover new information. (Hirsjärvi et al. 1996, 160.) Inductive research is based on empirical evidence and consequently, it generalizes assumptions. Since the conclusions are based on empirical observations, the researchers can never be entirely certain of their trustworthiness. In deductive research, on the other hand, conclusions are drawn based on logical reasoning. (Ghuri & Grønhaug 2002, 13–14; Eriksson & Kovalainen 2008, 23.) In this study, the existing theory and findings establish the base for the theoretical framework, which classifies to being a deductive study. Nevertheless, the aim of this study to utilize the gathered empirical data to develop the framework built on basis of the theoretical framework even further rather than only to assess its validity. As the framework is adaptable for findings evolving from the analysis of the collected empirical data, the fourth criterion is met.

Fifthly, qualitative research can be described as flexible and that *the research plan can be modified numerous times during the process of research*. These modifications are done due to changing circumstances and the research plan stays flexible throughout the process. (Hirsjärvi et al. 1996, 160; Eskola & Suoranta 2000, 16.) In this study, the plan for conducting the research and even the research questions were altered and refined several times during the development of the theoretical background to be more extensive and as the researcher gained a more comprehensive overview on the issue studied. Also, the empirical research approach became more defined, as the objective of the study became clearer during the research process. The sixth criterion is that the *data is collected using qualitative methods*. These qualitative methods, such as observation and interviews, enable the opinions and the actual “voice” of the subject to appear. (Hirsjärvi et al. 1996, 160.) This study applies interview (chapter 4.2.) as the data collection method.

Finally, a qualitative study *pursues to analyze situations as unique and distinctive and the analysis of the empirical data is also executed accordingly* (Hirsjärvi et al. 1996, 160). This means, that the primary goal of qualitative studies is not to produce findings that can be generated but rather to focus on a unique circumstance. This study focuses on producing an in-depth, holistic portrayal of the various factors influencing knowledge transfer in the context of post-acquisition integration. The purpose is to construct a foundation for further discussion and research by underlining the importance of the topic. Based on the reasoning presented above, it is clear that this study is done with a qualitative approach.

## 4.2 Data collection

Qualitative data collection methods come in various forms such as interviews, observation, surveys, documents, written materials and case studies, to mention some of them (Hirsjärvi et al. 1996, 187; Ghauri & Grønhaug 2002, 85; Eriksson & Kovalainen 2016, 83). The choice of data collection method depends largely on the researcher's overall judgement on which kind of data is required for the research problem (Ghauri & Grønhaug 2002, 85; Hirsjärvi et al. 1996, 200). In qualitative studies, interview has been the most used method of data collection (Hirsjärvi et al. 1996, 200; Eriksson & Kovalainen 2016, 83). As the purpose of this study is to build a holistic understanding of knowledge transfer in cross-border acquisition integrations and how it is viewed on interpersonal and inter-organizational level, an interview was regarded as the most suitable method for collecting data.

Different types of interviews exist for the researcher to select from. On a general level, interviews consist of conversations organized into a series of questions and answers (Eriksson & Kovalainen 2016, 83). Commonly these different kinds of interviews are divided according to how tightly the interview is structured (Hirsjärvi et al. 1996, 203). Structured interview has a clear order and format for each question whereas an unstructured interview has no particular order or guidelines for the course of interview and thus, it is the closest to normal discussion. A semi-structured interview provides the possibility to enrich the data by adding possibly more detailed questions as the interview goes along, but the questions asked have been determined before the actual interview. (Ghauri & Grønhaug 2002, 100–101; Hirsjärvi et. al 1996, 203–204; Eskola & Suoranta 2000, 86.) A semi-structured interview is chosen for this study as the most suitable type for data collection. This gives the researcher certain flexibility, for instance with the wording and order of the questions that can be adjusted during the course of the interview. Even though the interviews vary from the structured and standardized interviews to semi-formal guided conversations and free-flowing information exchanges, they all include interaction between the interviewer and interviewee (Holstein & Gubrium 2002, 112). This makes an interview a rather unique way of collecting data with possibilities for the researcher to gain in-depth knowledge on the research subject.

In order to be certain that all the necessary topics are covered in the interview, the operationalization of the research questions was done with great effort. The aim of the operationalization of the research questions is to combine theory and real-life context with each other and thus, the operationalization of the objective of the study was done in order to ensure that the empirical part of the study is based on relevant theoretic aspects (Eskola & Suoranta 2000, 75). Table 1 presents the operationalization of the research question.

Table 1 Operationalization of the research question

Research question	Sub-research question	Main themes	Theoretical background (chapter)
How to make knowledge transfer effective in the post-acquisition integration context?	What kind of knowledge transfer mechanisms should be used?	The kind of knowledge	2.1
		The means of knowledge transfer	2.2
	Why is effective knowledge transfer important in the post-acquisition integration?	Success factors of integration	3.1 / 3.2
	Which factors facilitate the knowledge transfer in post-acquisition integration?	Inter-organizational characteristics	2.3
		Special characteristics for knowledge transfer in acquisition context	3.3

Table 1 introduces the operationalization table of this study. Thus, it emphasizes the objective of the study, namely what information is sought to be acquired by conducting these interviews as data collection method. The operationalization table was applied as the foundation for the interview guide (Appendix 1). The questions from the interview guide were frequently compared with the research questions in order to be certain of the consistency between these two. Preparing the interview guide, the time needed for the questions was also considered. As an interview should ideally take around one hour, that time was set to be the aim of the length and the questions were planned accordingly. (Ghauri & Grønhaug 2002, 103.) In the interview guide, the themes move from more general to specific in order to help the informants get acquainted with the topic discussed. Moreover, under most of the questions, more detailed questions were included to be able to analyze the subject on an in-depth level. As it is suggested, the interview guide included both open and closed questions. Furthermore, follow-up questions outside the interview guide were posed to allow important topics emerging during the interview to be discussed as well. These features are typical for semi-structured interviews. (Eriksson & Kovalainen 2016, 95–96.)

The informants for the study were selected due to their experience in post-acquisition integration processes and their expertise in the subject of the study. The subjects of the study have varying backgrounds of mergers and acquisitions and all of them are highly experienced with integrations. This method is theoretical sampling, in which the samples for the study are chosen with purpose and by non-probability. The technique of purposefully choosing informants varies fundamentally from other types of interviews

where respondents are chosen randomly. (Ghauri & Grønhaug 2002, 121.) In this study, the researcher makes the judgement of whose viewpoints and knowledge are relevant in terms of the objective of this study and the contextual position given by the researcher. In qualitative studies, the criterion is not quantity but rather quality (Eskola & Suoranta 2000, 18) and thus, a large effort was put on identifying suitable candidates to approach.

For this study, introductory emails were sent to multiple persons regarding an interview. In the introductory email, the subject and objective of the study were introduced as well as an outline of possible questions. The email was sent to informants with whom the researcher had previously contact with either due to work or whom were suggested to the researcher by colleagues from university. Some were unable to participate due to lack of time and resources for giving an interview, but six respondents showed interest in the subject and managed to find time to collaborate in this study. Table 2 shows the titles of the interviewees as well as the duration and date of the interviews. Moreover, it presents the experience of each informant in M&A.

Table 2 Summary of the interviews

<i>Interviewee</i>		<i>Interview</i>		
<i>Interviewee's position</i>	<i>Experience in M&amp;A</i>	<i>Date</i>	<i>Length</i>	<i>Type</i>
Corporate Acquisition Manager	6 years	12.2.2019	1h 15 min	Face-to-face
Director of Development	5 years	12.2.2019	1h 15 min	Face-to-face
Vice President	20 years	18.2.2019	50min	Face-to-face
CEO	25 years	19.2.2019	45min	Skype
Senior Manager	13 years	11.2.2019	55min	Skype
Senior Consultant	5 years	13.2.2019	1h 05min	Face-to-face

As shown in table 2, six interviews were conducted for this study. One major aspect to analyze regarding the collection of the data is the level of experience possessed by the informants. As presented in table 2, there are variations in the years of M&A experience by the subjects. However, each informant has had demanding roles in multiple post-acquisition integrations. Moreover, all of them have had the possibility to gain insights on different scale and types of acquisition integrations. Hence, the interview methods in this study can be classified as an *expert interview*. An expert in research purposes can be defined as an individual who is expected to have knowledge that is not available for just anyone operating in the same field. This exact knowledge is aimed to be discovered in the expert interviews. (Meuser & Nagel 2009, 18.) All of the six interviewees can be considered as experts in their field of expertise, due to long experience with the topic.

Moreover, an expert interview is a highly efficient method in regards of getting needed information for a study. Also, as experts may have contacts to other professionals in their field, they can enable the researcher new sources of viable knowledge. (Bogner et al.

2009, 2.) This was also the case in this study, since one of the respondents was suggested by another one. Thus, the researcher gained access to contact information she did not possess beforehand. Furthermore, expert interviews provide a possibility to achieve good results in quite a short period of time. This is due to the efficiency of conducting expert interviews. As this study has a quite limited amount of time resources, expert interviews were regarded as an effective way to gather knowledge on the topic. Moreover, the shared comprehension of the importance and relevance of the topic between the researcher and the respondent can be regarded as the sole motivation for the respondent to justify their participation. (Bogner et al. 2009, 2.)

A few days beforehand the interview, an email was sent to the respondents to remind the subjects about the core themes of the interview. This was done according to the wishes of the interview subjects so that they could prepare themselves for the interview, if desired. A rough draft of the interview guide was also sent to give the informants the ability to comprehend the wholeness of the purpose of the interview. As shown in table 2, the interviews were conducted within the time frame of one week and the duration of the interviews varied between 45 minutes and 1 hour and 15 minutes. Two of the interviews were conducted through skype and the rest face-to-face in offices in Helsinki. The other skype interview was conducted due to the informant living abroad and the other one due to the informant's too busy schedule for meeting face-to-face.

During the interview, attention was given by the researcher to make a pleasant surrounding for the interview. At first, the interviewer introduced herself and the purpose of the study to make the situation more comfortable for the participants. Moreover, the confidentiality was reinforced as well as permission to use the tape recorder was asked. All of the participants allowed the use of a tape recorder. A promise was made to all the respondents that the information received from the interview will be kept confidential. (Ghuri & Grønhaug 2002, 103, 105). The researcher wrote down keywords and some short notes during the interview. However, the notes were more to help the researcher make possible follow-up questions and attention was given to listen and be an active interviewer. There were no external distractions observed in any of the interviews. All the six interviews were followed through with no interruptions and the conversation flowed quite freely in the interviews.

Post-interview all important points as well as practical details were written down immediately. The researcher wrote down how long it took, some opinions about the situation and the respondent and her perception of the interaction and relationship with the respondent. All these details were useful when listening later to the recorded tape and analyzing the trustworthiness of this study. (Ghuri & Grønhaug 2002, 107–108.) Although the researcher executed interviews both face-to-face and via skype, no difference was noticed between these two methods that would affect the trustworthiness. The researcher believes to have been able to build a trusting and open relationship with

all of the subjects, regardless of the type of the interview. Thus, it can be concluded that neither the use of the tape recorder nor the way of executing the interview affected the interviewees willingness to express themselves honestly. All of the informants wished to stay anonymous in this study but gave the researcher the permission to use their titles. This guideline is followed in analyzing the findings in chapter 5. Moreover, the preposition used for the interviewees is from now on “he” or “him”, to ensure the anonymity of the respondents.

### 4.3 Data analysis

There are different possibilities in analyzing the data collected via an interview in order to produce a coherent picture of the material. The aim in the data analysis part is to create a coherent and information rich recapitulation from the large amount of collected data. In other words, the gathered data should be compressed and transformed into a clear form without destroying the original informational value. (Eskola & Suoranta 2008, 137–138,150.) After conducting the interviews, some details from the interview situation were written down, as Ghauri and Grønhaug (2002, 108) suggested. This was done since when the material from that exact interview was analyzed, it was useful to recall the situational details.

Next, all of the six interviews were transcribed carefully. There are no exact instructions on how specific the content of the interviews have to be written down (Hirsjärvi et al. 2007, 217). However, due to the researchers limited experience in analyzing interviews, a great effort was put in the transcribing phase. Time was given to go through each interview diligently and write down each interview in its entirety. Some filler words, such as “like” and “so” were left out from the transcribed material, as the researcher did not feel that they would contribute to the analysis phase. As all of the interviews were conducted in Finnish, the translation of the data to English was a major part of the process of transforming the data into a clear form without losing the original meaning of the data. However, as the researcher has extensive knowledge in both languages, no negative result in the translation process can be identified.

For this study, a thematic analysis was selected to be the main method in analyzing the collected data. Thematic analysis is indicated for identifying, studying and reporting certain repetitions within the gathered data and it can be used to build a network perspective of the gathered data. It is left for the researcher to establish, what constitutes a pattern or a theme. The guidance regarding this process of identifying patterns should be analyzed on whether it captures something meaningful in relation to the overall research question and aim of the study. (Attride-Stirling 2001, 387.) Thematic analysis method is flexible, and it can provide rich and complex data to the researcher (Braun &



Clarke 2006, 78–79, 82). However, this network approach is merely a tool for analysis and not the end result (Attride-Stirling 2001, 389).

Thematic analysis seeks to unveil themes present in a text at different levels and structure them to be clearer for the researcher (Attride-Stirling 2001, 387). Braun and Clarke (2006, 87) have provided an outline of six distinct phases of thematic analysis, namely:

1. Familiarizing yourself with your data
2. Generating initial codes
3. Searching for themes
4. Reviewing for themes
5. Defining and naming themes
6. Producing the report

The listing of Braun and Clarke (2006, 87) was used as the guideline in the data analysis process. First, the data was transcribed, and some initial ideas were written down. Second, the entire data set was read, and relevant data was grouped together. After this, these codes of data were gathered to potential themes. This was done by color-coding each emerging theme. Also, Eskola and Suoranta (2008, 174) advise to organize the data into themes by these methods. The raw data was grouped into *basic themes*, *organizing themes*, and *global themes*. Basic themes are the lowest-order themes and they present simple characteristics of the data. They need to be read within the context of other basic themes and together, they represent an Organizing Theme. Global themes, being the highest level of themes, are constituted of Organizing themes and they exemplify major concepts of the data (Attride-Stirling 2001, 387–389.) This perspective of networks is presented in figure 8.

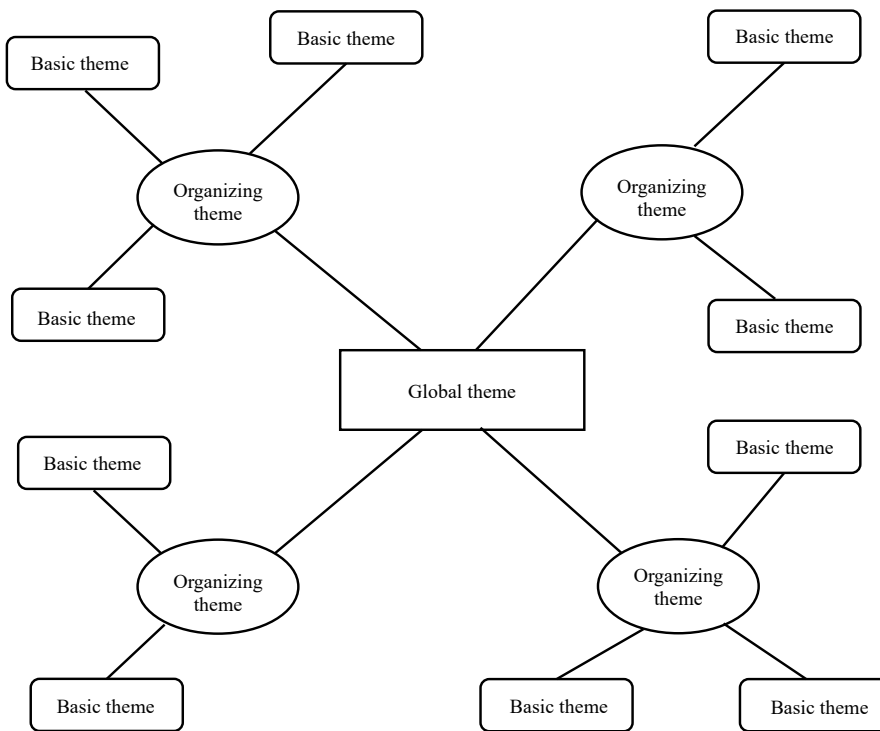


Figure 8 Thematic networks (Attride-Stirling 2001, 388)

As seen in figure 8, thematic networks are presented in a mind-map form, which highlights the lack of hierarchy and the interconnectivity of the subjects. It is built from the ground up; first, basic themes are recognized, second, they are grouped under organizing themes and third, organizing themes are grouped under global themes. (Attride-Stirling 2001, 390.) The basic themes begun to appear from the transcribed material and they were clustered together along the analysis process to form an organizing theme and thus, identifying a global theme. Depending on the complexity of the data, there may be more than one global theme identified (Attride-Stirling 2001, 389). In this study, three global themes were used to be able to capture the essence of the complex raw data. Each global theme (*Transfer mechanisms, Influence factors, Integration measures*) follows the objective of the study. These networks can be found in appendix 2.

Once the thematic network was finished, the themes were reviewed and named clearly to keep the overall story systematic. Finally, writing down the analysis for this study was begun, relating the analysis back to the research questions and previous literature. (Braun & Clarke 2006, 87.) The operationalization table, the framework of this study and the thematic networks were used as the basis of the analysis, which helped the researcher to concentrate on the most significant data. Moreover, the question of language has to be addressed in the analysis phase. All of the interviews were conducted in Finnish, as it is the mother language of the researcher and all of the informants. Hence, it could be argued that the transcribing phase as well as translation of the data could possess challenges. However, as the researcher has extensive knowledge in both of the languages, it can be

concluded that the analysis phase of the transcribed data was not influenced by the translation process from Finnish to English.

#### 4.4 Trustworthiness of the study

This section assesses the trustworthiness of the study. Evaluating the trustworthiness of a study is difficult, if the researcher does not provide a clear description of how the data collection and analysis are executed (Nowell et al. 2017, 2). Therefore, in this study the researcher put large effort on providing a well-defined description of actions taken. The objective in clarifying trustworthiness is to consider, how well the findings reflect the questions what the research is ought to answer rather than the bias of the researcher or a group. (Patton & Cochran 2002, 12.) The trustworthiness of this study is evaluated by assessing the entire research procedure by proper criteria. Lincoln and Guba's (1985) criteria of trustworthiness is applied, since it is considered well applicable for the purpose of qualitative research and has been accepted widely (Shenton 2004, 64). Altogether four different criteria are evaluated, which all pay attention to different aspects of the study. These four criteria are *credibility*, *transferability*, *dependability* and *confirmability*.

Lincoln and Guba (1985, 301) argue that *credibility* is one of the main factors establishing trustworthiness. Credibility assesses the truthfulness of the conducted information and how well the results resemble reality. The credibility of a study can be increased by using an adequate amount of time to study the research target, in this case the interviewees and by establishing a mutually trusting relationship. (Lincoln & Guba 1985, 301.) In this study, the credibility was strengthened by the researcher thoroughly familiarizing herself with the background of the interviewees to assess the suitability for the interviewee. A criterion was established based on the aim of the study and by keeping this in mind, the suitability of the interviews was narrowed down to the following point: has long experience in post-acquisition integration.

Moreover, triangulation can serve as a way to increase the credibility of the study. This can be done by using a wide range of informants and a rich picture of the subject is achieved by that. (Shenton 2004, 66.) In this study, six interviews were conducted, and the researcher started noticing recurrent answers. Hence, the researcher believes that some form of saturation is achieved in this study. The interviews were conducted in Finnish, since it is the mother language of the researcher and the interviewees. The change from a Finnish interview and writing this research in English was not considered as an inhibiting factor, since the researcher is fluent in English.

Furthermore, the analysis process was comprehensive, since the interviews were taped, and it was made possible to review the data gathered several times. The connection between the aim of the study, theoretical framework based on previous literature and the

collection of data was confirmed by applying the operationalization table as the foundation for the design of the interview. Thus, the theoretical framework also presented a broad structure for the analysis part. By following the operationalization table, the credibility of the research is ensured, to be certain that the information given is truthful and not biased. Nevertheless, the credibility of this study is influenced by the restricted scope of this research, since only a limited number of interviews were conducted. This limits the possibility to produce information that would be more generalizable. However, generalization is not the aim of qualitative methods in the first place.

*Transferability* is the second criterion evaluated and it refers to the applicability of the findings to other contexts (Lincoln & Guba 1985, 291). The transferability of a study can be improved by some means. The entire study process should be described accurately and information on the exact measures of how the study was conducted should be offered. The better the process of the research itself is explained, the better the transferability of the study can be evaluated by someone else. (Lincoln & Guba 1985, 316.) However, in the naturalistic paradigm it is noted that the generalization of the results is not possible (Eskola & Suoranta 1998, 210). The findings of a qualitative study are often specific and the findings are applicable for a particular environment or a small group of individuals, which makes it challenging to demonstrate the findings to be applicable to other situations (Shenton 2004, 70).

The transferability of the study is increased by giving information on the data collection method used, the number and length of the data collection sessions and the time period over which the data is collected (Shenton 2004, 70). These can be found data collection chapter, which provides a detailed description of the actions taken to gather the empirical data. The researcher invested her time to write down the data collection process as thorough as possible, to increase the transferability of this study. Hence, the trustworthiness of the study is believed to be improved. Due to issues of reliability and the informants giving sensible information out, the companies as well as the names of the interviewees are not shown. This naturally decreases the transferability, but the researcher has provided the titles and years of M&A experience of each informant to show the expertise of the interviewees. However, due to conducting expert interviews, this study is not limited to a certain industry. Hence, this thesis is applicable to any field of business conducting acquisitions. Moreover, since the subject of knowledge transfer is highly likely to occur in nearly all post-acquisition integrations, the transferability of the study increases.

The third criteria used in assessing trustworthiness is titled *dependability*. Dependability refers to how well the results can be replicated in the same situational context and the level of how much the researcher impacts the findings. It also refers to how consistent the findings are. As discussed earlier, an interview as the base for the empirical analysis is more or less subjective. Interviews are based on the researcher's

subjective mindset of the subject and how the answers are interpreted. Moreover, the researcher may affect the interview situation and thus, affect the quality of the answers. Nevertheless, objectivity is pursued by conducting the research as unbiased and reliable as possible and by keeping these issues in mind. (Lincoln & Guba 1985, 300, 316).

The interviews were recorded in order to be able to analyze them in more depth and go through them several times. Since the interviews were conducted in Finnish, in the mother tongue of both the researcher and interviewees, the possibility of misunderstandings was narrow since neither had to face language barriers. However, there is always a possibility to misunderstand concepts or questions, even if having the same mother tongue. To decrease the chance of misunderstandings, the foreign terms used by the interviewee were asked to be explained to the researcher. Moreover, the subjects were given an opportunity to ask the researcher questions also during the interview, if they did not understand something.

The choice of the interviewees was made based on a thorough analysis on the objective of this research. Since the aim is to gain knowledge on knowledge transfer in post-acquisition integration, the interviewees must possess knowledge on that topic. The researcher also wanted to increase the trustworthiness of the research by selecting the interviewees that had long experience in the field of M&A integration. The interview questions were planned precisely, and they were based on the theoretical framework. The aim of the data collection was to remain objective to the researcher's best ability during the interviews regarding the phrasing of these questions. Nonetheless, it is important to note that as the researcher had already established the theoretical framework before the interviews and familiarized herself with an extensive amount of literature, the existing knowledge base might have influenced on the course of the interviews. This should be taken into deliberation when evaluating the dependability of the study.

Lastly, *confirmability* discusses the ability of other researchers to be able to confirm the findings of the study and that the results are not affected by the researcher being bias or the own interest of the researcher. Confirmability can be increased in the study by providing the reader tools for auditing (Lincoln & Guba 1985, 319). In this study, this is covered by providing a thorough explanation of the research process and methods applied. After transcribing the interviews, a significant and adequate amount of time was reserved for thorough reading of the transcript. As recommended by Eskola and Suoranta (2008, 19–20), the researcher was careful not let any personal assumptions limit the interpretation of the data. After reading the interview, the transcript was categorized into themes. Under these themes the data was organized and analyzed in the results part of this study. As the names of the companies or the interviewees are not provided, the likelihood for other researchers to be able to repeat the study is unfortunately limited. However, the interview guide is given as an appendix to increase the confirmability of the study. Finally, as the data collection method was a semi-structured interview, it

allowed the conversation flow quite freely and encouraged conversation between the researcher and the informants. Hence, even though the interview guide is given, an exact replicate is nearly impossible.

As the data collection method chosen for this study has both advantages and disadvantages, the researcher should be aware of both of these in order to ensure trustworthiness of the study. One of the greatest advantages is flexibility during the data collection. There is a possibility to deepen the knowledge given by the interviewee by asking further questions of the specific topic. Moreover, there is a possibility to change the order of the questions or make some adjustments during the interview, if needed. This flexibility gives the chance to understand the studied issue in the most holistic way possible. (Hirsjärvi et al. 1996, 200.) Furthermore, in a semi-structured interview an advantage is that the materials are comprehensive while the tone is fairly informal (Eriksson & Kovalainen 2016, 94).

However, interview as a data collection method possesses its disadvantages, since the interview situation itself can be challenging for both parties. The researcher-participant relationship should be paid greatly attention to build a trustworthy and credible connection in order to attain credible results from the interview (Ghauri & Groøhaug 2002, 19–20). The interviewer has to conduct major ground work in conducting the interview questions and preparing for the interview itself. For the interviewee, the situation may be uncomfortable, which may affect the quality or length of the answers. Furthermore, since interviews as a data collection method depend quite largely on the context, the results should never be overly generalized. The informant might provide certain responses just to satisfy the researcher or to present a good image of themselves (Hirsjärvi et al. 1996, 200–202). Moreover, a challenge in a semi-structured interview lies in the task to cover all the topics planned but at the same time be prone to evolve into more in-depth levels in the interview (Eriksson & Kovalainen 2016, 94). All of these topics are taken into consideration by the researcher to increase the trustworthiness of this study. This is done according to the researchers wishes to improve the credibility of the findings and conclusions. Next, the findings of the study are elaborated.

## **5 EFFECTIVE KNOWLEDGE TRANSFER IN POST-ACQUISITION INTEGRATION**

This chapter introduces the findings based on the empirical data. First, effectiveness of knowledge transfer is elaborated and after that the integration measures affecting knowledge transfer are introduced. Next, the recommended mechanisms for knowledge transfer in integrations are discussed and finally, different characteristics influencing knowledge transfer are presented.

### **5.1 Importance of knowledge transfer**

Knowledge and managing the different types of it were recognized by all of the interviewees as a main prerequisite to gain competitive advantage and function as a business. Furthermore, possessing valuable knowledge was regarded as essential to operate in the markets and the challenge of managing knowledge effectively was considered to have increased in its importance. The amount of research focusing on knowledge and its management has increased steadily in the literature (Hörisch et al. 2015, 309; Easterby-Smith et al. 2008, 677) and the significance of knowledge as a resource for companies was noted throughout the interviews. Although companies do not always succeed in transferring knowledge (Szulanski et al. 2016, 304), it can be indicated that the amount of focus given in companies to knowledge in the first place has grown lately.

Managing knowledge was considered a vital first-step, before the transfer of knowledge from one place to another can even begin. Knowledge management was indicated to include the questions of where the knowledge is located, how is it stored and who has access to certain knowledge. Knowledge management was considered to be effective, once all of these questions can easily be answered. Managing knowledge, especially in the case of acquisition integration, was regarded crucial to secure the data from getting lost. Different viewpoints were raised regarding the current level of knowledge management in companies. A couple of the interviewees stated that the overall situation of knowledge management is on good level. Financial knowledge and other legally guided knowledge were considered to usually be quite well structured, for example in financial statements and thus, easy to locate. Other kind of knowledge and their management was argued to depend on the companies and how well-structured the knowledge bases are. In general, however, three of the six interviewees claimed that managing knowledge is conducted well in companies. It can be concluded that the more easily located the knowledge is, the easier and faster it is also to transfer.

On the contrary, the current situation of managing and locating knowledge in companies was not viewed as successful by some informants. It was stated that knowledge is merely on some server on Excel or Word or in someone's personal mind and it is not easy to locate by whom it is possessed. In such cases, gathering knowledge is very time consuming and costly for companies and in the integration processes, knowledge is often lost. Moreover, the transfer of knowledge is more difficult, if knowledge is not managed successfully. In order for companies to manage their knowledge bases successfully, they first need to be able to identify their own knowledge bases and the kind of knowledge bringing them value.

### ***5.1.1 Identifying valuable knowledge***

Knowledge was argued by an interviewed CEO to be the vital building block of organizations and correspondingly to Sivakumar (2018, 30), the need to fully understand the company's knowledge bases and upgrade it according to wishes was regarded to be a challenge for organizations. However, the results from the interviews seem to indicate that knowledge is still seen as quite abstract and it is understood differently by different people. Thus, different kinds of knowledge were identified in the interviews to gain a holistic perspective of the knowledge bases of companies and their individual significances in the integration process and outcome.

Throughout the interviews, similar classifications of different types of knowledge were made. The division of explicit and tacit knowledge used in the literature (Polanyi 1962, 602) was self-evident for all of the informants. However, when asked to identify different kinds of knowledge, each interviewee started with the explicit ones. This implies that recognizing and listing explicit knowledge is easier to start analyzing the company's knowledge base. Moreover, explicit knowledge is probably more often thought about and familiar in every-day business. On the contrary, tacit and socially complex knowledge was listed later on when asked about the knowledge base of companies. This denotes that tacit knowledge and the know-how of people is rather rarely considered on a daily basis. It was mentioned that tacit knowledge is more taken for granted and only if there is a need to evaluate the know-how of people or the actions of an organizational culture, tacit knowledge is considered. This corresponds with Riesenberger (1998, 96) who described that tacit knowledge, consisting of the values and beliefs of individuals, constantly develops. Hence, it can be stated that tacit knowledge is much more difficult to formulize and consider distinctly than explicit knowledge. Moreover, it can be concluded from the interviews that the actual need to analyze tacit knowledge, routines and ways of doing something, is rather small in comparison to thinking about explicit knowledge such as financial information in companies on a daily basis.



All of the interviewees identified similar kinds of knowledge that exist in companies, regardless of the company's size or country of origin. Explicit knowledge was according to the interviewees categorized quite roughly into following groups. Firstly, *financial knowledge* of the business and the knowledge on which the decision-makings are based on. Secondly, *knowledge about the services and products* sold in the company, which includes knowledge of customers, markets, competitors, pricing, personnel and stakeholders. Finally, the *product development data* and *different patents* provide another area of explicit knowledge. All of these were stated to have their value in the knowledge bases of companies. Moreover, these categorizations followed quite closely the one of Mickiewicz (2017, 47). Although the knowledge bases of companies are extensive, these different categories were quite easily identified by the informants.

However, as stated in the literature, tacit and socially complex knowledge provide a large base to add to explicit knowledge (Hedlund 1994, 75; Zack 1999, 46). Once asked, a considerable pool of tacit knowledge, such as the organizational culture, courses of action, routines and the personalities of the employees, were identified by the interviewees to belong to the existing knowledge base of companies. Moreover, one of the informants remarked that in integrations, companies may largely focus on explicit data, but the tacit knowledge of companies should not be overlooked.

*It is well known that a large part of integrations fail, approximately 75% of them, in a way that value is lost. It is a big problem and I would say a large part of it is due to the loss of tacit knowledge. (Vice President, 18.2.2019)*

Customer-related knowledge was acknowledged by all of the interviewees as the most important kind of knowledge. The value of customers to a company is undeniable and thus, all of the informants named it straight away as the most valuable knowledge. Furthermore, new technologies and patents were mentioned to have significant value. However, the know-how and the employees were brought up immediately after, since those were described as the core of any business. The amount of knowledge needed to be transferred significantly differs depending on the integration strategy and wanted synergy-benefits (Ahammad et al. 2016, 71), which was acknowledged by all of the interviewees. No direct answers were given to the question of the most commonly transferred knowledge in integrations as each integration situation is so context-specific. However, it was emphasized that usually merely transferring explicit knowledge is rarely adequate. It was mutually agreed by the interviewees that both explicit and tacit knowledge are equally important to manage during the integration. Hence, the results seem to claim that without both types of knowledge the core of the business is lost and

hence, it strengthens the decision to take both explicit and tacit knowledge into consideration in this study.

Even though knowledge was considered vital in all companies, knowledge-intensive firms were mentioned to be the most dependent on knowledge, since their entire competitive advantage and operations are based on it. By losing their employees, only computers would be left on the desks, as claimed by one informant. In KIFs, the key focus is in retaining the key personnel and in advancing loyalty among the employees (Alvesson 2000, 1103). It was argued that if a KIF is involved in the acquisition integration, tremendous effort should be put to the transfer of knowledge effectively. Even though the transfer of knowledge is vital in any integration process, the significance increases with a knowledge-intensive firm. However, some differences regarding different cultures can be observed from the arguments of the interviewees on the most valuable knowledge. As pointed out by the interviewed CEO, networks and business cards have for example more value in some countries than others, since contact information of the company management is not easily available online. He declared that in Eastern Europe the contact information is not available whereas in comparison to Finland direct phone numbers of board members are given on companies' websites. Thus, value of those business cards collected in business fairs increase dramatically in comparison to other corporate cultures. Such differences in valuable kinds of knowledge also affect the efficiency of the inter-organizational knowledge transfer and hence, need to be considered in regards of the transfer. This is elaborated in the following chapter.

### **5.1.2 Effectiveness of the transfer**

It was repeatedly mentioned throughout the interviews that the means by which the knowledge transfer is organized greatly affects the outcome of the entire integration. This is in accordance with Junni and Sarala (2013, 420) and Bresman et al. (1999, 457) who indicate that the success of an M&A integration is dependent on the success of knowledge transfer. Identifying and transferring crucial different types of knowledge successfully in the post-acquisition integration process were claimed by the interviewees to have a major role in the outcome of the integration.

*Transferring knowledge successfully in the integration process improves the ability and readiness of the integration to be completed effectively. Moreover, it enhances the speed of the integration. [...] All in all, transferring knowledge successfully plays a key role in the outcome of the integration. (Senior Consultant, 13.2.2019)*

It was highlighted throughout the interviews that the acquisition integration context provides its own challenges to the transfer of knowledge, compared to intra-organizational knowledge transfer. This is in accordance with Easterby-Smith et al. (2008, 677), who regard inter-organizational knowledge transfer far more complex than transfer within an organization. Moreover, as the organizations need to align their operational practices in the post-acquisition integration (Kosonen & Blomqvist 2013, 205), the complexity was stated to increase in cross-border M&As with the need to align more difficult aspects, such as corporate languages. Furthermore, companies were described to possess plenty of sensitive knowledge, which cannot be exchanged before closing the acquisition. These confidentiality issues affect the planning of the knowledge transfer, since one cannot be certain what knowledge the other party possesses. Moreover, challenges were mentioned to arise in the different formats' knowledge is transferred and whether the parties have the possibility to process that sort of knowledge. Hence, these results indicate that knowledge transfer in cross-border M&As comprises a far more challenging standing than knowledge transfer within company boundaries.

As the amount of the transferrable knowledge depends largely on the integration context (Ahammad et al. 2016, 71), some transfer of knowledge was considered nearly always visible in the integration process. The interviewees described that in the beginning phase of the post-acquisition integration process, the two involved organizations may have very different viewpoints and habits of acting in the companies. This was mentioned to be the case even more in cross-border acquisitions. Utilizing explicit knowledge in everyday work along with different know-hows were encouraged to be acknowledge by the management early on in order to arrange a strategy providing guidelines for the merge. When merging different organizational cultures without a clear code of conduct or guidelines, a risk was stated to be posed for the transfer of knowledge. Or if knowledge is transferred nevertheless, it was described hardly any effective or successful.

*You can always collect and gather massive amounts of knowledge and data about the target company and the means to operate in it. However, the key is to fully understand why you need that specific knowledge and how you will utilize it. That's the core of knowledge transfer in acquisitions. (Senior Manager, 11.2.2019)*

Knowledge transfer was not viewed as an easy task in post-acquisition integrations. Even though the process may seem as quite straight forward, many different factors were stated to affect the transfer. Firstly, a massive work load has to be executed in getting to know the knowledge on the other side of the acquisition integration. This is done as far as possible in the pre-acquisition phase. However, unfortunately not all of the knowledge is available in that phase and thus, some knowledge search and documentation are often

left also in the integration phase. The challenges of this will be more elaborated in chapter 5.2. Secondly, many different challenges may arise, which affect the effectiveness of the transfer. The interviewed CEO noted that challenges in knowledge transfer can consist of, for example, resistance in implementing the newly received knowledge, such as using the former company name instead of the new one. Such challenges were noted to raise confusion in the markets and stakeholders and such situations should be avoided by managing the transfer process of knowledge from start to finish. This is in accordance with the transfer process model by Szulanski (1996), which indicates that the transfer process does not end in the actual transfer but rather in the implementation of new knowledge. Moreover, the interviewees made a clear distinction between explicit and tacit knowledge transfer, since they were considered to take quite different amounts of time and resources.

*Knowledge transfer is anything but easy. Two things come to my mind: firstly, technical challenges may come up. For example, that the knowledge sought to be transferred is in different formats or different software, which makes the transfer slower. Secondly, the transfer of non-documentary knowledge requires levels of interaction. That is often a slow process. (Director of Development, 12.2.2019)*

The interviewees agreed on that in the post-acquisition phase, a large effort has to be put in implementing the integration strategy in regards of knowledge transfer. It was stated to be about considering which systems are kept and in contrast, which are integrated between the integration parties so that both the acquirer and acquired firm have access to it. However, this can be understood as merely a surface of the knowledge transfer in integrations. Furthermore, if employees or other assets need to be transferred, it is a massive task. The scale and extent of the possible transfer work was also highlighted in the interviews.

*Transferring explicit knowledge is extensive, but it does not cover the entire work load. And that is the problem in these. You might get onto certain level of it but then there always exists immense amounts of still hidden knowledge. That means that it's (explicit knowledge) only the tip of the iceberg. (Director of Development, 12.2.2019)*

The interviewees stressed the importance of thorough background work and successful due diligence. Well-managed and adequate due diligence of the knowledge bases available and the need for transferring knowledge back and forth was denoted to enable estimating the forthcoming work load and to plan accordingly. One informant identified

effective knowledge transfer as a synonym for a successful one. The question of what makes knowledge transfer effective was understood by the informants similarly. Effective knowledge transfer was defined as a process, in which all of the knowledge is at somebody's disposal and that nothing would be known by just one person. Especially in integration context, where the loss of employees is not uncommon, this should be paid attention to in detail. Moreover, valuable knowledge and those key employees should be identified to ensure effective knowledge transfer. This will be discussed in more detail in the next chapter.

The interviewed Senior Manager provided a different viewpoint on the aspect of effectiveness of knowledge transfer. According to him, effective knowledge transfer is almost entirely reliant on the request of knowledge and the quality of that request. Once energy is put in requesting certain knowledge, the request should be as distinct as possible and as much detail has to be included as possible for the wished outcome of the request. Detailed knowledge requests increase the effectiveness due to not needing to send the request back and forth. In conclusion, it can be stated that effective knowledge transfer is knowing what needs to be done and managing to conduct those actions as effectively as possible. The next chapter discusses the impact on the post-acquisition integration measures on knowledge transfer and how those should be taken into consideration in regards of transferring knowledge during integrations.

## **5.2 Knowledge transfer in post-acquisition integration**

Based on the theoretical literature and the empirical data collected for this research, there are various integration measures to consider that influence the execution of knowledge transfer in post-acquisition integration. These measures on both the organizational and individual level were discussed in the interviews and their effect on knowledge transfer was examined thoroughly. Here, different factors that arose from the interviews are introduced, both on the organizational and individual level of integrating companies.

### **5.2.1 *Coherent strategy of integration***

As stated in the earlier literature, the lack of coherent and well thought strategy is one major reason for M&A failure (cf. Schweiger & Weber 1989; Epstein 2004). Throughout the interviews, it was repeatedly mentioned that the *planning of the integration and forming a comprehensive integration strategy* is of great importance. The interviewees claimed that forming and building the integration strategy should be started early on and that by the time the integration starts, the actions of the integration should be clear. This

is similar to the findings of Empson (2004, 178) who states that the majority of the planning process should be completed by the time the integration starts. The development of an integration strategy was noted to require a good understanding of the company's current state and desired future state. It was described that a good integration strategy includes the reasoning why the acquired company is bought and what is sought for through the integration. In other words, it must be understood what the desired level of the company's operation is after the integration is carried through. Once the sought for future state is fully understood, a strategy can be formulized to achieve that goal and the steps to achieve that goal should be acknowledged. However, as stated multiple times throughout the interviews, the integration context is highly likely for changes and uncertainty. Thus, even though it is highly encouraged to conduct majority of the integration strategy planning ahead of the actual integration, some room for possible changes should be left to the strategy to be able to make agile adjustments.

When compiling the integration strategy, there are many factors that should be considered regarding the design of knowledge transfer. Firstly, the level of integration largely affects the need for knowledge transfer. As stated in the literature (Scheunemann & Suessmair 2013, 87; Junni & Sarala 2013, 434), the level of integration is positively associated with the level and need for knowledge transfer. The informants agreed on that the more companies are integrated with each other, in other words the closer the integration is to the absorption style (Haspeslagh & Jemison 1991, 145), the more knowledge has to be transferred between the acquirer and acquired company. If the integration is closer to the holding approach (Haspeslagh & Jemison 1991, 148) and the acquired company is functional from day one, the transfer of knowledge is less pronounced than in the absorption style where each sector is integrated and combined. Moreover, if the absorption style is utilized, the interviewees identified that more knowledge is needed from the target, which affects the need to transfer tremendously. Hence, the level of integration planned for directly affects the amount of knowledge transferred and the requirement for that knowledge transfer to be successful.

Ahammad and Glaister (2011, 72) have shown that there is a positive relation with the level of integration and the success of the integration. The level of integration has to be reflected in the wanted outcome of the integration. After the level of integration is identified, the strategy can be approached through the need of knowledge transfer. According to the interviewed Vice President, it has to be identified which knowledge is critical to carry out the integration. Once the identification of valuable and crucial knowledge is done, the availability of the knowledge and time frame of receiving that knowledge has to be identified.

*It is essential to know what we want as the outcome from the integration and what knowledge is needed to achieve that. [...] Usually to achieve the*

*outcome requires transferring knowledge and that is essential.* (Senior Consultant, 13.2.2019)

It was also stated by multiple interviewees that there are challenges in formulating the integration strategy for knowledge transfer. Some knowledge may not be available for the acquirer before the actual closing of the deal. Thus, even though the integration strategy should be aspired to be finished before the integration begins, the acquirer should stay flexible due to possible new findings of the knowledge possessed by the object. Hence, the integration strategy should be flexible for possible changes during the integration.

The identification of vital knowledge fitted in the level of integration is an important step of planning the knowledge transfer. Not all of the company's knowledge bases are necessarily relevant in the context. One interviewee stated that in some cases history data of the company is left as backup and only the last year of business is transferred to the new Enterprise Resource Planning (ERP) software. Not all knowledge possessed in a company needs to be transferred in integration, nor does it bring any value to transfer unnecessary knowledge. Identifying crucial knowledge for that specific integration, depending on the level of integration chosen, is an important element of executing the integration effectively. In the transfer process presented by Szulanski (2000, 12), this phase refers to the initiation part of the process. The gap and need for the transfer have to be addressed before the actual transfer and phase of implementation take place. Transferring needless knowledge back and forth costs resources and time, both vital in post-acquisition integration.

Secondly, the interviewees highlighted the importance of having an experienced integration leader and integration team. Ideally, they should be involved throughout the planning phase to be involved in the entire process and thus, understand the process holistically. As the integration team is formed and valuable explicit knowledge is identified, valuable tacit knowledge should be acknowledged as well. Key employees need to be identified to ensure that valuable tacit knowledge is not lost in the integration process. This will be elaborated more in chapter 5.2.4. Finally, the integration strategy and its execution operate as the overall basis for the development of personal relationships. Depending on the level of integration, the transfer of knowledge requires in some cases a relationship between the involved parties. This basis should be formed early on in the integration to increase the effectiveness of knowledge transfer.

*Of course the strategy and how the integration is done depends on what there is in the acquired company and how their systems and course of actions are managed. So, in some way you have to put the actions together*

*and by doing that, you have the ability to transfer knowledge.* (Vice President, 18.2.2019)

It should be recognized that the higher the level of integration is, the more in risk the acquired company's knowledge base exists. The interviewed Senior Manager stated that if the integration strategy is not coherent, there is a risk to damage valuable knowledge possessed by the target. If all of the functions are integrated, the amount of change and possible insecurity may lead to losing tacit knowledge. Moreover, if explicit knowledge is not monitored or managed well, it may also be disoriented during the integration. These results seem to indicate that various challenges occur in the integration process, but they can largely and quite effectively be managed through a coherent and well-thought integration strategy.

### **5.2.2 *Speed***

According to the interviewees, the speed of executing the integration is indirectly linked to the success of knowledge transfer in acquisitions. This is in accordance with Schweizer (2005, 1061), since the speed of the integration primarily affects the actions taken due to the integration strategy. However, the informants claimed the speed to be a major part of the effectiveness of knowledge transfer in integrations as it can have several consequences for the creation of the basis for transferring knowledge.

The speed of the acquisition integration is a quite controversial subject in the literature and it raises viewpoints either way. Ranft and Lord (2002, 431) state that the quicker and faster the integration is carried through, the less uncertainty is raised. Bresman et al. (1999, 452) argue that slow integration gives the chance of getting everything right from the start and that the effectiveness of knowledge transfer increases with longer integration time. Gomes et al. (2013, 24) claim that even though there is no "right" speed for integrations to be conducted, it can be quite context specific which speediness is the most appropriate.

Based on the interviews it can be concluded that having a quite efficient and fast rather than a slow speed of integration had more advantages and redeeming features to the success of the process and knowledge transfer itself. Nearly all of the interviewees stated that the quicker the integration is carried out, the more effective it is in regards of the results. Too slow of an integration was claimed not to bring any specific advantages to the process or outcome of the integration. This viewpoint of conducting preferably an integration in a fast speed differs from the one from Bresman et al. (1999, 452) who stated that in regards of knowledge transfer a slower integration is more appropriate. Moreover, the interviewed Senior Consultant claimed that since change is always a fear factor, it is



always better to make one big change and after that focus on work rather than having changes come up irregularly multiple times. It was declared throughout the interviews that the date of the radical change does not necessarily have to be on the day one of the integration. However, the needed change should be announced at once and preferably as early in the integration as possible. This considerably decreases the amount of uncertainty among the employees.

The interviewees highlighted the fact that the integration does not have to be rushed, just to make it a speedy one. In some cases, the integration situation was stated to be highly complicated and thus, it should be also executed in an unhurried pace. If the level of the integration is high, it naturally takes a longer time to integrate than just a holding approach. In contrast with the guideline of executing the integration as fast as possible, the interviewed Corporate Acquisition Manager states that a slower start of the integration could be considered to strengthen the trust since there is more time to get acquainted with each other. Trust is considered as one of the main factors to impact the success of knowledge transfer. This is in accordance with Westphal and Shaw (2005, 82) and (Yen et al. 2017, 5). If trust is lacked, it was stated to impact the transfer of knowledge negatively. Moreover, risks in the integration process can affect the speed. The interviewed Vice President stated that when the speed of the integration is considered, the risks of that specific integration should be born in mind:

*If the integration has many risks, then maybe the speed should be slowed down. For example, in cases with high risk of losing employees, one should be more sensible to the speed. (Director of Development, 12.2.2019)*

According to Angwin (2004, 428) a very fast pace of integration does not guarantee success of an integration. This was also understood by the informants throughout the interviews. Hence, the matter of speed should be considered with great care and both sides of the possible advantages should be kept in mind. Even though all of the informants encouraged integration as fast as possible, some alterations were seen in the answers regarding the complexity of the situation. These results indicate that a fast integration speed should be aspired in order to acquire the benefits it brings to knowledge transfer. However, the complexity and level of integration should be kept in mind in order to slow the integration down on demand. The interviewed Senior Manager stated even once the integration strategy is formulized and a time frame for the integration designed, this should be communicated quite clearly to the involved parties. Moreover, he claimed that it is not necessarily critical if everything does not get done in the schedule but rather it is important to communicate the beginning and ending of the integration. This was stated to raise trust in the process and in the integration among stakeholders.

The day one of the integration was claimed to have a large role in the acquisition and in the forthcoming integration. Especially in one of the interviewed companies, a large focus has been put on the planning and execution of the first day of signing the contracts of the acquisition and communicating about the acquisition to stakeholders. They have compiled a nearly minute-to-minute schedule of what actions should be taken and in what order.

*Sometimes it happens, that the plan is good but the execution of it lacks something. That's ok. The more important is that there is a plan of the speed actions are taken and when things are done. (Senior Manager, 11.2.2019)*

The acquisition was claimed to invoke uncertainty, fear and ambivalence among the stakeholders of both of the companies and hence, communication and the plan of dealing with these were stated to be of great importance in regards of the success of the integration. This is in accordance with Epstein (2004, 177) who indicates that the integration requires a high degree of communication throughout the process. If the integration is executed in a short period of time and in a fast speed, communication was also declared to bring clarity to the involved stakeholders. Moreover, the day one and how the integration is managed after that were stated to serve as a foundation for the needed knowledge transfer in the integration. A certain basis and relationship is claimed to be critical for effective knowledge transfer (Scheunemann & Suessmair 2013, 82; Puranam et al. 2009, 317) and hence, this needs to be considered in the choice of appropriate speed as well.

### **5.2.3 Communication**

Throughout the interviews, communication came up as the main influencer of the success of the integration and the effectiveness of transferring knowledge. This is in accordance with Angwin et al. (2016, 2392) and Gomes et al. (2013, 25), who highlight the importance of well-managed and thought out communication to be a driver for the integration. Moreover, communication was stated to serve as the basis for achieving knowledge transfer in the first place. However, all of the interviewees agreed that effective communication in integration is not an easy task to conduct.

After the acquisition is signed, the first phase was mentioned to be to communicate the following actions clearly to all of the stakeholders involved. This was elaborated in the previous chapter, where the actions of day one was noted to have great importance and the effectiveness of that communication was critical to ensure trust and decrease uncertainty. The communication needed from the start is to communicate the wanted

message of the integration to the media, personnel, customers and partners, to name a few. All of the informants agreed that the message should be regular, clear and well thought out. This is in accordance with Gomes et al. (2013, 25) and Schweiger and Weber (1989, 72), who describe effective communication in integrations to consist of constant and consistent communication throughout the integration. Moreover, the interviewees claimed that an important factor of communication is that the message communicated early in the integration should be personalized according to the receiver. The main messages of the integration should be short and concise and flow from top down in the organization. However, longer messages were suggested to be personalized to each receiver to make an impact and ensure the understanding of each message as it was meant to. Scheunemann and Suessmair (2013, 87) encourage vertical communication channels to be built in order to increase the interactivity of communication. This was also emphasized in the interviews by informants who suggested that communication cannot only flow top down but rather also horizontally among employees.

Furthermore, it was stated to be vital that the communication is coherent. It was noted significant that the communication is truthful, and no empty promises are given to the receivers of that message, since those only raise anxiety and uncertainty in an already challenging environment. Challenges in the communication aspect were claimed to be the ability to continue executing communication effectively in the long run. As discussed in the interviews, the communication is often focused on in the early phase of the integration but once the focus is put to the more practical operations and the communication is no longer the first priority, the importance of it may be forgotten. However, as Bresman et al. (1999, 451) note, the more frequent the communication is, the greater is the knowledge transfer. These results indicate that the importance of communication should be kept in mind throughout the integration and not merely in the first days of the integration.

In international and cross-border acquisitions, the question of language raised opposing viewpoints. The interviewed CEO stated that not having a common business language increases the possibility of large challenges in the integration process. He argued that the knowledge transfer is much more complex in international acquisitions compared to acquisitions done in one country, since the difficulties in the language make the transfer of knowledge much more difficult. Moreover, if the entire corporate language has to be changed and all of the existing knowledge translated that makes the process much riskier. Furthermore, if an interpreter has to be used, there is a risk that the knowledge does not stay the way it was intended to. All of these issues were stated to pose a significant risk to knowledge transfer, which should be kept in mind while formulating the knowledge transfer strategy in integrations.

The interviewed Senior Manager did not view the question of language as that big of a challenge, since he believed that English as a business language is all in all quite strong and the situations can be managed. He addressed it more as a subject that may cost the

companies time, but not as a crucial factor in regards of the knowledge transfer process. This difference in opinion is quite interesting as the viewpoints were quite radically different. However, a large majority viewed the situation of acquisition parties having different mother tongues as a situation likely to invoke challenges. These possible challenges would need to be taken into consideration to avoid unexpected problems in knowledge transfer.

Additionally, the question of language was mentioned to be worth considering even though the native tongue would be the same with the parties of integration. All of the interviewees stated that problems may still arise through challenges in the spoken language. It was claimed to be a challenge to make sure that concepts are used in the same manner and that they have the same meaning. It was noted as an important step to take in the integration: communicate the used concepts and ensure the understanding of them. These challenges were stated to be more common in acquisitions, where the integrating businesses are less compatible with each other. This is in accordance with Karahanna (2006, 781) and Wang et al. (2017, 1581) who indicate that the compatibility of prior experience and working methods increase knowledge transfer. However, the challenge in finding a coherent spoken language in a company was acknowledged by all of the interviewees, but not necessarily noted as a deal breaker. Nevertheless, these results indicate that the coherent “business language” should definitely be recognized to create a good foundation for the transfer of knowledge in the integration successfully. The possibility of misunderstandings in the communication raises problems especially on the individual level of the integration. The individual level of integration measures is elaborated in the following.

#### **5.2.4 Retention of employees**

The retention of employees was indicated to be crucial in regards of knowledge transfer throughout the interviews. As the integration context may evoke uncertainty among the personnel, this was stated to be a factor which requires significant attention. This is in accordance with Ahammad et al. (2016, 72), who identifies that employee retention impacts knowledge transfer by retaining specific competences. As indicated in the interviews, the level of integration determines quite significantly the amount of tacit and implicit knowledge required to be transferred. If the success of the integration and the ability to carry out the integration strategy requires the transfer of tacit knowledge, the importance of employee retention increases. These results seem to indicate that when the business relies on knowledge-intensive capabilities, the importance of the retention of employees grows.

The interviewees stated that there are various means to ensure the retention of employees. However, before those measures are taken into action, the companies must be able to identify key employees. In accordance with Scheunemann and Suessemair (2013, 83) the key employees carry the main organizational knowledge base. By losing critical employees, valuable tacit knowledge is lost from the company. Especially in an acquisition integration, the identification was suggested to be done based on the strategy of knowledge transfer. The interviewees indicated that the management must understand what knowledge is required to be transferred and to be able to locate, by whom it is possessed. In accordance with Ahammad and Glaister (2016, 73) financial incentives possess only a minor influence in employee retention. The interviewees agreed on that it is more about reducing uncertainty (Ranft & Lord 2002) and ensuring trust.

Explicit knowledge was stated to be easy to store due to the ability to codify it. Hence, it was concluded that the employee turnover does not risk the loss of explicit knowledge, since explicit knowledge is quite often well-documented in organizational repositories. This is in accordance with Jasimuddin et al. (2005, 106). However, all of the interviewees noted that tacit knowledge of companies is risked, if the companies are not able to keep their employees. The results indicate that the retention of certain key employees is vital for ensuring knowledge transfer. Next, the different mechanisms for transferring knowledge are presented.

### **5.3 Mechanisms of transfer**

A large variety of ways to transfer knowledge exist (cf. Mooradian 2005, Jasimuddin 2011) and the suitability of the mechanisms should be reflected on the kind of knowledge wanted to be transferred. As mentioned by Mooradian (2005, 110), the division of knowledge into tacit and explicit serves as the basis for understanding the different mechanisms of knowledge transfer. This conclusion can also be drawn for the interviews, since all of the interviewees automatically explained ways to transfer knowledge by dividing them into mechanisms for explicit knowledge and tacit knowledge. Moreover, the interviewed Corporate Acquisition Manager stated that the mechanism for transfer depends also on the company culture and what is the most suitable mechanism for that specific company.

*With nowadays technology, one could absorb knowledge for days by just searching for it. However, I do not believe that just absorbing knowledge brings much of the needed added value. It is more about people communicating and discussing the business together. (Vice President, 18.2.2019)*

As stated above, relying only on databases or software to transfer certain knowledge is hardly never enough. According to the interviewees, transferring knowledge in the integration context of high level of integration requires a wide use of knowledge transfer mechanisms to ensure effectiveness. Naturally, the need for various transfer means depends on the level of integration and the requirement of knowledge transfer. However, based on the interviews it can be concluded that using merely one transfer mean is hardly enough. The mechanisms for transferring knowledge are presented in this chapter.

### ***5.3.1 Transfer of knowledge and the aspect of control***

The knowledge transfer process was described by the interviewees to be close to corresponding with Szulanski's (1996) knowledge transfer model introduced in the literature. The interviewed Senior Manager described the transfer as a following procedure: At first, the need for the knowledge needs to be recognized. Once the needed knowledge is acknowledged, the request of knowledge has to be structured in the requested format. Then, the structured knowledge is transmitted to the receiver and after that, the receiver has to gather it and structure it by their understanding. The remainder of the interviewees described the transfer quite similarly, always starting with the acknowledgment of need. Without understanding why certain knowledge is transferred or why it has to be received, the process of transfer is scarcely successful.

*Knowledge transfer is a procedure, which happens due to an input or request of certain knowledge. Once a request is received, it is fulfilled and hence, knowledge is transferred. (Senior Consultant, 13.2.2019)*

The interviewees claimed that once knowledge needs to be transferred, the knowledge needs to be located. In comparison to the Szulanski's (1996) model, once the need for knowledge is recognized, a request of that specific knowledge is executed. However, the interviewees highlighted that it is not always straightforward to locate that needed knowledge. Hence, the interviewees stated that usually the transfer process starts with recognizing the need and locating the needed knowledge. At first, different technical recording environments were suggested to be searched for. Examples of those are servers or physical archives of documents. Those were indicated to be the primary locations to start searching for the knowledge. The level of structure in these is dependent on the companies themselves, as discussed earlier.

However, the implementation of the transferred knowledge evoked some kind of contradictory statements in the interviewees. Both Szulanski (1996) and Yildiz and Fey

(2010) include the implementation phase as rather important in the transfer process. As a matter of fact, the implementation is taken even further, and they describe the process to be finalized after the knowledge is internalized, in other words taken into the company's routines. This was not supported by the interviewees to belong in the pure process of knowledge transfer. The interviewees stated that the transfer process is quite lengthy and complex, but the internalization phase is not considered in the process anymore.

Moreover, the implementation phase was considered to be more the responsibility of the receiver of the knowledge and not so much the responsibility of the sender of knowledge, as it was understood from the literature (Tsang & Tahra 2008, 8). Some stated that the implementation is quite commonly taken for granted and even in the integrations, the receiver of the knowledge is trusted to understand the knowledge as it is meant to by the sender. However, a few of the informants opposed to this view quite strongly and highlighted the responsibility of the sender of knowledge to control the implementation of it as well.

*Trust is good but surveillance is better. It becomes often in these corporate cultures a big problem, if for example a decision is made that some courses of action of even just business cards are replaced. Then it has to be controlled that they actually are and the old ones are not used anymore.*  
(CEO, 19.2.2019)

Some of the interviewees viewed the implementation and initiation phase of the transfer more as an issue of trusting the opposite party and the receiver of the knowledge. Trust and responsibility were pointed out as the main subjects by these informants instead of viewing it as a matter of surveillance. This is in accordance with Westphal and Shaw (2005, 82) and Yen et al. (2017, 5) who identify trust to be the requirement on the success on knowledge transfer. However, in the post-acquisition context, the question of control is quite controversial among the interviewees. Some argue that the situation is of pure leadership question. Monitoring and controlling the knowledge transfer process and how the knowledge is put into operation was stated to be mandatory by some informants in order to stay in schedule and plan. Clear tasks and leadership were highlighted to ensure that the knowledge transfer is successful by all of the parties involved.

The issue of control is naturally important in every company and case of making decisions, but the acquisition integration context provides some challenges of its own. In the integration process, resistance to change from employees is not uncommon. Whichever way the communication is executed, resistance on some level is hardly unusual and this has to be also taken into consideration when planning and executing knowledge transfer. The guidelines of making a decision, executing it and surveilling the implementation of that decision is highlighted since the resistance to change is often

present in these situations. If certain knowledge is transferred and it out rules the use of old knowledge or obsolete course of action, some control needs to be in place to ensure the use of the newly transferred knowledge.

Another way to ensure that the receiver of certain knowledge has received the sent input was described to be to follow it in written format on a platform. In this kind of routine, it is possible to know what kind of knowledge was requested, what has been sent and how has the transfer been made. This was stated to make it possible for both parties to have an understanding of the knowledge transfer processes. The interviewed CEO stated that the most important aspect in controlling knowledge transfer and how the receiver receives the knowledge is to ensure the quality of the sent knowledge. The issue of quality was mentioned by all of the interviewees and the challenge of how to ensure the accuracy of the transferred knowledge was raised as a key role in the transfer process.

*It is vital to make sure, that the receiver of knowledge has the same knowledge available than the sender. In other words, a great effort has to be put that no old versions or outdated knowledge is left around but rather that every party has the same knowledge available. (Senior Consultant, 13.2.2019)*

To be certain of the accuracy of knowledge, trust was raised as one of the main aspects. Moreover, trust is a crucial factor in the transfer process and measures to confirm trust between the acquisition partners is vital in the transfer process. The necessity of trust and its effects on knowledge transfer will be elaborated more in chapter 5.4.

### **5.3.2 Reciprocal transfer**

According to the interviewees, in the case of acquisitions either side of the acquisition can be the sender or receiver of knowledge. This is in accordance with Bresman et al. (1999, 444) who state that knowledge transfer in post-acquisition integration refers to the extent to which the acquiring or target firm utilizes the target or acquiring firm's transferred knowledge. The interviewees agreed along with each other that especially in the beginning of the integration, the knowledge flow is usually one-way from the acquirer to the acquired unit. This is similar to the findings of Bresman (1999, 457). The interviewees stated reasons behind this one-way transfer to be the characteristics of the acquirer in most cases, since usually the acquirer is larger volume-wise than the acquired unit. Moreover, the interviewees indicated that in the early stages of the integration, bigger changes are implemented and knowledge regarding those changes needs to be transferred, again usually happening according to the plans of the acquirer.



As mentioned in the interviews, the beginning of an integration usually involves greatly the need to transfer static explicit knowledge existing in databases and in those cases the direction is quite often one-way. However, reciprocal knowledge transfer was claimed to be more likely to occur later on in the integration, especially in the case when transferring tacit knowledge becomes topical. This is in accordance with Bresman et al. (1999, 457) who viewed the shift of the direction in the transfer process to move from one-way to more reciprocal later on. Furthermore, implicit knowledge must in some cases be transferred in a reciprocal way to enable the desired outcome of the integration. The interviewed CEO stated that the transfer should be aimed to be a two-way flow of knowledge to ensure the balance and be able to notice possible flaws easier. Moreover, especially the acquirer should be cautious of the possible advantages of the acquired companies' courses of action.

*It is important to reckon that not all of the best practices come from ourselves [...] Combining the two corporate cultures is vital. In the past years knowledge transfer has often gone by the terms of the acquirer but nowadays we have focused on combining the two corporate cultures and transferring knowledge back and forth. I can honestly say that we have learned a lot from the acquired companies also. (Senior Manager, 11.2.2019)*

As mentioned in the interviews, the direction is not necessarily one-way. As the integration provides a quite complex situation, it can also occur that during the integration the acquirer identifies better execution of something on the target's end and thus, certain knowledge is transferred from the acquired company forward. The interviewed Vice President stated that regardless of the direction of the transfer, the clarity of the process needs to be superb and that everyone is aware of what direction the knowledge needs to be transferred. If the acquired company has a better system, it can be transferred to the acquirer but particularly in those cases decisions have to be made transparently and effectively. An important observation was made by the interviewed Vice President stating that two systems of the same function should not be used at the same time. This requires again control and following the integration strategy consistently.

Some form of change in the integration parties' personnel was encouraged throughout the interviews. It was stated that by conducting personnel exchanges, even minor ones, the possibility to transfer successfully both parties' organizational cultures and other implicit knowledge increases. Mixing counter functions of the acquisition parties, even for just a short amount of time, increases knowledge transfer. The significance of such actions was emphasized particularly in the case of higher level of integration, where the objective is to utilize the best practices of both parties. This is in accordance with

Haspeslagh and Jemison (1991, 148) who state that the exchange of personnel increases knowledge transfer. Next, specific means for transferring both explicit and tacit knowledge are introduced.

### **5.3.3 *Means for explicit knowledge***

From the interviews, a wide range of transfer mechanisms for explicit knowledge emerged, depending on the exact type of the explicit knowledge needed to be transferred. The appropriate mean to transfer knowledge was stated to depend nearly entirely from the situational integration context. In some cases, explicit knowledge could be transferred and implemented in a very fast speed by just transferring certain explicit knowledge from one database or software to another. This is in accordance with Connell et al. (2013, 141) and Jasimuddin et al. (2005, 198) and the codification view, where knowledge is codified into databases and it can be transferred without having to contact the person who developed that specific knowledge. The interviewees noted similarly with Jasimuddin et al. (2005, 198) that the codification approach is used with technology-based solutions on explicit knowledge. Moreover, the speediness and fast implementation were mentioned to be the key advantages of the codification approach.

However, in order for the codification approach to be just a smooth transfer, it was stated in the interviews to require that the acquisition parties share the same software and technical features. This was claimed not always being the case. The interviewed Senior Consultant specified that the construction of an entirely new database to make knowledge transfer possible from one system to another can be a lengthy process slowing down their transfer of certain knowledge. Hence, it can be concluded from the interviews that the preparation for knowledge transfer plays a key role. This in accordance with Huber (2001, 73) who indicates archived codified knowledge is easy to transfer if the sender and receiver share similar vocabularies and models of actions. This indicates that if there is a lack of compatibility among these, the transfer possibility of merely using the codification approach decreases.

The speed of transferring explicit knowledge can vary quite significantly and if the acquisition parties have made a transfer plan based by incorrect comprehension of the efforts the transfer requires, it poses a challenge to the transfer. These results seem to indicate that in the case of compatible companies and databases required for codification, the transfer of explicit knowledge can be fast and efficient. However, if incompatible solutions exist in the integration parties, the process may be significantly slower. Moreover, one of the informants stated that an unexpected slowdown in transferring critical knowledge from one party to another can have crucial consequences to the integration and the progress of the company's operations.

According to the interviewees, the primary objective in an integration is to create an access to knowledge on both sides of the acquisition. At first, the primary objective is to achieve an access for the acquired company to the knowledge of the acquirer, but the aim is to achieve reciprocal transfer as soon as possible. However, as stated multiple times throughout the interviews, the creation of such access is challenging, regardless of how quickly into the acquisition process it is started. Once the access to explicit knowledge bases is achieved, major amount of knowledge can be transferred effectively to and from the acquirer. As the explicit knowledge can be understood without the sender of knowledge, the transfer process was noted to be quite straightforward from that point on. Moreover, the use of third parties, such as external consultants, was supported for the transfer of explicit knowledge.

All of the interviewees proposed documentation and exchanging databases or systems as an effective and speedy way to transfer explicit knowledge. Moreover, the importance of face-to-face communication was highlighted intensely. Focusing more on the hybrid mode (Jasimuddin et al. 2012, 201) was noted in some cases to bring more effectiveness to the transfer of explicit knowledge. The interviewed Senior Manager argued that the easiness comes from the ability to specify that possible request of knowledge immediately and by doing that ensure to acquire that specific knowledge what is wanted.

*Without a doubt documentation and exchanging explicit knowledge merely via software and systems is not enough in post-acquisition integrations. More transfer mechanisms have to be considered. (Senior Consultant, 13.2.2019)*

The use of only explicit transfer mechanisms was indicated to be inadequate by all of the interviewees. In order to ensure the effectiveness of the knowledge transfer, communication and conversations were highlighted to have value. This is in accordance with Ranft (2006, 64) who indicates that face-to-face communication is beneficial in acquisition integrations also with the intention to transfer explicit knowledge. Thus, even though explicit knowledge can be transferred without any interaction, it can be stated according to the interviewees that one should not rely merely on those. This is in accordance with Jasimuddin (2008, 63), who introduces the hybrid model of knowledge transfer. The best result is guaranteed by using both explicit and tacit transfer mechanisms interlocked. Especially in integration phases, where the situation can be quite unpredictable, the focus should be placed to support the hybrid mode. Even though something could be transferred by only giving access to explicit knowledge and giving the receiver of that knowledge the responsibility of acquiring it, some level of interaction was advised to be conducted.

#### 5.3.4 *Means for tacit knowledge*

The mechanisms for transferring tacit knowledge were stated to be quite different from the means for explicit knowledge. This can be understood also quite clearly from the literature, since tacit and explicit knowledge differ distinctively from each other. Tacit knowledge was declared in the interviews to be transferred with the people of an organization. If an employee is dismissed, tacit knowledge was stated to vanish as well. In order to ensure that no critical tacit knowledge is lost, the importance of identifying the location of that crucial tacit knowledge was highlighted. The interviewed CEO noted that they have performed interviews or other face-to-face encounters to try to transfer tacit knowledge from one to another but the likelihood of succeeding by doing that is quite limited according to him. This notion was supported by other interviewees. This is in accordance with the externalization phase of Nonaka and Takeuchi (1995, 67) in which tacit knowledge is articulated into explicit concepts. Communication was considered to be the main method of executing the externalization phase, but the difficulty was also noted by Nonaka and Takeuchi (1995).

As the knowledge transfer was stated to be quite often in the beginning of an integration quite one-way and only later becomes reciprocal, a similar shift can be noted from the type of knowledge transferred. In the beginning of an integration, the focus was mentioned to be more on the explicit knowledge transfer. Later on, the possibilities to transfer tacit knowledge were stated to increase, as the trust and relationship between the integration parties grows.

*People tend to be quite loyal towards the company they work for and even after the integration has started, implicit knowledge may be difficult if not impossible to transfer. (Senior Manager, 11.2.2019)*

All of the interviewees mentioned that tacit knowledge is inseparable from individuals or groups holding that knowledge. Hence, one cannot transfer tacit knowledge merely by transferring it without some form of interaction. This is in accordance with Jasimuddin et al. (2005, 198). Moreover, the interviewees agreed with Argote and Ingram (2000, 164) and their view on knowledge being embedded in its members and how the tacit knowledge can be transferred by either moving or modifying them, as in personnel movement for example. All of the interviewees acknowledged that the transfer of tacit knowledge is significantly slower than the transfer of explicit knowledge but the importance of transferring tacit knowledge also as effectively as possible in an integration was mentioned to be critical for companies.

Social communities were seen among each of the interviewees as the most important mean to transfer implicit or tacit knowledge. This is similar to the findings of Bresman et

al. (1999, 442), who describe social communities to be a group with similar values and a low risk of taking advantage of its members. The interviewees mentioned social communities to increase the willingness of employees to participate in knowledge transfer and to achieve the transfer of tacit know-how. Moreover, social communities were stated to be of great importance to ensure networking and gaining the feeling of being a part of the same team. The importance noted by the interviewees of social communities is in accordance with Bresman et al. (1999) and Scheunemann and Suesmair (2013, 87).

*Social communities cannot be stressed enough. Once those social communities are formed and you can observe the communication shifting more informal, that's when you know that you are making progress. (Vice President, 18.2.2019)*

It was conveyed in the interviews that the challenge regarding social communities as a tool for transferring knowledge is to formulate them. The foundation of social communities may require some guidance and encouragement to the personnel to exchange knowledge also in an unofficial way. Moreover, it was encouraged to start forming such communities from the beginning of the integration to ensure the quality of them as the integration progresses. It was stated throughout the interviews that social communities cannot be forced but rather some encouragement towards them from management was mentioned to be of high value. The more informal the conversation stays, the better it was stated to be in regards of knowledge transfer. This is in accordance with Greenberg and Guinan (2004, 145) who indicate that informal networks are crucial for transferring knowledge during integration.

The interviewees claimed that through social communities the implicit knowledge can be transferred, and the interactivity of the acquisition parties increases. Hence, the interviewees believed that the ability to build these social communities can serve more than just as the basis foundation for transferring knowledge. They indicated social communities to be a prerequisite for a successful integration. Social communities enable interaction with the personnel of both of the companies involved in the integration and they were seen vital for the entire success of integration. These results seem to indicate that even though social communities can be seen as somehow easy to build, challenges regarding such communities often arise. However, the focus should be put into building such communities due to the wide range of benefits they are likely to bring to the integration. Moreover, it can be stated that the complexity of building such social communities decreases the more the integration parties are compatible with each other.

Other mechanisms for transferring tacit knowledge besides social communities were mentioned as well. The interviewees mentioned observation, meetings and training to be effective ways to transfer tacit knowledge. It was noted that these mechanisms would

consume time resources but the effectiveness of them was considered to be worth the lost time. These modes of transfer are in accordance with Bresman et al. (1999, 446, 451). One of the challenges in integrations was mentioned to be that a company remains inside the other company. This refers to a situation, where both companies continue functioning as individual companies and the tacit knowledge in them is not transferred between them. If such a situation is not a wanted outcome, the integration is more than likely to fail. This indicates that the transfer of tacit knowledge effectively is of utmost importance to the integration.

The interviewed CEO had recently utilized a “knowledge bank” as a mean to transfer tacit knowledge in post-acquisition integration. This mean of transfer was also supported by other interviewees as an effective method, even though they lacked actual usage experience in it. In the knowledge bank, the tacit or implicit knowledge is made explicit. This follows the externalization step of the knowledge spiral by Nonaka and Takeuchi (1995, 65). In the knowledge bank, it is documented who knows what and the valuable employees are identified. This kind of transfer mechanism was stated to be one of the newest tools for knowledge transfer and by using such a method, the company can ensure that valuable knowledge and employees are identified and thus, transferred accordingly. However, it was stated that documenting implicit knowledge into explicit requires significant resources. This is in accordance with the findings of Nonaka and Takeuchi (1995, 65), who view this sort of knowledge transfer to be most time-consuming one. This comes back to the retention of employees. Once key workers are identified, they must be engaged and motivated in order to ensure the transfer of such valuable implicit knowledge. Moreover, in international acquisitions, the level of language skills of the new corporate language was mentioned to be something that should be identified. This can be done for example in these knowledge banks to ensure effective knowledge transfer. Other important features regarding knowledge transfer in post-acquisition integrations are presented next.

#### **5.4 Features facilitating the transfer**

To achieve effective knowledge transfer, the literature has recognized multiple factors affecting it. Besides the kind of knowledge required to be transferred and the ability to choose the most suitable transfer mechanisms, also other factors were mentioned in the interviews to affect the transfer. These factors are namely motivation, organizational similarity, unlearning, absorptive capacity and trust. These are presented in this chapter.

### 5.4.1 *Motivation*

Among the interviewees, *motivation* was expressed to be a crucial component of knowledge transfer. Motivation was described to dictate how much time or effort is put into compiling a request for certain knowledge and on the other hand, how much time is invested into handling the received knowledge on the receiver's side. If there is a lack of motivation, the knowledge transfer was stated not likely to be effective. This is in accordance with Kalling (2003, 121) who identifies that the stronger the motivation is, the more likely individuals invest in the transfer process. Eventually, knowledge transfer was argued to require some kind of effort from both sides of the transfer. If motivation is lacking, the results are likely to be unsatisfactory. The importance of motivation was highlighted to be especially important in the context of post-acquisition integration. Compared to intra-organizational knowledge transfer, the uncertainty and complexity of the integration situation was mentioned to increase the importance of adequate motivation of the knowledge transfer parties.

Easterby-Smith et al. (2008, 679) note that both the sender and receiver of knowledge require motivation to be able to fulfill the purpose of knowledge transfer. Moreover, the need for motivation is considered similar by both the sender as well as receiver of knowledge. The receiver's motivation to learn is considered as an equally important factor with the sender's motivation to teach. This was considered differently by the informants in comparison to the literature. It was indicated that motivation is actually more important for the sender of knowledge. If the sender of certain knowledge lacks motivation, the content of the knowledge inadequate or even incorrect. If this is the case, it is stated to have tremendous effects on the transfer process. However, if the receiver lacks motivation, it is more stated to be their shame and not so crucial regarding the actual knowledge transfer process. Naturally, this can affect the integration outcome by not utilizing transferred knowledge to its best possible way, but it is more a question of control than a direct effect to the knowledge transfer process. Hence, it can be stated from the interviews that motivation should be encouraged by both parties, with a larger focus on the sender of knowledge. These results seem to indicate based on the interviews that by focusing solely on the knowledge transfer process, the motivation of the sender has more of an impact.

For the sender of knowledge, one mean to increase motivation was mentioned to be possible incentives. The sender of knowledge usually needs some form of rewarding to transfer that knowledge in one form or another. Moreover, the receiver of knowledge can be motivated quite similarly. By providing both individual and group-level incentives, the best results were stated to be achieved. To increase motivation in acquisition integrations, extrinsic reward systems were highlighted among all of the informants. The key personnel regarding an acquisition were noted to be of great importance in conducting

an integration and each of the key employees should benefit from a successful integration by a considerable bonus. The challenge in these sort of motivation tools was indicated to be the definition of what makes the integration successful. The wanted outcomes of an integration was suggested to be written down very clearly and explicitly, in order for it to have the best effect on the motivation. If the goal is not clearly formulated, the sought for outcome is challenging to achieve.

One issue concerning the post-acquisition integration was stated to be the change in motivation by the acquired company. In some cases, the change was mentioned to be quite radical, as there could be shift of power and changes in the decision making processes. The power of making decisions might disappear entirely from the seller.

*It is crucial to get the acquired company and the employees of it motivated in the integration process. [...] Lack of motivation can affect the business and its outcomes, if the acquirer does not react quickly to the situation.*  
(CEO, 19.2.2019)

The importance of noticing the lack of motivation early enough and focusing on that aspect was highlighted. Speediness of the decision making in integrations was encouraged by the interviewees. As stated repeatedly, acquisition integrations raise uncertainty among the personnel. If overlaps in the functions of the integrating companies exist which have to be dissolved due to profitability issues, those changes should also be conducted swiftly. It was noted that each employee does understand that after an acquisition, there is rarely a need for example for two departments of financial administration. Hence, the needed changes were advised to be made as fast as possible. If the personnel of the acquisition companies are just waiting around and the uncertainty rises, it is stated to affect the outcome of the integration quite radically. Each employee should know their new tasks and future state in the company quickly to ensure value creation from the integration. Moreover, this increases the motivation of the personnel.

In order to be able to conduct changes at a fast speed, it requires careful planning already before the integration starts. As stated before, in some cases it is challenging to know for certain the knowledge bases and key employees of the seller, but the focus should still be put in conducting an integration plan as good as possible. Moreover, as noted by the interviewees, a quick pace and conducting changes at once is a better solution in regards of decreasing uncertainty among the personnel.



### 5.4.2 *Organizational similarity*

*Compatibility* of organizational cultures, values and routines was considered to be an influence factor by the most interviewees to knowledge transfer. Similarly to Samaddar et al. (2006, 476), the interviewees encouraged to impact the inter-organizational relationship. Moreover, the interviewees acknowledged a difference in intra-organizational knowledge transfer and cross-border acquisition knowledge transfer. As moving across country boundaries, the disparity of the organizational norms was stated to be likely to increase. Hence, compatibility was viewed to have more of an impact on international inter-organizational knowledge transfer than intra-organizational. Besides national cultural differences, differences in the organizational cultures were reported to differ largely in cross-border acquisitions. Incompatibilities in norms and values of the integration parties were mentioned by all of the interviewees to affect knowledge transfer.

The requirement for compatibility raised opposing viewpoints by the interviewees. Some stated that it has a large influence on the knowledge transfer. This is in accordance with Yen et al. (2017, 6) who argue that organizational similarity has a great importance to knowledge transfer. The interviewees mentioned that in the case where the parties are compatible with each other, the transfer of knowledge is easier. The lack of congruence was not viewed as the deal breaker but rather the transfer of knowledge between compatible parties was described to be more straightforward. Furthermore, the interviewees explained the process of knowledge transfer to be less surprising, since the good organizational fit makes the situation more familiar and safer.

However, two informants stated that the compatibility of the integration parties is not important in regards of the actual transfer process of knowledge. It was stated that the organizational similarity does not affect sending a requested knowledge, nor does it affect the process of receiving and understanding knowledge. The compatibility was more stated to affect the communication in an integration rather knowledge transfer. This is quite opposing from the view of Yildiz and Fey (2010, 449) who state that the higher the compatibility is between integration parties, the higher is the knowledge transfer. Moreover, a contradiction could be observed among the interviewees on this matter.

The compatibility of the companies was claimed to affect knowledge transfer in a quite indirect way. For example, the interviewed Vice President stated that the more incompatible the parties involved in the integration are, the more risks are involved and thus, the speed of the integration should be slowed down. This is an example of the congruency affecting the integration measures in an indirect manner. Moreover, knowledge compatibility was included into the discussions in the interviews. Similarly to the findings of Park and Ghauri (2011, 123), the compatibility of knowledge bases was mentioned to affect knowledge transfer. Especially the ability to receive knowledge the way it was sent was highlighted to depend on the knowledge compatibility. If the

integration parties lack congruence in their actions or values, unlearning was mentioned to be a way to enable the process of knowledge transfer. This will be discussed in the following sub-chapter.

### **5.4.3 *Unlearning and absorptive capacity***

*Unlearning* was repeatedly mentioned to be a significant attribute in transferring knowledge and especially in implementing acquired knowledge into the routines. As stated in the literature (Casal & Fontela 2007, 66; Yildiz & Fey 2010, 454), the further the knowledge bases of the integration parties are, the more one has to unlearn previous knowledge or patterns of action. The informants agreed on how difficult unlearning can be and highlighted the importance of focusing on this aspect. Routines were declared as a very slow and challenging aspect to unlearn, which can also hinder the transfer of new knowledge or receiving new knowledge. This is in accordance with Fowler et al. (2000, 370). Hence, the tacit knowledge is especially difficult to unlearn. Routines of tacit knowledge are not official practices but rather habits that have been decided to conduct in certain ways. Such unlearning may require a significant time and in some cases, unlearning might never fully happen.

The difficulty of unlearning prior knowledge was indicated to depend on the kind of knowledge. Explicit knowledge was claimed to be much easier to unlearn than implicit knowledge. Moreover, the communication about these aspects needed to be unlearned was argued to be different depending on the type of knowledge. It was stated in the interviews, that if explicit knowledge has to be unlearned, it can often be communicated via bulletins or an official notice. The individuals in these cases observe the notification and can quite easily start the unlearning process, if a new action is introduced to be used instead. On the contrary, implicit knowledge is much more difficult to unlearn. The informants argued that sometimes there need to be changes done in the personnel in order to ensure the needed change. Otherwise, if unlearning is not occurring as desired, the integration is not going to succeed. This is similar to the findings of Wang et al. (2017, 1582) who state that without organizational unlearning, organizational change is not likely to occur.

The informants indicated that the level of the prior knowledge base is of great importance in knowledge transfer. They highlighted the significance of having relevant prior knowledge on both the sender and receiver side of knowledge. When the sender of knowledge possesses prior knowledge on the topic being requested, the knowledge is easier to transfer. On the contrary, knowledge is much easier to receive once you can recognize the value of the new knowledge and understand and absorb it reflecting on the past knowledge base. This importance of prior knowledge base in knowledge transfer is

referred to as *absorptive capacity* in the literature (Kim 1998; Van Wijk et al. 2008). In accordance with Cohen and Levinthal (1990, 131) the prior knowledge base of relevant knowledge simplifies the transfer process. These results seem to indicate that even though the informants did not mention the concept of absorptive capacity, it plays a key role in analyzing factors affecting knowledge transfer.

The lack of absorptive capacity can be a major challenge for knowledge transfer and hence, the integration parties should try to encourage and increase absorptive capacity in their personnel. The knowledge bases were suggested to be expanded by training or observations to ensure the absorptive capacity is high need for the knowledge transfer process. Moreover, as the absorptive capacity exists on individual and collective dimensions (cf. Cohen & Levinthal 1991; Matusik & Heeley 2005; Zhao & Anand 2009), both of these dimensions were mentioned in the interviews to require consideration in regards of knowledge transfer. Although the knowledge base of individuals was highlighted to affect the knowledge transfer, so does the prior knowledge base of an organization. As stated by Cohen and Levinthal (1991, 131) the organizational absorptive capacity is formed by the prior knowledge bases of its individuals. Agile decisions regarding knowledge transfer were mentioned to be easier to conduct once the organizational absorptive capacity is well managed and on a good level.

#### **5.4.4 Relationship and trust**

Since a post-acquisition integration involves always at least two parties, the *relationship* between them was acknowledged by all of the interviewees as an influence factor regarding knowledge transfer. Greenberg and Guinan (2004, 142) and Scheunemann and Suessmair (2013, 85) consider the social relations between the knowledge transfer sender and receiver as an enabler for knowledge transfer. This was notified in the interviews as well. The relationship was regarded as a good one, when it involved active and fair communication. To achieve such desired satisfactory and balanced relationship between the integration parties was however not regarded as something that can be taken for granted. It was claimed to be a significant investment from the involved parties to form a good relationship. The interviewees argued that minor differences in work or actions are not as significant in regards of knowledge transfer than building an effective relationship. This is in accordance with Westphal and Shaw (2005, 95) who encourage to focus on building a productive relationship over worrying on incompatible routines.

The benefit of achieving a good relationship was noted to serve as a basis for the knowledge transfer to occur. Once a relationship is formed, it was stated to be much easier to transfer knowledge. Key aspect of achieving a good relationship was argued to be open communication. Neither of the integration parties should deliberately hide matters that

are important to the integration. The interviewees acknowledged that integrations often include subjects that cannot be discussed due to legal issues or issues of leadership. Nevertheless, the interviewees highlighted the importance of sharing as openly as possible knowledge about the integration. Such knowledge could entail information about the integration schedule or the actions that are taken in the near future. Open sharing about the integration is in accordance with the suggestions of Scheunemann and Suessmair (2013, 87).

However, the acquisition context was claimed to impose challenges towards forming an adequate relationship. The situational background of the acquisition may differ drastically. One interviewee stated that if the acquisition is of a hostile kind, the relationship is naturally much more difficult to form than in a friendly one. Moreover, it was indicated that the attitude among the employees towards the acquisition overall has an impact. If the attitudes are already in the beginning of the integration hostile, it is more difficult to transfer knowledge effectively. In these situations, the interviewees advised to focus first on improving the relationship and only after that can knowledge be transferred effectively. These results seem to indicate that a large focus should be put into communication, since it affects important influence factors regarding knowledge transfer. Especially in the integration context, open and honest communication is encouraged to be on a good level before effective knowledge transfer can be created.

*Trust* was considered to be a component of the good relationship. By ensuring a good level of trust, the effectiveness of knowledge transfer can be impacted. This is in accordance with Westphal and Shaw (2005, 82) and Yen et al. (2017, 5). Furthermore, Yen et al. (2017, 5) claim that trust should be increased gradually after the integration starts. This was acknowledged by all of the interviewees. Actually, the interviewees stated that trust is not possible to achieve abruptly but rather in a slow pace gradually.

Moreover, a good relationship was encouraged in order to achieve reciprocal knowledge transfer. Once a relationship is ensured, the fear of being exploited by the receiver diminishes. Hence, reciprocal transfer is more likely to occur in a trusting relationship. This supports the findings of Greenberg and Guinan (2004, 150) who viewed that without trust the parties avoid knowledge transfer activities. A focus on respect for the other integration party and an equal approach were mentioned to improve the relationship and hence, have a positive impact on the knowledge transfer.

*Trust, openness and respect cannot be highlighted enough in regards of building a good relationship. These are not something that can be taken for granted, especially in an integration context, where the experience is not always only positive. (Director of Development, 12.2.2019)*

As mentioned earlier, a part of the integration strategy is to identify the key employees of the acquirer and acquired companies, to manage the knowledge more effectively. The situation of post-acquisition integration raises often quite a lot of anxiety and uncertainty and these have to be managed in order to create trust and be able to keep the key employees. If this is not done well in the integration, vital tacit knowledge may be lost in the process. Moreover, trust is mentioned among the interviewees as one of the vital factors to ensure knowledge transfer in the integration. If key employees are lost and trust is not achieved between the integration parties, it has enormous effects on the effectiveness of knowledge transfer. It can be concluded from these results that trust should be highlighted and emphasized intensely throughout the integration process, no matter how challenging the acquisition integration context may be.

To conclude the findings presented in this chapter, it can be claimed that the post-acquisition integration presents a complex and dynamic environment for companies to transfer knowledge effectively. Moreover, it can be argued that knowledge transfer indeed has various impacts to the outcome of the integration and thus, effective knowledge transfer is vital for companies involved in the post-acquisition integration process. In the next chapter, theoretical and managerial conclusions are presented, together with suggestions for future research.

## 6 CONCLUSIONS

This chapter presents the conclusions of this study. First, the theoretical contribution is introduced by using the framework established earlier based on the theoretical literature review and by modifying the framework according to the empirical findings of the study. Thereafter, managerial implications are elaborated to give guiding principles for companies to observe when aiming for effective knowledge transfer in post-acquisition integrations. Finally, suggestions for future research together with the limitations of the study are presented.

### 6.1 Theoretical contribution

Knowledge transfer is of great importance in the post-acquisition integration and the ability to align the operational practices and organizational cultures of the integration parties is likely to affect the success of the M&A integration (Junni & Sarala 2013; Kosonen & Blomqvist 2013). However, the post-acquisition integration creates a relatively complex context for the transfer of knowledge amid the members of the acquiring and target side. The complexity is mostly due to increased levels of uncertainty and the ability to conduct the integration efficiently (Ranft & Lord 2002). Moreover, the influence factors affecting the outcome of the integration also largely affect the effectiveness of knowledge transfer. Although effective knowledge transfer has been widely linked with a successful integration outcome (Bresman et al. 1999; Ahammad et al. 2016), executing effective knowledge transfer has been established in this and in previous research to have many factors influencing it (Easterby-Smith et al. 2008; Scheunemann & Suessmair 2013).

This study aims to develop a framework for transferring knowledge effectively in post-acquisition integration process. Chapter 3.4 introduces a framework based on the existing theories and findings, comprising together the three sub-objectives of this study: the importance of effective knowledge transfer in integrations, the factors facilitating knowledge transfer, and the most effective transfer mechanisms for transferring knowledge. In figure 9, the above mentioned framework is modified based on the findings from the empirical research. All modifications made to the original framework are presented as bolded in the figure.

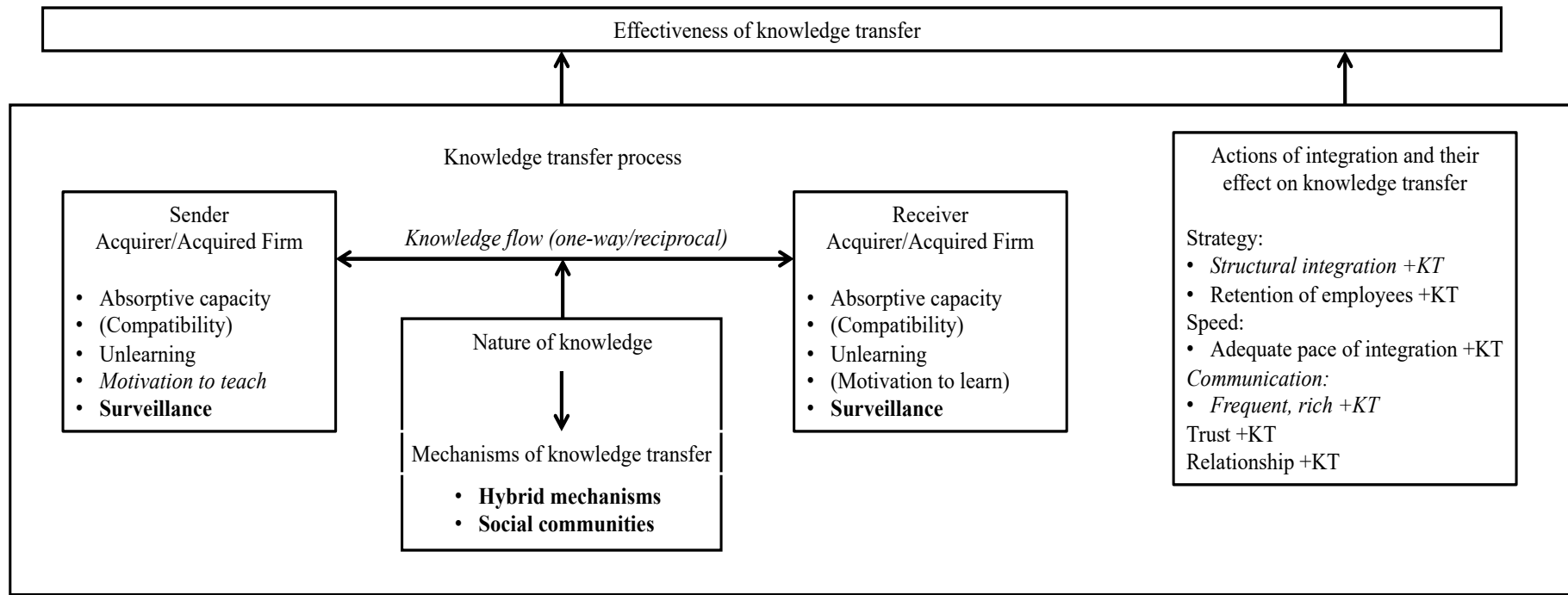


Figure 9 Final framework

The final framework presented in figure 9 presents the three elements considered in this study to influence the effectiveness of knowledge transfer. The framework shows all the factors that were agreed by the interviewees in the empirical analysis to influence effective knowledge transfer. The empirical data supported the theoretical framework almost to the full extent and none elements were entirely removed from the theoretical framework. This indicates that the empirical data reinforced the literature review conducted. However, a few points were added to be present in the framework based on the empirical analysis. These points are bolded in the framework. A few other factors were highlighted in the interviews to be particularly vital for effective knowledge transfer, which are written in italics. Furthermore, some aspects were stated not to affect knowledge transfer as much as it was stated in the literature to affect. Parentheses are added to these aspects to demonstrate the decrease in importance based on the empirical analysis of this thesis.

In general, the importance of effective knowledge transfer in cross-border M&A is emphasized. Based on the findings of this study, knowledge transfer cannot be regarded as a process that can be taken for granted. Especially in the integration context, the possible difficulties are likely to increase for transferring knowledge. Moreover, multiple factors affect the transfer of knowledge and many of them are interlinked with each other. This means that when aiming to transfer knowledge, many different factors have to be considered as influence factors for the transfer. If there are problems with those, it will affect the transfer of knowledge and hence, the outcome of the integration.

When discussing the first part of the framework, examining the characteristics of the sender and receiver of knowledge, many different factors contribute to the effectiveness of knowledge transfer. As the theory suggests, the absorptive capacity, motivation, compatibility and ability to unlearn are characteristics that affect the knowledge transfer process between the sender and receiver (Yildiz and Fey 2010; Easterby-Smith et al. 2008). Many of these factors became underlined also in this study as well while some new aspects emerged. These factors are now highlighted in figure 11. Especially the importance of motivation for the sender of knowledge can be considered as one of the main influence factors regarding knowledge transfer. It became evident from the interviews that without sufficient motivation from the sender of knowledge, the transfer is more likely to be inefficient or defective. Moreover, motivation was regarded more important for the sender of knowledge than the receiver. This is an important finding since the literature highlighted motivation to be equally important for the two parties. Motivation was considered to be in somewhat importance for the receiver but rather the receiving side of knowledge transfer was seen as an obligation. Hence, motivation is not considered to be as important for the receiver of knowledge but rather a question of control in implementing the newly received knowledge.



As the theory suggests, knowledge transfer process starts with noticing a need for knowledge transfer and then the actual transfer occurs, ending with the receiver implementing the newly adopted knowledge into their routines (Szulanski 1996; Tsang & Zahra 2008). A similar understanding of knowledge transfer came across from the interviews, but the main difference is the question of control and surveillance. In the earlier literature, motivation by the receiver of knowledge was considered to be the main influencer to ensure that the received knowledge is being implemented into their routines (Szulanski 1996, Yildiz & Fey 2010). Some contradictory findings were found based on this study. Although the motivation of the receiver of knowledge plays some role, control was regarded more important, especially in the context of post-acquisition integration. Whereas some level of motivation increases the possibility to implement the transferred knowledge, control from the management in implementing the received knowledge into routines is highlighted. In many cases some level of resistance for change or uncertainty exist in the midst of integration and hence, the need for control amplifies. Thus, control is added as an influence factor to affect the effectiveness of knowledge transfer.

The importance of compatibility between the sender and receiver of knowledge raised some opposing viewpoints between the interviewees. Earlier findings indicate that organizational similarity between the transfer parties increase knowledge transfer and its effectiveness (Samaddar 2006 ; Yildiz & Fey 2010; Yen et al. 2017). This view was supported by the majority of the interviewees based on their opinion that whenever the parties are compatible in their earlier strategical actions and values, knowledge transfer is much easier and less flaws occur. Moreover, supporting the earlier findings (Zaheer et al. 2013), the higher the business compatibility is, the higher is the level of integration. Thus, the level of knowledge transfer is ought to be higher. However, some interviewees viewed the importance of compatibility to have a rather indirect effect on knowledge transfer stating that the possible challenges arising from incompatibility are quite straightforward to overcome and possible effects on knowledge transfer are minor. Moreover, incompatibility was stated to affect the integration measures, such as the communication or speed of integration. Hence, it could be argued that compatibility does have a positive effect on knowledge transfer in integrations due to the diminishes in the level of risk, but the lack of compatibility does not endanger effectiveness of knowledge transfer. To conclude, *the findings of this study reinforced mostly the existing viewpoints with regards to the different characteristics of the sender and receiver of knowledge transfer while also providing some new insights*. Thus, it could be argued that these characteristics presented in this study could be valid in other contexts as well, such as intra-organizational knowledge transfer or other modes of foreign direct investment.

Next, knowledge transfer mechanisms from the framework are elaborated on. The findings of this study reinforced the already existing understanding to great extent. Earlier literature implies that different transfer mechanisms should be used, depending on the

type of knowledge transferred. When it comes to finding the most appropriate mean for knowledge transfer, it is acknowledged that the choice is quite context-based and depends on the kind of knowledge. Social communities were highlighted massively in the interviews, similar to the findings of Bresman et al. (1999). The advantages of building unofficial and laid-back communities are that more implicit knowledge can be transferred effectively. Especially in the context of integrations, social communities were acknowledged to be vital. The basis for knowledge transfer has to be created and social communities can be regarded as a well-managed basis. If no basis for knowledge transfer exists, the effectiveness of possible transfer will diminish significantly. However, the challenge lies in forming a trusting environment for social communities to occur and to create such basis for knowledge transfer. Moreover, as indicated in the existing research (Jasimuddin et al. 2011), hybrid transfer mechanisms can be seen to increase their importance. Even though something could be transferred mainly following either the codification or personalization approach, a combination of both mechanisms was encouraged. Hence, the effectiveness of knowledge transfer is likely to increase. Consequently, it can be concluded that *the choice of knowledge transfer mechanisms should be conducted carefully elaborating on the type of knowledge needed to be transferred. Moreover, depending on the level of integration, focus should be put into transferring tacit or implicit knowledge due to the complexity of its transfer.*

Finally, the integration measures affecting the effectiveness of knowledge transfer are discussed. In this thesis the focus was on the organizational as well as individual level on integration measures and critical success factors for the integration as well as knowledge transfer. The importance of open and consistent communication is evident. Especially in the case of post-acquisition integration, constant communication serves as the basis for establishing a good relationship and trust between the integration parties. This is supported by the previous literature. Trust and a beneficial relationship are of great importance to effective knowledge transfer, but the findings indicate that they are achieved by well-thought out communication throughout the integration process. Thus, the cornerstone of enchanting trust and a good relationship is to succeed in communication. The importance of communication was emphasized particularly in cross-border acquisitions, where there may be changes in corporate languages. Especially in those cases a risk for effective knowledge transfer exists and possible use of interpreters endangers the validity of the knowledge transferred. Moreover, the level of integration and the effects of it on knowledge transfer are highlighted. The more of an absorption integration is, the more knowledge is transferred and the more important the effectiveness becomes. Especially in the case of having to transfer extensive amounts of tacit knowledge, the importance of the level of integration increases. In conclusion, *the findings of the study reinforced the existing understanding and theories of the integration measures and their effect on knowledge transfer. Since a post-acquisition integration*

*often involves uncertainty or anxiety among the employees it involves, communication cannot be stressed enough. Moreover, the identification of key employees and ensuring their retention is highlighted to ensure effectiveness of knowledge transfer.*

Lastly, according to the existing literature and theoretical framework of this study, to establish reciprocal knowledge transfer requires quite often more time than anticipated. Knowledge transfer is understood as an effective and successful process when it results in benefits for the receiving unit. The findings of this study support the literature by stating that *the knowledge flow in post-acquisition integrations is likely to be one-way in the beginning of the integration. However, after a relationship and trust is achieved, knowledge transfer is more likely to be reciprocal.* Since trust is built mainly through good communication, it can be stated that communication is also vital in regards of the direction of knowledge flow. Thus, this study argues that in the integration context, communication should be emphasized as a basis for knowledge transfer. By taking into consideration the different characteristics affecting knowledge transfer, the means of transferring knowledge and the integration measures, consistent communication throughout the process is the key for achieving effective knowledge transfer.

The purpose of this study is to find out how can knowledge transfer be effective in the post-acquisition integration phase. Effective knowledge transfer refers to knowledge being transferred successfully and efficiently from the sender of knowledge to the receiver implementing the received knowledge into everyday routines. The research question is approached by three sub-questions in order to fulfill the aim of this study. The first one, “Why is effective knowledge transfer important”, is answered by looking into the advantage’s knowledge transfer brings to the integrating companies. Effective knowledge transfer impacts positively the outcome of the entire integration and thus, is vital in post-acquisition integrations. The second question, “Which factors facilitate the knowledge transfer” is related to both the characteristics of the sender and receiver of knowledge as well as the inter-organizational relationship between them. Communication and trust are highlighted in this sub-question intensely. The third question, “What kind of knowledge transfer mechanism would be the most effective”, is answered by taking into account the kind of knowledge wanted to be transferred. In tacit knowledge, interaction and some kind of knowledge bank are supported to be the most effective whereas in explicit knowledge, extensive documentation is encouraged. However, regardless of the kind of knowledge, social communities are highlighted to be especially important in knowledge transfer in post-acquisition integrations. These answers to the sub-research questions are further elaborated and brought to use by bringing suggestions for managers to utilize these in action. Thus, the managerial contributions of this thesis will be discussed next.

## 6.2 Managerial implications

The framework for transferring knowledge effectively in post-acquisition integration context (figure 9) was established based on theory and empirical evidence from this study. The theoretical contribution was introduced in the previous chapter and the framework was elaborated thoroughly. In this chapter, the findings are further evaluated, and managerial implications are presented on how managers are able to ensure effective knowledge transfer.

As it was already established in the literature, effective knowledge transfer creates many advantages. As the motive of an acquisition can be of acquiring certain knowledge, the realization of those anticipated hopes may not always be an easy task. Effective knowledge transfer in integrations may increase innovation, ability to integrate the companies as desired, improve company performance and bring many other benefits for the integrating company. Furthermore, it is linked with successful integration outcome, so the importance of knowledge transfer in regards of post-acquisition integration cannot be underestimated. Knowledge transfer is of great importance in acquisition integrations and managers need to be aware of the possible advantages it may offer. Moreover, the transfer of knowledge may be in some cases taken for granted but to make it efficient and to be able to receive the benefits it may bring to the integration outcome, managers should fully understand the complexity of the topic.

The first managerial contribution is to *understand the influence managers can have in encouraging knowledge transfer*. Especially in the need of having to transfer crucial tacit knowledge, the actions of managers make a great impact. Since tacit knowledge is encouraged to be transferred via social communities, managers should make sure to their best ability to formulate such unofficial meetings and encourage the knowledge transfer to begin. It was suggested that the earlier social communities are established in post-acquisition integrations, the better it is for knowledge transfer to occur effectively. Hence, managers should take actions on this quite early on and plan possible measures taken to ensure social communities from starting already before the actual integration takes place. Moreover, managers should encourage reciprocal transfer to occur in integrations. Especially in the beginning on an integration the flow of knowledge was noted to be mainly one-way but significant advantages can be obtained once reciprocal knowledge transfer is achieved.

Another issue emphasized in this study is the *importance of frequent, rich and consistent communication from the managers to ensure trust and the building of a relationship between the integration parties*. Once the communication is constant and ensures a good foundation between the acquirer and the acquired unit, the effectiveness of knowledge transfer is likely to increase. Thus, it is important to keep the communication frequent throughout the integration and personalize it according to the

receiver of the message. Moreover, the quality of the communication should stay consistent and not be forgotten as the integration proceeds. This also can decrease anxiety and uncertainty that comes along the acquisition integration phase, which makes it easier for the employees to trust the employees from the other party. Hence, knowledge transfer increases and the fear of being exploited diminishes. Moreover, rich communication engages and motivates employees to take part in the knowledge transfer.

*The speed of the integration is suggested for the managers to be considered depending on the needed level of integration and the compatibility of the integration parties involved.* The fuller the level of integration is, the more aspects need to be taken into consideration. Thus, some room for possible adjustments should be left into the integration plan by the managers regarding knowledge transfer. The more there is to integrate, the more time should naturally be reserved for the integration. Furthermore, lack of compatibility between the acquirer and acquired unit should be taken into account when discussing the suitable speed for the integration. The more there is organizational similarity, the faster and easy the transfer of knowledge is argued to be. Moreover, these are aspects managers should take actions and notice the best possible ways of acting.

Nevertheless, it was regarded crucial that *managers understand the need for control and surveillance in the process of knowledge transfer.* It provides a mean to make knowledge transfer effective. Since post-acquisition integrations can involve resistance to change and possible resistance to implement acquired knowledge, managers should put their focus on controlling the transfer process from begin to end. Especially if the acquisition is of a hostile kind, surveillance should be emphasized. If managers lack expertise in understanding the knowledge transfer process and the importance of implementing the received knowledge into routines, it can have tremendous effects on the integration outcome.

### **6.3 Limitations of the study and future research suggestions**

As it was elaborated when evaluating the trustworthiness of the study, one limitation of this study is that the data collection was done via expert interviews on a large scale on the contrary to being able to focus on one specific case. Hence, this thesis was not able to build a precise description but rather an overview of the various different factors influencing knowledge transfer effectiveness in post-acquisition integration. Furthermore, a wider range of interviewees would be required in order to gain a more comprehensive picture and to increase the possibility for generalization of this study.

In order to create a more precise guideline for knowledge transfer effectiveness, more research is required on this topic. Future research could focus on a single case study and gather data from both the acquirer and the acquired unit of their viewpoints on knowledge

transfer. As was stated in this study, the effectiveness of knowledge transfer can potentially have numerous consequences for the outcome of the integration. As this study was not able to measure the consequences for a certain integration, more thorough and in-depth research is suggested on the matter.

Additionally, if the focus would be on the consequences of knowledge transfer for a certain integration, a longitudinal research approach could be suggested. Since this study was conducted within a limited time scope, the researcher could not choose to examine an integration from its beginning to the end of it. Although it is often difficult to determine a clear ending of an integration, a few years scope would be sufficient to be able to analyze the transfer of especially tacit knowledge, since it is slower to transfer. As this study was conducted merely qualitative, quantitative methods could be added to future research.

Other possible directions for future research would be to concentrate to the influence factors of knowledge transfer more carefully. Within the empirical findings of this study it was stated that although knowledge is an important resource in any company, the importance can be even higher for knowledge-intensive companies. Thus, future research could focus on researching effectiveness of knowledge transfer in these KIF's. Moreover, as mentioned in the findings chapter, the importance of surveillance in the transfer process gained attention in the integration context. This was an interesting finding and future research could study whether it is required for other contexts of knowledge transfer as well or whether it is only an element due to the uncertainty the M&A integration context creates.

## 7 SUMMARY

This study has analyzed knowledge transfer in cross-border post-acquisition integrations. Knowledge transfer is a vital part of nearly any acquisition integration phase, depending on the level of integration. It was proposed that transferring knowledge in M&A context can be considered as relatively challenging and the post-acquisition integration as a context creates a complex ground for transferring knowledge effectively. Moreover, difficulties regarding knowledge transfer can affect the outcome of the entire integration drastically. Despite the evident importance of effective knowledge transfer in post-acquisition integrations, significant research gaps were discovered in the existing literature. Due to the fact that knowledge transfer in M&As have their own specific characteristics as well as due to the high failure rate of acquisition integrations, this thesis aimed to contribute to the topic of effective knowledge transfer in international acquisition integrations.

This study aimed to investigate effective knowledge transfer in post-acquisition integration. A framework was built illustrating the different aspects that influence the effectiveness of knowledge transfer in the post-acquisition integration process in order to reach the aim of this study. The sub-objectives of the study were to find out why effective knowledge transfer is important in integrations, what characteristics influence the transfer of knowledge and which transfer mechanisms should be chosen to ensure effective knowledge transfer. This study started with structuring an initial framework on the previous literature and findings of existing studies. Different influence factors of knowledge transfer were identified as well as different transfer mechanisms and integration measures were presented. These findings were used to build a comprehensive literature review to be the basis of this study.

The empirical research was conducted by collecting data from six expert interviews. The data collection was conducted as semi-structured interviews which were based on the theoretical framework. The interviewees were carefully chosen due to their experience in acquisition integrations and their specialized knowledge on the issue. The operationalization table of the study was conducted with great carefulness to ensure that all necessary topics were covered during the interviews. Each interview was recorded and transcribed to be able to analyze the interviews to the fullest depth. The data was sorted out into thematic networks, which were used as a guideline for the empirical analysis of this study.

The empirical research reinforced the existing theories and findings greatly but gave also new perceptions on the factors influencing effective knowledge transfer. It was concluded that communication is vital in order to build trust and a beneficial relationship between the acquisition parties. The better the communication is achieved, the more knowledge is transferred. Furthermore, surveillance is added to the influence factors to

be an important aspect, since integrations often involve uncertainty among the employees. This uncertainty can also be decreased by effective communication. Furthermore, building social communities to transfer knowledge, especially tacit, is highlighted to be an effective mean. However, one should not merely rely on one transfer mechanism as the most effective way is often times a combination of more than one.

Consequently, the purpose of this study was attained by adjusting the original framework according to the findings that arose from the empirical data. Surveillance was added to be an important characteristic in ensuring effective knowledge transfer in post-acquisition integration. Moreover, the importance of frequent communication as well as trust was highlighted due to the complexity of the integration context. Furthermore, hybrid mechanisms were encouraged as an effective mean to transfer knowledge. Managerial implications were provided to help companies to be more effective in their knowledge transfer in post-acquisition integrations. An especially vital factor was suggested to be the willingness from managers to encourage knowledge transfer, for example in helping to form social communities. Finally, further research was suggested to gain more insight on this complex and intriguing topic of knowledge transfer.



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## APPENDIX 1 INTERVIEW QUESTIONS

### INTERVIEW GUIDE

#### Background

- Tell me about your background, what is your role in your company and what you've done before?
- What kind of M&A history do you have?
- What has been your role in integration processes?
  - What have the tasks included?
  - What did they mean in practice?

#### Theme 1. Knowledge as a resource

1. What kind of knowledge exists in companies?
2. Where does the knowledge exist?
  - a. Is it easily located?
3. What kind of knowledge is valued / seen as important?
  - a. Why?
4. What differences exist in knowledge? Does knowledge have different levels?
5. Do you view knowledge as an asset?
  - a. If so, what makes it an asset?
6. In what kind of companies is knowledge especially important?

#### Theme 2. Successful integration

7. What type of integrations have you been involved in?
8. What do you think are the success factors of integration?
9. What is the role of the following in regards of successful integration?
  - a. Coherent integration strategy?
    - What does it mean and require?
    - How does it affect knowledge transfer?
  - b. Speed of the integration?
    - How important do you see it in regards of succeeding in the integration?
    - How does it affect knowledge transfer?
  - c. Communication?
    - How do you define effective communication in integration?
    - How does it affect knowledge transfer?
    - Is it challenging to find a common language? What consequences may this have for the integration?
10. When planning the integration phase, how important do you consider the success of knowledge transfer?
11. What can be seen as the objective of a successful knowledge transfer?

12. Do you think knowledge transfer affects the success of the integration?
  - a. Could you give me an example of a situation where the use of knowledge transfer has had a positive impact?
  - b. How about negative? Why was that?
13. How much is knowledge transfer planned in integrations? How is it controlled?

### **Theme 3. Knowledge transfer mechanisms and effectiveness**

14. Taking into consideration the integration context, how is the transfer viewed in company?
  - a. Easier / more difficult than in only one company?
15. How can knowledge be transferred? What tools can be used?
  - a. Individual level / group level?
  - b. Is there some code of conduct in what has to be used?
16. What is in your opinion the easiest transfer mechanism? How about the most challenging?
17. Is knowledge transferred more one-way or two-ways?
  - a. Does that change over time?

### **Theme 4. The role of effectiveness in knowledge transfer**

18. What makes knowledge transfer effective?
19. Is the effectiveness of knowledge transfer important in the integration?
  - a. If so, why?
  - b. What consequences does it have for the integration?
  - c. Is there something else that you view more important in regards of integration?

### **Theme 5. Influence factors on knowledge transfer in post-acquisition integration**

#### Characteristics of the sender and receiver?

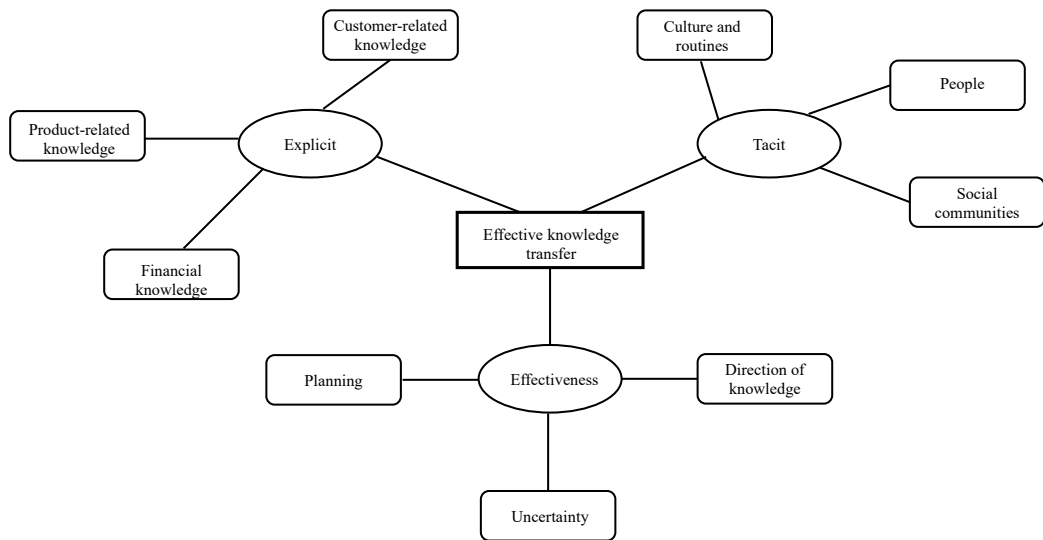
20. What is the role of motivation?
  - a. Which party?
  - b. How does motivation affect knowledge transfer?
  - c. Can the amount of motivation be influenced? If so, how?
21. What is the role of compatibility between the parties?
  - a. Does that affect the knowledge transfer? If so, how?
  - b. How do you ensure compatibility?
22. What is the role of preparing an organization to be prepared to receive new knowledge?
  - a. Do you believe that intra-organizational knowledge transfer prepares an organization to receive knowledge from outside?

- b. Do you believe it is important to unlearn old knowledge in an organization in regards of receiving new knowledge? In what situations?
23. What makes M&A's special in terms of knowledge transfer?

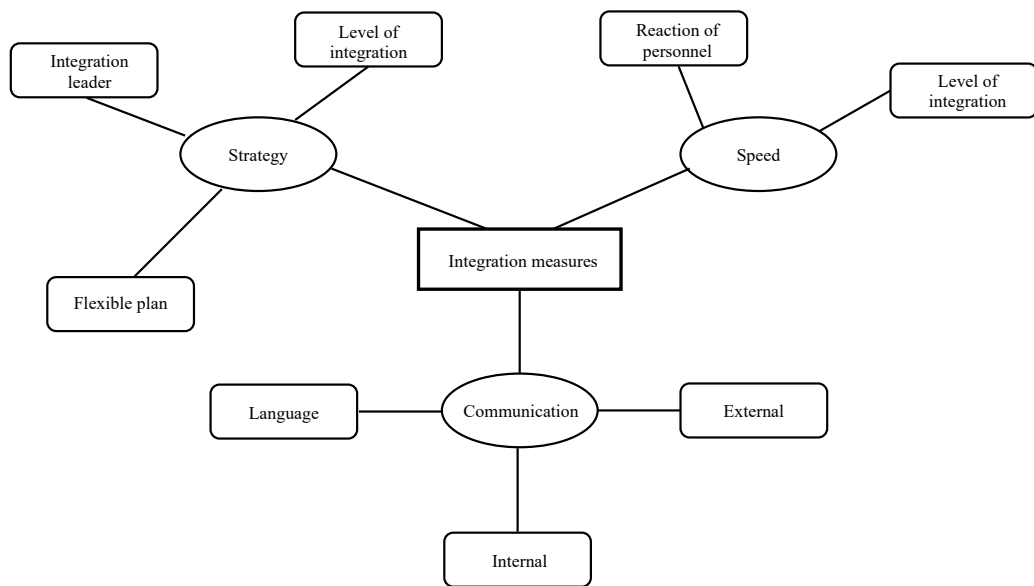
The inter-organizational relationship

24. What is the role of trust in knowledge transfer?
- a. How can it be affected?
25. How important do you view communication in knowledge transfer?
- a. How does it affect the transfer?
  - b. What are its benefits?
26. What do you view as the most important factor in knowledge transfer? Why?
27. How do you make sure that the receiver takes use of the transferred knowledge?
28. Is there something else you would like to add to this topic?

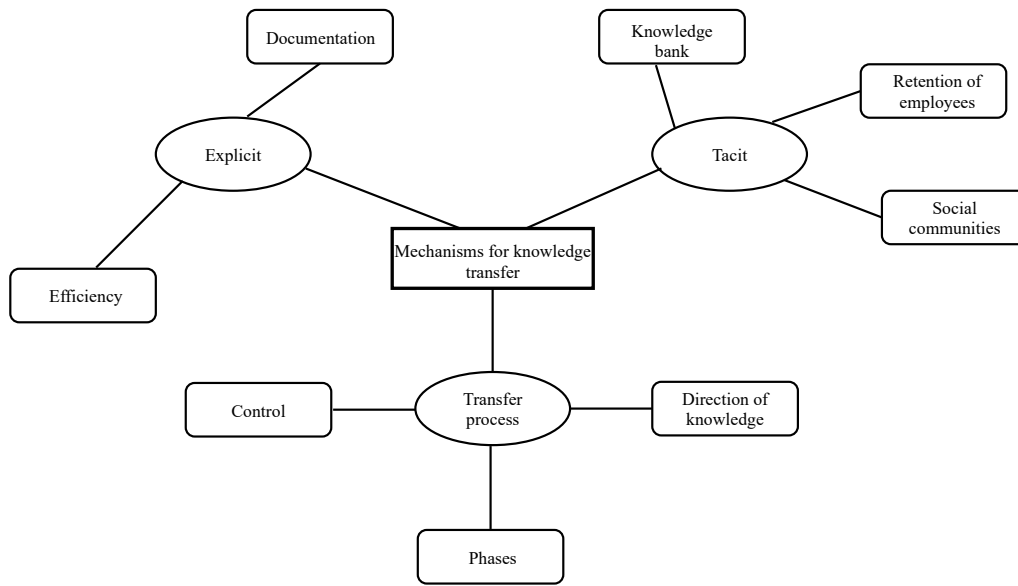
## APPENDIX 2 THEMATIC NETWORKS



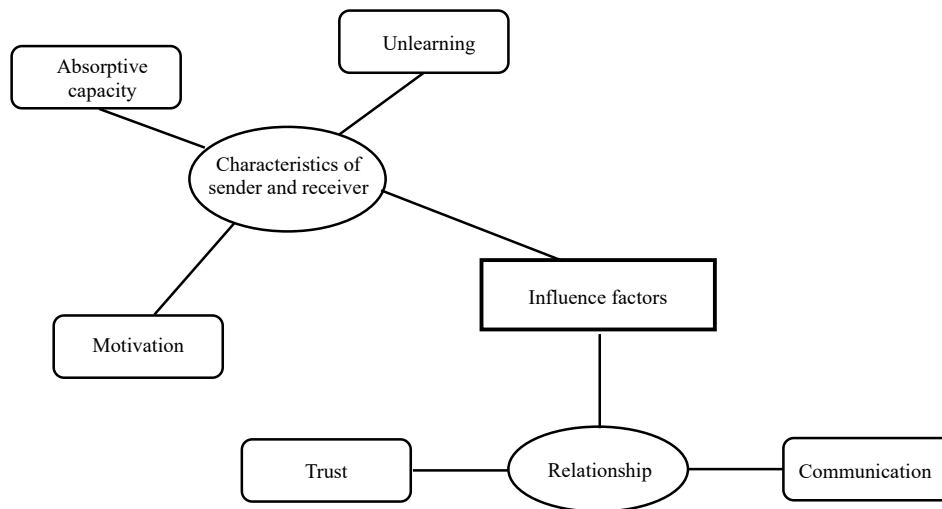
Thematic network: Effective knowledge transfer



Thematic network: Integration measures



Thematic network: Mechanisms for knowledge transfer



Thematic network: Influence factors