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Title	Enhancing Cross-Border Knowledge Transfer Between MNC Subsidiaries: A Multi-level Model of Subsidiary Power in Transferring Solution Knowledge		
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<p>Abstract</p> <p>Multinational Corporations (MNC) are enormous knowledge powerhouses that constantly create, store, share and apply their knowledge into actions. As MNCs possess knowledge assets globally, they struggle in smooth cross-unit distributing of knowledge to always have the newest and best knowledge available inside the entire MNC. As local units have become the backbone of MNC knowledge creation, the problem arises with the ways to distribute it effectively. Furthermore, as the HQ is sometimes far and subsidiaries, in some instances, having a lot of power inside the MNC, it is important to study what the subsidiaries can do by themselves to better the knowledge transfer environment and not have to wait for the headquarters decision to change the status quo. This study aims to answer the question: <i>How can subsidiaries enhance effective knowledge transfer between them?</i></p> <p>Conducted as a qualitative single case study with several cross-unit in-depth interviews, this study aims to build a highly context-bound model for intra-MNC knowledge transfer between subsidiaries. Theory is used to build the initial model and then interviews are conducted to validate the model. Finally, a new configuration of the model is presented to represent the results of the study. The study takes place in three layers: MNC, subsidiary and individual, with the focus being on subsidiaries and individuals inside them and the MNC level representing the context and possible elements the subsidiaries could influence in.</p> <p>This study found that the effective intra-MNC is a multi-level joint effort that all starts with the value propositions for the sending and receiving units. Once value is established the participants must create relationships and trust within them to execute effective knowledge transfer. MNC-level processes can enable or impede the KT processes but the subsidiary power of influence towards them are limited and dependent of aggressive intrapreneurial action taking and pro-activeness from the subsidiaries and individuals.</p>			
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<p>Monikansalliset yritykset ovat valtavia tietovarastoja, jotka luovat, tallentavat, jakavat ja soveltavat jatkuvasti tietoaan. Tällaisilla yrityksillä ongelmaksi nousee tiedon sujuva jakaminen eri yksiköiden välillä niin, että kaikilla on aina viimeisintä yrityksen tietoa käytössään. Viime aikoina tytäryhtiöt ovat nousseet monikansallisissa yrityksissä tiedon soveltajista yritysten päätiedonlähteiksi. Tämä synnyttää haasteen, jossa yritysten on keksittävä tapoja jakaa laajasti jakautunutta tietoa tehokkaasti yrityksen sisällä. Lisäksi pääkonttorin ollessa joskus kaukana ja tytäryhtiöiden autonomisuuden ollessa joskus hyvinkin korkealla tasolla, on tärkeää tutkia mitä tytäryhtiöt itse voivat tehdä tehostaakseen tiedonsiirtoprosessia. Tämä tutkimus vastaa kysymykseen: Miten tytäryhtiöt voivat tehostaa tiedonsiirtoa välillään?</p> <p>Tutkimus on toteutettu laadullisena tapaustutkimuksena yhdessä yrityksessä. Aineiston keruu tapahtui puolistrukturoitujen syvähaastattelujen kautta ja otanta oli yhden yrityksen eri tytäryhtiöt, joita käytettiin hyväksi kontekstisidonnaisen ja monitasoisen mallin luomiseen tehokkaalle yrityksen sisäiselle viestinnälle. Tämä tutkimus kattaa kolme monikansallisen yrityksen kerrosta: yritys-, tytäryhtiö- ja henkilökohtainenkerros, jotka mahdollistavat keskittymisen tytäryhtiöihin ja heidän sisällä työskenteleviin ihmisiin sekä yritystason elementteihin jotka luovat kontekstin tiedonsiirrolle sekä mahdollisuuksia tytäryhtiöille vaikuttaa laajemmin tiedonsiirtoon vaikuttaviin elementteihin.</p> <p>Tässä tutkimuksessa todettiin, että tehokas yrityksensisäinen viestintä on monitasoinen yhteistyömalli, joka perustuu lähettävän ja vastaanottavan yksikön vakuuttamisesta tiedonsiirron arvosta. Kun arvolupaukset on tehty, täytyy yksiköiden luoda suhteita ja luotettavuutta välilleen tiedonsiirron mahdollistamiseksi. Yritystason strategiset päätökset ja prosessit voivat toimia tehokkaan tiedonsiirron mahdollistajina tai estäjinä ja tytäryhtiöillä on rajallinen vaikutusvalta niihin, joka on riippuvainen yksilöiden ja tytäryhtiöiden proaktiivisuudesta ja aggressiivisesta asioiden eteenpäin ajamisesta.</p>			
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**UNIVERSITY
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Turku School of
Economics

ENHANCING CROSS-BORDER KNOWLEDGE TRANSFER BETWEEN MNC SUBSIDIARIES

**A Multi-level Model of Subsidiary Power in Transferring Solution
Knowledge**

Master's Thesis
in International Business

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The originality of this thesis has been checked in accordance with the University of Turku quality assurance system using the Turnitin OriginalityCheck service.

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1 INTRODUCTION

1.1 Background for the Study

The resource-based view of companies suggests that it is not the knowledge resources itself that create ultimate value for companies but rather the transferability and effectiveness to transfer those knowledge resources. Moreover, the transferability of knowledge is not only vital between firms but also within the firms themselves. (Grant 1996 110-111.) If knowledge is not transferred effectively, a critical problem arises: the gap between what a company knows and what knowledge is put to use becomes excessively large. This gap can swallow a lot of important information that could give the companies the competitive advantage that they all so desperately seek for. (Szulanski 2000 10.) Competitive advantage is leveraged through things such as the leveraging of best practices, building strategic advantage and standardization of processes that all rely on knowledge sharing. Intra-company knowledge distribution is thus a tool for an organization to grow and succeed as an entity and leverage existing local knowledge in the organization to their advantage globally and organization-wide. (Dalkir 2005 137-138.)

Multinational corporations (MNC) are in a special position in transferring organizational knowledge. As they own and govern multiple national subsidiaries that ultimately aim to create value for the entire MNC, they have more ways in motivating knowledge transfer (KT). (Blomkvist 2012, 906.) As it has been stated by multiple scholars before, knowledge within organizations transfer between different subsidiaries and units better than it does on the free market area (e.g. Fransson, Håkanson, & Liesch 2011, 428; Grant 1996). MNCs in particular are effective in transferring knowledge across borders due to their shared corporate culture, language and processes that are not restricted by national borders (Regnér & Zander 2011, 832). MNCs also have the ability to coordinate the transferring of knowledge in a centralized manner with established mechanisms and facilitate interpersonal relationship building that gives them a clear advantage in KT efficiency compared to other free market mechanisms (Almeida, Song, & Grant 2002 148-148). This efficiency in KT is also the reasoning that is widely used to explain why MNCs exist and thrive on the global market area (Gupta & Govindarajan 2000, 473).

Although MNCs have unique ways and competencies in cross border KT, the KT itself, within an MNC, to this day, is far from smooth (Gaur, Ma, & Ge 2019 2). There is still an evident difference in what an MNC is able to do and what abilities are used to their full potential. Also, certain impediments and differences within an MNC make the KT tricky and thus still in need of research. (see e.g. Minbaeva, Pedersen, Björkman, Fey,

& Park 2003; Minbaeva, Pedersen, Björkman, Fey, & Park 2014; Song 2014; Szulanski 2000.) Furthermore, even the KT happens between two or more subsidiaries the actual exploitation of the transferred knowledge in the receiving subsidiary it not guaranteed. For the transfer to be successful the knowledge must be used in the receiving unit to create value that would not have been possible without that knowledge. (Szulanski 2000 16.)

The MNC owned local subsidiaries' ability to create knowledge deriving from their unique knowledgebase, experiences and external factors, has shifted the knowledge flows within the MNCs from downwards flows from the headquarters (HQ) and research and development facilities to being more of a network of KT streams flowing in every direction. (Song 2014, 75-77; Walczak 2005, 330-331.) A lot has been said of the traditional downwards flowing KT originating from HQ and making its way down to all the subsidiaries (e.g. Song 2014). However, that is considered to be an outdated view of where knowledge comes from (Hada, Grewal, & Chandrashekar 2013, 806). As subsidiaries are taking more and more responsibility for the knowledge creation in MNCs, it changes the conditions to one in which knowledge is being transferred more horizontally, between subsidiaries, rather than vertically from the HQ to the subsidiaries. (Minbaeva et al. 2003; Minbaeva et al. 2014.) Moreover, the people that need the knowledge are more often located in peer-subsidaries in regards of similarity in operations. Quite simply put: people who do the same things daily, encounter the same problems and have the need for the same knowledge, to solve those problems. (Szulanski 1996, 32; Wang-Cowham 2008.)

Subsidiary-to-subsidiary KT is the kind of KT this study is researching. When subsidiaries in their respective locations and know-how create different knowledge and share that with other subsidiaries. The point of view is interesting due to specifically subsidiary-to-subsidiary KT being less researched but expected to have a high potential in value and performance creation. The uniqueness of subsidiary to subsidiary KT, as supposed to HQ to subsidiary KT, is evident for three reasons: the transferred knowledge from a peer subsidiary 1) more location specific 2) not a way to exercise power and control and 3) can create a reluctance for the sender subsidiary to transfer it and the recipient subsidiary to receive it. As HQ to subsidiary KT is more general and used to guide the subsidiaries to be compliant with the MNC ways of doing things, subsidiaries are more eager to receive that knowledge. Also, as the knowledge is usually function specific (e.g. marketing guidelines), subsidiaries aim to have more communications with the HQ to avoid making mistakes. Peer subsidiary originated knowledge however is more location-specific and requires more efforts from the recipient subsidiaries to receive and assimilate it. (Li & Lee 2015, 665.)

Also, as Mudambi and Navarra (2015, 386-387) highlighted, subsidiary originated knowledge determined the subsidiaries importance within the MNC, which creates a competitive environment, in where, the one that is in possession of strategically important

information is valued higher in the intra-MNC networks than their peers. This importance within the MNC has to do with subsidiaries having to fight for common resources within the MNC and thus their relative bargaining power and internal strategic positioning becomes important. Although all subsidiaries are working for the same MNC, they might want to ramp-up their importance by withholding strategic knowledge from other subsidiaries.

The transfer in this study is initiated and executed by the sending and receiving subsidiaries with no HQ involvement. Although, it must be disclaimed that the subsidiaries operate and thus also perform KT within the MNC context and parameters. Furthermore, rather than researching the physical process of the KT, this study is interested in enhancing the efficiency of the transfer. More specifically, how the subsidiaries themselves can make the process more efficient, again, without the involvement of the HQ. The truth is that KT happens everywhere and all the time. Whether it is transferring superior manufacturing knowledge to foreign subsidiaries or training new HR personnel to handle workplace conflicts to texting your friend to come pick you up from the train station at 5pm. Whatever the case the knowledge is usually hoped to be transferred within a certain time frame, using minimal resources and so that the recipient understands and acts according to the transferred knowledge. Consequently, KT efficiency is the problem of all organizations. Although this research is conducted in the context of MNCs, due to them having more subsidiaries with disparities in locations, knowledgebase and processes, the problem of effective intra-organizational KT is evident in organizations of all sizes (Dalkir 2005 110).

1.2 Research Objectives and Structure of the Study

The previous research on intra-MNC KT is largely concentrated on different elements and dependencies that affect, enable and impede KT efficiency (see e.g. Grant 1996; Hedlund 1986; Kostova, Marano & Tallman 2016 178; Minbaeva, Pedersen, Björkman, Fey, & Park 2003; Song 2014). Song (2014) states that future research should include the context of the KT into the study to reach a better picture of the phenomenon. In addition, a lot of the prior research has concentrated on HQ perspective and their ability to execute effective management within the MNC through effective KT, while less emphasis has been given to the effectiveness of the transfer process especially from the subsidiary point of view (Gupta & Govindarajan 2000; Lane & Lubatkin 1998). Furthermore, this study does not only aim to see what elements affect the subsidiary-to-subsidary KT process, but the power subsidiaries themselves have in enhancing the effectiveness of the KT between them. The aim is to combine the effective KT practices

and capabilities with the literature on subsidiary power within an MNC to impact these processes.

This study builds on top of prior quantitative research that has analyzed the presence and magnitude of different factors in intra-MNC KT. Taking these findings and conducting a qualitative study to research what can be done to manage these factors and ultimately improve the KT efficiency. Also, prior qualitative research is used to discuss previous contributions to the field of study. The phenomenon of intra-corporate KT, will be examined from three levels: MNC, subsidiary and individual to give a more multi-level understanding of the matter at hand. Organizational aspect talks about the parameters, restraints and possibilities that working within an MNC puts in place. Subsidiary level inspection will look at subsidiary specific elements that enhance or impede KT as well as how subsidiary attributes and efforts translate into power to influence MNC-level elements. Finally, the individual level will give an understanding on how the people inside these subsidiaries behave and what is needed from them to create effective KT within the subsidiaries. This three-tiered model is chosen to give a comprehensive idea of the intra-MNC processes and capabilities. By utilizing KT literature that focuses on knowledge that originates from a subsidiary and conducting an empiric case research, by interviewing individuals from one case company, the study aims to formulate a context-specific framework that is applicable to the KT between two geographically dispersed subsidiaries within an MNC. Referring to the presented aims of the study the research question and sub-research questions go as follows:

How can subsidiaries enhance effective KT between them?

- a. What kind of MNC context promotes effective KT?
- b. What kind of organizational and personal capabilities are needed for effective KT?
- c. What kind of power do subsidiaries have in enhancing effective KT?

The main research question aims to find ways, processes and other elements that subsidiaries can do to enhance the effectivity of the KT to other subsidiaries within the same MNC. To answer the research question, three sub-questions are put in place. First it is important to identify and discuss the context of the case MNC and the parameters which the subsidiaries work within from the MNC-level. The second sub-question shifts the focus to the practicalities of the transfer. It aims to identify capabilities that are needed on both sides of the transfer and from a subsidiary and individual level for the knowledge to flow smoothly and for the knowledge to be ultimately implemented in the receiving subsidiary. Finally, by answering the third sub-question the research will discuss ways for subsidiaries to enhance previously discussed capabilities and factors as well as the reach their influence has in all the three levels of examination. The multi-level model of the study as well as how the research questions fit into it is presented in Figure 1.

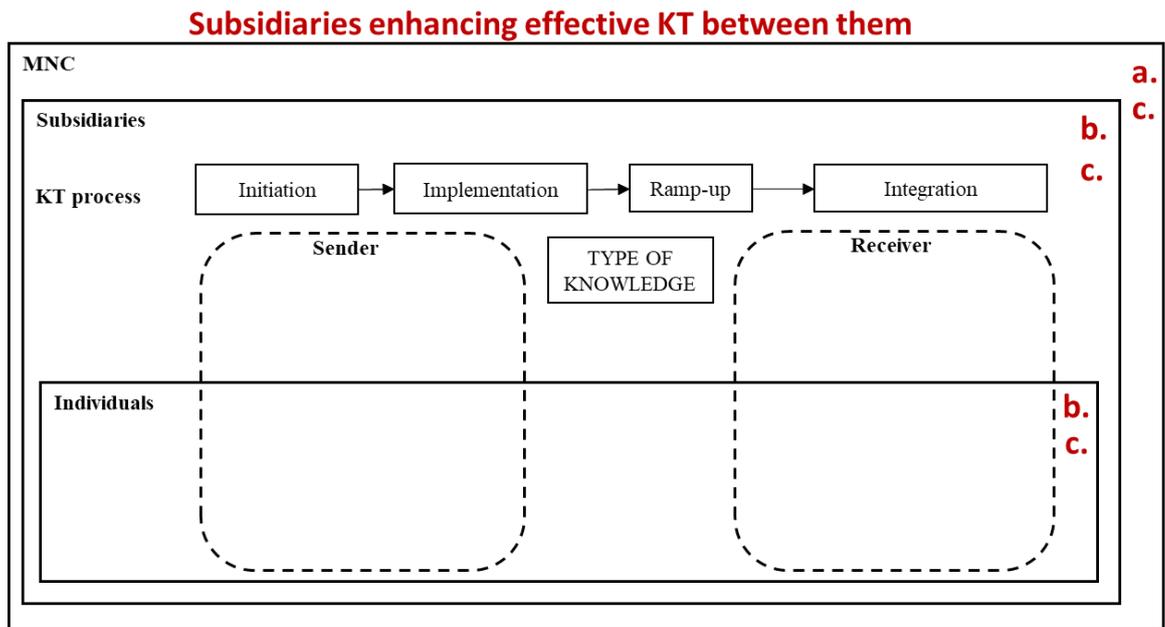


Figure 1 Multi-level Model of the Study

The case of this study is the subsidiary power in enhancing the transfer of locally created knowledge products and solutions within cross-border subsidiaries. To simplify the scope of this study, a limited number of subsidiaries will be studied. In this study, one of these subsidiaries will act as the sender and the others as the recipients of a certain piece of knowledge. However, this does not rule out the multiple simultaneous knowledge processing roles subsidiaries may have due to their reciprocal relationships. The subsidiaries that are studied are all form an entity that is the Northern Europe operations of the case MNC. This entity is assumed to have a role of an MNC, although most of the MNC-level decisions come from the headquarters outside Europe. But for the sake of this study the Northern European entity will act as the MNC and its operations in Finland, Poland, Sweden, Denmark and Norway will represent the subsidiaries who transfer knowledge within them. The narrowing to solely Northern European operations was due to practical reasons and resources available for conducting the study.

Despite the scope of the study, these findings are assumed to be applicable to other parts of the MNC as well, due to the MNC context being the same, or even scaled up to include the entire case MNC. The case company's local subsidiaries have each multiple sub-subsidiaries, but the main KT studied here is the KT that crosses national borders which usually happens between subsidiaries and not smaller entities. Figure 1 visualizes the type of KT that is studied in this study. The dashed black lines show the directions KT can happen inside an MNC and in all directions between HQ and subsidiaries or subsidiaries with each other. The solid arrows are however only pointing from

subsidiaries (S1, S2, S3, S4 and S5) to each other visualizing the kind of the transfer that is studied here.

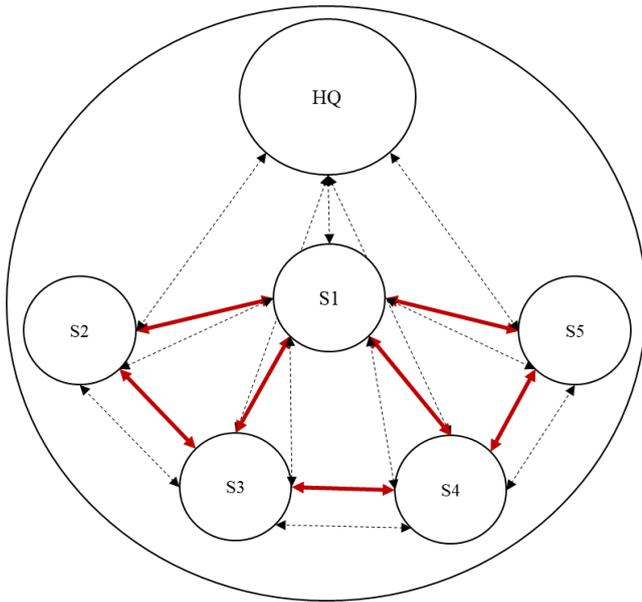


Figure 2 Knowledge Transfer Flows in the Study

In this study the MNC is assumed to have full ownership of the subsidiaries in question at the time of the transfer. This means that should the subsidiary origins be from an acquisition, the post-integration process cannot be still ongoing. The reasoning is that it is assumed that the subsidiaries operate under the same MNC umbrella, which gives boundaries for the evaluation of the MNC context the study is situated in. (Harzing 2002). Furthermore, the knowledge transferred in the study is called solution knowledge and it houses tacit, hard to transfer knowledge about the case MNC created IT-solutions and the methodology and expertise to deliver and implement these solutions for customers. Efficiency in transfer, in this study, is seen as the ability to carry out a successful KT process from start to finish so that it is applied to use and produces value in the recipient subsidiary (Szulanski 2000 25). In addition to the intended message being transferred, efficiency means that the transfer itself is executed with the minimal costs and efforts possible (Foss & Pedersen 2002, 55).

This study is formulated so that first the KT environment within an MNC is discussed in general and then a more detailed look is given to the power dynamics of subsidiaries within the MNC. After that, the focus is turned to KT efficiency which is the narrowed scope of the study. Prior literature on KT is used to formulate an initial model of effective intra-MNC KT on multiple levels of examination. The empirical interview questionnaire will be formulated using this theoretical model. Next, in chapter 4 the methodology of the case study is discussed and data collection and analysis methods are presented. Chapter 5 commences the empirical part of the study. The case MNC will be

discussed as a KT context and Northern European operating subsidiaries as senders and recipients of knowledge. Chapter 5 gives a comprehensive idea about the case company's organizational, subsidiary-specific as well as individual capabilities to perform effective KT. The literature and empiricism will be discussed conjointly to pinpoint similarities and differences. It should be noted that in this part words "subsidiary" and "business unit" (BU) mean the same thing, the use of words is due to help readers distinguish theory from results, by using the case company's language and calling subsidiaries BUs when presenting results. At the end of chapter 5, there will be a reformulated model of the initial theoretical model to visualize the results. The study is concluded in chapter 6 with the presentation of the final recommendations as well as presenting the limitations of this study and future study opportunities on the subject. Also, the practical implications and academic contributions of the research are presented.

1.3 Case Company

The case company of this study is a more than 40-year-old multinational IT Consultancy Company that is among the world's largest IT consulting companies. It employs nearly 80 000 people worldwide. The case company brought in a revenue of about eight billion euros (€) in the fiscal year of 2018. The case MNC offers IT and digitalization transformation solutions, outsourcing and resources for companies, governments and projects of all size. They pride themselves with an extensive IP and solution portfolio and a client proximity model that allows them to deliver global solutions and resources while remaining close to the customers. Hence, one of the company's strategic cornerstones is having a global reach to resources with a close collaboration with the customers where the customers are located. They use this client proximity to co-create solutions with customers and to acquire superior industry knowledge from local customers. Furthermore, their preferred way of growth and knowledge acquisition is buying existing local companies and utilizing their expertise on a global level. They are proud of their ability to execute successful post-integration processes to remain a cohesive and effective knowledge-based company (Case Company Annual report 2018). Needless to say, that this strategy and these values need a lot of collaboration and KT within the MNC to work. Different subsidiaries working together to deliver one solution or a solution created in a foreign subsidiary is needed for a customer in another country. All this relies on quality communications between subsidiaries, which makes the case company a good research company for this study.

The case company operates in 31 countries that are divided into nine strategic business units (SBU), one of which is the scope of this study: The Northern Europe SBU. A high-

level organizational structure of the case company Northern Europe operations can be seen in Figure 3.

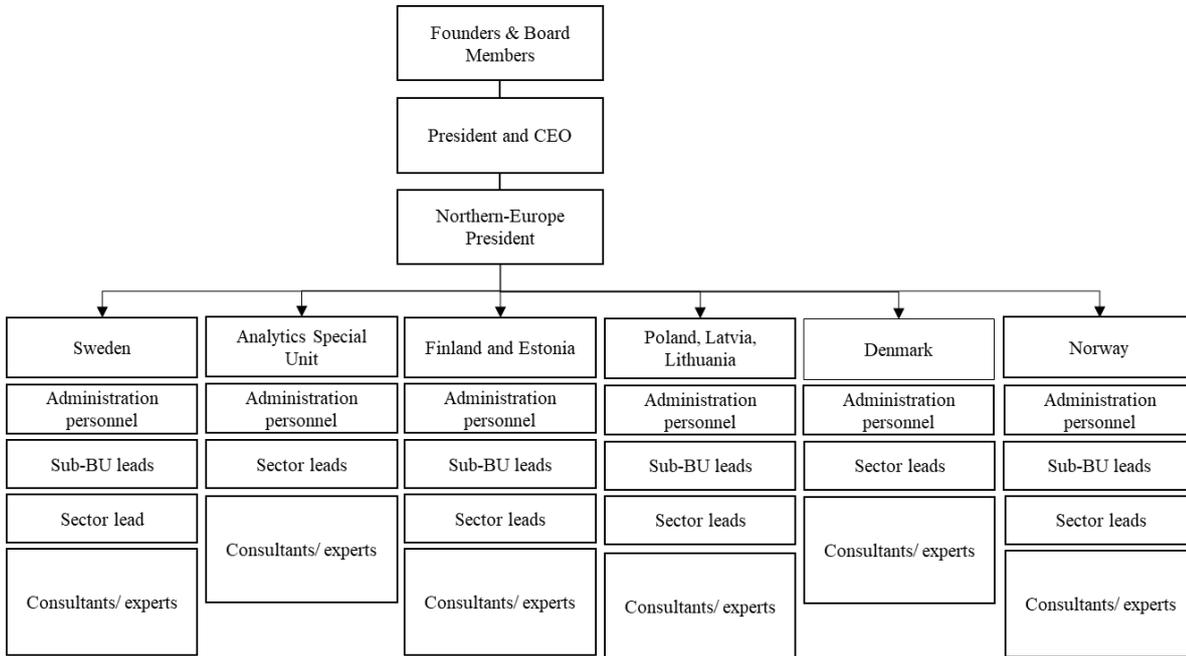


Figure 3 Case Company’s High-level Organizational Structure

NE operations includes seven BUs which are Norway, Sweden, Denmark, PLLE (Poland, Latvia, Lithuania and Estonia), Finland and an analytics expertise subsidiary. Each of these BUs have a leader as well as a small selection of administrative personnel (e.g. a quality coordinator and communications) while other administrative tasks (e.g. Finance and HR) operate on a global level. Some bigger BUs have divided their operations into sub-BUs usually according to specific customer or industry (e.g. media or manufacturing). Under each sub-BU there are multiple sectors, which all have leaders who are also the managers of experts and consultants that work for that sector. Sectors are usually divided by a specific technology or a product they deliver.

NE operations will be, in this study, regarded as an MNC entity of its own. This way the study can narrow the research subject to a manageable size, while still being able to research multiple subsidiaries at once. NE operations have common functions as well as several subsidiaries so it aligns with the structure of an MNC and as an SBU it is regarded, also in the case company, as a fairly autonomous entity of its own. Northern European operations were selected as the research context due the surfacing of KT efficiency and subsidiary power issues during the recent mergers. Previously small and agile companies had to learn how to live as a part of a larger corporation and the topics became a hot topic of the merger. The BUs will act as the subsidiaries in this study. They have colorful pasts due to several past mergers, which makes them very interesting research subjects. In addition, the BUs collaborate within themselves due to many customers being located in

several countries of one SBU. Finally, Case company's Northern European operations offered an easy access starting point to start mapping out the KT efficiency issues and mitigation actions within the large and complex case company.

2 KNOWLEDGE TRANSFER IN MNCS AND SUBSIDIARY POWER

2.1 Characteristics of Solution Knowledge

To understand KT effectiveness, the knowledge type that is being transferred must be determined first. As mentioned, organizational knowledge can be identified as a mix of experiences, insights and contexts to form a framework for utilizing new information. Inside organizations, this utilization is done by documentation, incorporating new knowledge into everyday processes and even embedding the knowledge into norms and patterns of the organization. (Davenport & Prusak 1998, 5.) Tsoukas and Vlasimirou (2001, 974-975) argued that this definition does, however, make the concept of organizational knowledge too broad by including too many elements to it. Another definition describes the knowledge assets in a company as ideas, insights and information that are embedded in the brains of employees and in the information banks of the organization. It is the intangible elements of the companies' assets that cannot be seen, but has the potential to bring enormous value to the company. (uit Beijerse 1999 24-25.) This kind of knowledge can be, for example, practical, strategical or locational knowledge that all or some people in the organization possess and are able to process, update and share (Grant 1996 111; Song 2014, 78; Szulanski 1996; Tsoukas & Vladimirou 2001, 975).

Organizational knowledge, much like all knowledge, is usually divided into two categories: explicit and tacit knowledge. Explicit knowledge is known as documented, codified and articulated knowledge. The format of the knowledge makes the sharing easier as it can be learned by simply receiving the knowledge. Tacit knowledge, on the other hand, is the type of knowledge that is highly tied to the expertise and knowledge of an individual and is thus very hard to codify in terms of standard terms or natural language. (Nonaka 1994 16) The main components of each kind of knowledge can be seen below in table one. As shown, the transferring methods vary a lot between the two knowledge types. While explicit knowledge can be codified and transferred with simple methods, tacit knowledge needs a more planned out and human-intensive process to be successfully transferred.

Table 1 Tacit vs. Explicit Knowledge (adapted from Dalkir (2005, 8))

Tacit Knowledge	Explicit knowledge
Ability to deal and adapt with new and exceptional situations	Ability to disseminate, reproduce, access and reapply throughout the organization
Expertise, Know-how, know-why and care-why	Ability to organize, systemize, translate a vision onto statements and guidelines
Coaching and mentoring to transfer knowledge on a one-to-one and face-to-face basis	Ability to teach and train Transfer via products, services and documented processes

Moving on from the general concept of tacit knowledge to a more precise definition of the knowledge type this study is examining. Know-how is a type of tacit knowledge that is developed over a period of time through trial and error. The finished knowledge or know-how is a set of practices, tips and tricks that exist in the minds of people. (Arora 1995, 42-43.) This kind of knowledge is also known as procedural knowledge. Procedural knowledge can be, for example, product designs, marketing knowhow, or service implementation expertise. It is highly tacit in nature which means that most of it cannot be codified or documented to an easily transferrable format. Also, transferring procedural knowledge is a complex and laborious process. (Chini 2004, 9; Dalkir 2005, 82; Gupta & Govindarajan 2000, 483.) The difference of procedural knowledge to its opposite, declarative knowledge, is highlighted by the difference in *knowing about* and *knowing how*. For example, when declarative knowledge would be the data of last month's sales figures, procedural knowledge would be the expertise to know what actions to take to make those numbers better next month. (Dalkir 2005, 82.) McCormick (1997 145-147) stated, procedural knowledge is a toolbox for problem solving, and it cannot be learned by reading a book or watching someone, it must be learned by doing.

So where does this leave us in terms of transferring knowledge that is tacit and procedural. The concept of procedural KT highly emphasizes the human factor in the transfer process. The transferring cannot simply be done by sending an email and forgetting about it. It is a carefully thought out process with stages that need to be followed and factors that need to be considered. (Gupta & Govindarajan 2000; Minbaeva et al. 2014; Szulanski 2000). In addition, this kind of knowledge is highly dependent of people and their abilities as the knowledge exists in the minds of people and is hard to imitate without proper training. This means that for the KT to be successful and the knowledge implemented the recipient must understand the knowledge on a much higher

level than other types of knowledge. (Menor, Tatikonda, & Sampson 2002; Valakoski & Järvi 2016.)

In this study the type of knowledge that is being transferred is highly tactical procedural organizational knowledge. As the knowledge in productized solutions and the consultancy work around it to execute successful deliveries and produce value for the customer. This knowledge is the know-how, the processes, the best practices and the tools that individuals units have productized into solutions or even gone as far as applied IP rights to it make the solution also legally proprietary. (Bollen, Vergauwen, & Schnieders 2005 1167; Den Hertog 2000, 492.) To simplify, this study used the concise term of solution knowledge, that incorporates the before mentioned characteristics and special requirement for transferring.

2.2 Knowledge Transfer Process

The basic communication theory describes the process of KT between two parties to contain the following elements: a message, a sender, a coding scheme, a channel, transmission, a decoding scheme, a receiver, and the assignment of meaning to the decoded message. Later the addition of feedback and was added to the theory. (Jablin 1987 21.) Although, the theory is very old, it is used here to give the different opinions of KT process stages common denominators to help understand their similarities. This basic communication theory was further developed into the context of KT within an MNC by Gupta and Govindarajan (2000, 489). They resulted in five stages of the process: 1) value of the knowledge possessed by the sender unit 2) sender unit motivation on knowledge sharing, 3) the transmission channels existence, cost and quality, 4) recipient unit motivation on knowledge acceptance and 5) recipient unit's absorptive capacity.

This categorization by Gupta and Govindarajan goes hand in hand by the highly cited categorization of KT processes by Szulanski (1996). He stated that the transferring of knowledge is a process consisting of four sequential stages: initiation, implementation, ramp-up and integration. Zahra and George (2002 189) took this categorization of knowledge process stages (among others) and processed them further to create a staging of acquisition, assimilation, transformation and exploitation. What is common for these views is the sequential process from the acknowledgement the potential of knowledge all the way to applying that knowledge to create new value. The process itself is not under research in this study but rather the impediments and enablers that each KT stage brings along. From here on out, the study will use solely the staging of Szulanski (1996 2000) to simplify the discussion and terminology.

Every communication starts with a message and a sender of that message (Jablin 1987 21-22). According to Szulanski (2000 13), the initiation phase consists of everything that

happens before the actual transferring of knowledge. First, the knowledge and a need for it must coexist in the same MNC. The finding of the knowledge can be triggered by need, lobbying or just pure luck. Regardless of the way the knowledge is discovered, the potential recipient of the knowledge must become aware of it and find it superior to the knowledge they already have. Next, the possibility to transfer is examined in terms of needed expertise and costs to see if the knowledge can be transferred in the first place. The preconditions before the transfer is also the established value of knowledge in the sender subsidiary and the motivation of the sender to share the knowledge (Gupta and Govindarajan 2000, 487). The recipient must also be adequately knowledgeable about the transferred piece of knowledge that they are able to assimilate it in the later stages (Cohen & Levinthal 1990 129). Furthermore, the recipient must be capable to receive knowledge in terms of things like learning speed and quality (Zahra and George 2002 188-189).

Next a channel to transfer the knowledge is needed (Jablin 1987 21-22). In Szulanski's (2000 14) staging, next comes the implementation phase which comes when the decision to proceed with the KT has been made and transferring social networks are established to fit the needs of the transfer. If there is historical data of prior KTs, the networks are built to avoid past mistakes. The objective here is to make the new knowledge feel as comfortable and familiar to the recipient as possible. The deep understanding of the received knowledge is vital for the implementation phase to be successful (Zahra and George 2002 189-190). This phase is also where the establishment and use of transmission channels happens. Channels between KT counterparts can be anything from informal socialization together to aligning ways of working to bring the two subsidiaries closer together. (Gupta and Govindarajan 2000, 487.).

Third, there is now transfer without the other counterpart, the receiver of the knowledge who decodes the sent message (Jablin 1987 21-22). According to Szulanski (2000 15), this happens in the ramp-up phase. This is the phase where the transferred knowledge is not only received but utilized in the recipient subsidiary. There is a brief window for troubleshooting and problem solving in the ramp-up phase, if the transferred knowledge does not seem to be producing the perceived value. If the ramp-up stage is forgotten the subsidiary might not learn to use the knowledge properly and disregard the knowledge as something that does not create value. The ramp-up stage is smoother if the recipient is motivated to learn how to use the transferred knowledge (Gupta and Govindarajan 2000, 489). This is also the phase where the recipient units' capabilities to convert the received knowledge into something that is easier to assimilate for them and to find synergies with their existing knowledge, are emphasized (Zahra and George 2002 190).

The final phase of Szulanski's (2000 16) framework consists of the integration phase. This phase commences when the recipient learns to use the knowledge on a satisfactory level. As time goes by the new knowledge becomes part of the routines of the recipient.

This opens ways for new knowledge to enter, and especially if the sender has proved their knowledge valuable, the future transfers will flow much smoother with less precautions from the recipient side. The integration phase, much like the ramp-up phase needs absorptive capacity from the recipients. This means the ability to take knowledge and apply it into practice in a value creating manner (Gupta and Govindarajan 2000, 489). If the KT is successful and the knowledge is being utilized by the recipients, they are said to have gained absorptive capacity in that area and future KT regarding the area will be easier (Cohen & Levinthal 1990 136). The recipients redefine processes and ways to accommodate and utilize the new knowledge to its full potential (Zahra and George 2002 190) When successful, the knowledge is used to support existing initiatives or even develop new ones. This is the phase where meaning is assigned to the knowledge in the context of the recipient subsidiary (Jablin 1987 12). Jablin (2000) also continue the communication process by the feedback giving and the overall perception on how the message transfer was executed and the results of the transfers.

The KT process is a distinct process of transferring wanted knowledge to intended recipients. It can happen naturally or require a lot of support and help. Although this study is focused on enhancing the effectiveness of KT, and not the KT process in itself, it is important to acknowledge what stages and actors the process has, to be able to better them. Also, as each actor and stage is a source of enablers and impediments for effective KT, a discussion is needed to pinpoint the factors that require the most attention. (Ebers & Maurer 2014; Szulanski 2000.) The process is not seen nor is it discussed about in practice but making it visible serves this study by enabling an in-depth look at each stage and their special characteristics. The KT process inside a company is distinct to the process between separate companies (Walter, Lechner & Kellermanns 2007, 698) and furthermore, it is different inside MNCs than other types of companies (Foss & Pedersen 2002, 51). In the next chapter the process of intra-company KT is put into the research context of an MNC to complete the understanding over the prerequisites of this study.

2.3 MNC as a Research Context

Using an MNC as a research context is justified due to them being complex entities with multiple levels of factors to study. MNCs are a good platform to test existing theories, research MNC specific theories and built new theories upon. (Roth & Kostova 2003, 888.) The research context in this case is seen as the prevailing stimuli and factors that affect the behavior of individuals and subsidiaries within an organization. It is the impediments and enablers along with the situational environments that guide people to act as they do. When taking the context into account it is possible to study factors that might directly or indirectly affect the elements under examination. Furthermore, when bringing in the

context of the study, it is possible to restrict the number of studied elements to those that are present and prevalent in the studied context. (Johns 2009.)

The most important use of context, in this study is that it gives a basis for a multi-level analysis of the phenomenon. There are many ways of doing this, but the way this study applies context is by applying a three-tiered model that incorporates: MNC, subsidiary and individual levels to the study. The reasoning for this is that if one of the levels was left out, the context would be incomplete. Although the focus is on the subsidiaries and their KT effectiveness and thus the individuals, with their own attitudes and backgrounds, operating within them, the MNC level is also included. This wider perspective of MNC level elements gives the parameters that they all (subsidiaries and individuals) work in, and thus it cannot be disregarded. (Johns 2009, 400; Roth & Kostova 2003, 888-889.)

MNCs have, in many cases, several subsidiaries that are located in nationally disperse locations, as the name multinational corporation suggests. This complexity emphasizes the problems and obstacles the KT process might encounter. Also, as it has been stated, MNCs are in an advantage when transferring knowledge internally as opposed to free market structures. Therefore, interesting interdependencies can be found and the process of making the KT more effective is at least somewhat under the same management, making the bettering of the KT possible to start with. (Claver-Cortés, Zaragoza-Sáez, Úbeda-García, Marco-Lajara, & García-Lillo 2018 1158.) MNCs possess unique abilities to create common KT favoring infrastructures. Infrastructural components can be communication channels, HR practices, strategic objectives, corporate culture and IT based solutions to name some. (Claver-Cortés et al. 2018; Faems, Bos, Noseleit, & Leten 2018.)

As MNCs are multinational by nature they have a wide array of subsidiaries that are all able to create, process, acquire and transfer knowledge. The power of MNCs is that their subsidiaries have different knowledge that ultimately create the most value when deployed utilizing the diverse networks of an MNC and deployed worldwide to leverage the value. These subsidiaries, although actors in their local environments, must obey the parameters of the MNC they are a part of. (Claver-Cortés et al. 2018 1154.) In addition to subsidiary-specific knowledge the subsidiaries possess their own alliances and resources via their own external networks. These networks are a vital resource for knowledge and this external knowledge is not only important for the subsidiary operating in that environment, but to other subsidiaries within the MNC subsidiary networks as well. (Faems, Bos, Noseleit, & Leten 2018 1-4.) This creates the paradox of integration-responsiveness, where MNCs are forced to balance between responsiveness to local environments and leveraging value through global integration. It has been stated local responsiveness is declined when global integration is increased and vice versa. (Kostova, Marano, & Tallman 2016 179).

Mudambi (2002 2-4) suggested four flows of knowledge within MNCs. First, there is the flow of knowledge from subsidiaries to the parent company (or HQ) that aims to put local knowledge into use on a wider scale. Second, there is the knowledge from the local environments to the subsidiaries where the subsidiary learns to utilize local resources and competencies. Third come the flow from the subsidiary to the location, also called spillovers. These spillovers can be intentional or unintentional and include all transferred knowledge from the MNC subsidiary to the local environment and other actors in that environment. Fourth, according to Mudambi, is the traditional knowledge flow from the parent company (HQ) to the subsidiaries. It comes fourth, not because it is less important, but because it is the base of all operations within an MNC and other flows of knowledge are examined in relation to this flow. To add, there is the knowledge flow that this study is focusing on, subsidiary to subsidiary knowledge flow. This knowledge flow happens independent from the parent company (or HQ) and needs direct organizational mechanism between subsidiaries to happen. (Foss & Pedersen 2002, 51; Wang-Cowham 2008, 30).

Important to notice is that each type of knowledge flow requires specific considerations and organizational mechanisms to facilitate the transfer. Furthermore, the more context specific the piece of knowledge is, the harder it is to transfer to other units and the harder it is to be utilized in other subsidiaries. (Foss & Pedersen 2002). MNCs are in the center of multiple knowledge flows both internally and externally. They must strategize on what they want to share, who they want to share it with, and who they want to keep the knowledge from. Additionally, as this study suggests, they should aim for effective and smooth knowledge flow inside the company to increase their competitive advantage. This creates multiple paradoxes within the MNC where they must constantly compromise on something. (Foss & Pedersen 2002, 64-65.) Next the subsidiary power will be discussed in more detail. Although it is a part of the MNC research context it is also the precise narrowing that this study is interested in. Thus, the next chapter will concentrate solely on describing the subsidiary power and its elements in the bigger MNC context to give a more in-depth look in the theories around the subsidiaries in within an MNC.

2.4 Subsidiary Power in the MNC

2.4.1 *Types of Subsidiary Power*

Power means the ability to influence the choices of others so that they change their ways, processes and things that people take for granted. The distribution of power within an MNC can give the more powerful unit control and sway on how things are done and what

decisions are made in other units or even in the entire MNC. Traditionally, power in an MNC is held by the HQ, as they have a hierarchical control over their subsidiaries that is reinforced by sanctions and rewards. However, in recent literature the emergence of subsidiary power within an MNC has sparked up conversation. The definition of the power remains, however, the means of acquiring that power are not hierarchical but rather strategical and dependent of the actions and efforts of the subsidiary. (Dörrenbächer & Gammelgaard 2016 1253-1254.) This is why the power of subsidiaries can be described as actual authority rather than formal authority. The first referring to the control over decision-making and assets, and the latter being the formal rights to decide. (Dörrenbächer & Gammelgaard 2011, 32). This study focuses solely on the power that the subsidiaries can possess and how that power translates into actions that increase the efficiency of subsidiary-to-subsidary KT.

One way of approaching the different kinds of powers subsidiaries have is to divide it into functional and strategic power. Functional power is limited to the influence in decision-making inside a certain narrow function of the MNC. To gain functional power within an MNC a subsidiary has to perform their function in a superior level but also their capabilities must be recognized by the MNC networks and their capabilities must be needed by other parties in the networks. (Mudambi, Pedersen, & Andersson 2014 108.) If these capabilities are not recognized and needed by the rest of the MNC, it provides subsidiaries a limited reach to only to a specific function and the power only exists as part of a bigger value chain of the MNC. (Dörrenbächer & Gammelgaard 2011, 33.) Thus, functional power creates influence on the entire MNC only if the functional capabilities of the subsidiary are recognized and are needed also elsewhere in the MNC (Mudambi et al. 2014 103).

Strategic power is more spread out and has influence on a more cross-functional level. Strategic power gives the subsidiary a say in bigger issues such as in the strategic planning of the MNC or even in decision making. Strategic power is acquired by the subsidiary having substantial amounts of both technology-related and business-related functional power. If they do not have both kinds of power, the strategic power can also be obtained by having solely technology related power. Functional technology- and business-related powers mean that they have superior practices or capabilities related to business (e.g. sales, marketing, logistics and distribution) or technology (e.g. R&D and production) related processes. (Mudambi et al. 2014 103-108.)

The most common and studied kind of subsidiary power is power that is originated from the fact that the MNC as a whole or part of it is in one way or another dependent of the resources of a single subsidiary. The more unique and scarce the possessed resources (in this case concentration to knowledge resources) in the subsidiary is, the more important it is strategically to the MNC. They become especially important if the resource is needed by other units to survive in their respective external environments. (Mudambi

et al. 2014 102.) Mudambi & Navarra (2015, 386), on the other hand, stated that it is not the knowledge itself that creates power, but the transferability and the ability to exploit the knowledge inside the MNC that does. Also, Dörrenbächer & Gammelgaard (2016 1253) state that the resources itself are not the source of power but the possession of relationships that offer others access to these resources. This can be, for example, a close relationship with key decision-makers. Many times these important resources are bound to the location or networks of the subsidiary and thus it has been stated that resource-dependency power is quite strong and long-lasting if obtained. Resource-dependency originated power is usually strategic in nature. (Dörrenbächer & Gammelgaard 2011, 33.)

Finally, there is institutional power. Institutional power is similar to the resource-dependency power in a way that it is originated by the location and structures of the subsidiary. However, it differs in the sense that when having institutional power, the subsidiary does not have to be highly integrated to the local resource networks, it is enough for them to be located in an important or hard-to-reach location. Institutional power is fairly strong and easy to sustain for a long period of time due to the slow change in institutional issues within an MNC. (Dörrenbächer & Gammelgaard 2011, 34.)

As discussed, a subsidiary can gain power within the MNC networks by many ways. The power types are distinct but not mutually exclusive. This means that a single subsidiary can have and exercises many types of power simultaneously. The power can be, for example, simultaneous strategic power deriving from superior technological patents and functional power for being a valued part of a value chain. (Dörrenbächer & Gammelgaard 2011 109; Mudambi et al. 2014, 399.) What is important to notice about power types is that if a subsidiary is powerful inside the MNC it has a bigger reach to influence things related to KT efficiency. For example, the subsidiary could influence the decision making process that discusses the MNC measurements and strategies to be more KT enabling and in that way better the parameters, inside which, the subsidiary performs its KT activities. (Bouquet & Birkinshaw 2008, 478.) This kind of influence for MNC-wide issues would however require the subsidiary to possess strategic power that is not restricted to a certain function (Mudambi, Pedersen, et al. 2014 105). There is a clear advantage in possessing specifically strategic, rather than functional, power when talking about affecting the KT efficiency inside an MNC. Luckily there are various ways to gain such strategic power, which will be discussed in the next part.

2.4.2 Gaining Subsidiary Power

It can be argued that there are differences between subsidiaries importance within an MNC. Molded by local environments, location specific knowledge and other external factors subsidiaries come up with very diverse knowledge that is known as their

knowledge base (Blomkvist 2012, 904; Gupta & Govindarajan 2000, 476; Mudambi & Navarra 2015, 386). These differences in knowledge bases create interesting opportunities to transfer knowledge and best practices between subsidiaries to other countries and locations. However, these differences in subsidiaries' also make them strategically more or less important for not only the HQ but the MNC as a whole. (Chini 2004, 37-57.) Andersson, Forsgren, & Pedersen (2001), on the other hand, stated that subsidiaries obtain different roles within the MNC in their post-integration process due to their collaborative efforts with other units within the MNC, not so much due to the uniqueness of their knowledge base.

Positioning subsidiaries strategically within the MNC is a complex process of assessing which subsidiaries can enjoy superior strategic importance to the MNC over other subsidiaries. It all starts with the prerequisites for the subsidiary. Reputation and profile building are very important if the subsidiary's past track record is bad or somehow tainted. Building a reputation starts by convincing other MNC units that the subsidiary is committed to the strategic objectives of the MNC and it willing to do the work to become strategically important. Also, promoting reliability and trust among the networks will build the reputation of a subsidiary to be one that others want to work and build internal networks with. (Birkinshaw, Bouquet & Ambos 2006, 8; Bouquet & Birkinshaw 2008, 490-491; Dörrenbächer & Gammelgaard 2011, 41.)

After the prerequisites are in order a subsidiary can intentionally start gaining power within an MNC. Bouquet & Birkinshaw (2008, 479) concluded in their review article that the actions to gain power in an MNC can be divided into three objectives: gaining legitimacy, gaining centrality and controlling important resources. Gaining legitimacy is the objective of "a recognized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Bouquet & Birkinshaw 2008, 480). Also, Mudambi et al. (2014 102) recognized that the actions of a subsidiary must follow a certain set of principles that make them legit in the environment that they operate in. Gaining legitimacy inside an MNC is not always easy if, for example, the local environment of a subsidiary is perceived by other subsidiaries as distant and their knowledge is not seen as useful to others. If the subsidiary fails to communicate their value to the other subsidiaries and the HQ, the legitimacy will not be gained and power distribution will not be shifted. (Bouquet & Birkinshaw 2008 289; Dörrenbächer & Gammelgaard 2011, 39.)

Achieving centrality within the MNC networks, on the other hand, is about subsidiaries positioning themselves in the center of the MNC networks. Positioning can be done by creating multiple interlinks between other subsidiaries and units. Intentional efforts towards relationship building and creating of dependencies between subsidiaries is the key when creating centrality. (Bouquet & Birkinshaw 2008, 485-488.) A greater integration and quality of relationship internally creates dependencies within the MNC

and guides the subsidiary to adopt practices and values that are more similar to the others in the intra-MNC networks. These capabilities are more likely to be recognized by the networks as valuable, since they are perceived familiar and easy to adopt by other subsidiaries. (Mudambi et al. 2014 108.)

Finally, controlling scarce and needed resources while being independent from other subsidiaries is a vital source of subsidiary power. While resources like naturally occurring materials cannot be developed and are more or less given to the subsidiary, the access and control of intangible resources, such as, knowledge resources can be gained and built. The control of resources and the independence from others in terms resource needs, gives a subsidiary an upper hand in the resource networks and thus advocates power. It is in this case the subsidiaries efforts in creating those scarce knowledge or intangible resources to gain additional power. (Bouquet & Birkinshaw 2008, 482-483; Dörrenbächer & Gammelgaard 2016 1253.)

Chini (2004, 37-57) provides a more institutional view of how subsidiary power is distributed within an MNC. Her framework states that power differences between subsidiaries derive from the positioning a subsidiary has in the MNC KT networks. Also, Najafi-Tavani et al. (2015) recognized that if the subsidiary is active in the network, it will more than likely become more important to the MNC. This network aspect is widely seen as one of the determining factors of the strategic positioning of a subsidiary. The effective knowledge outflows and inflows from and to a subsidiary can enhance the strategic positioning of the subsidiary within the entire MNC. The strategic mandate framework by Chini (2004) suggests four types of strategic roles a subsidiary can possess within an MNC based on their in- and outflows of knowledge, which are Implementers, Integrated Players, Local Innovators and Global Innovators. The strategic mandate matrix by Chini (2004, 59) is presented in Figure 4.

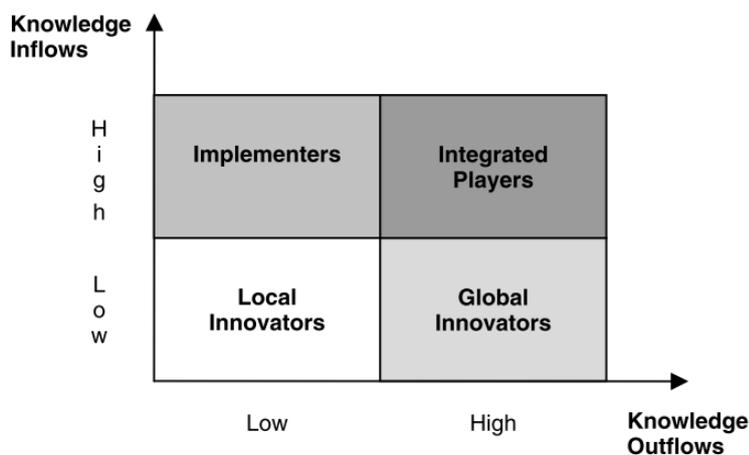


Figure 4 Subsidiary Strategic Mandate Matrix by Chini (2004, 59)

First, the *Implementers* are, as their name suggests, subsidiaries that deploy the ideas of others. They have a high-level of responsibility and even autonomy in a specific locational area but do not contribute much to the collaborative knowledge base of the MNC. The strategic importance of these subsidiaries depend on the strategic importance of the area they operate in. If the subsidiary is located in a strategically less important location, their sole purpose is to operate in that area and contribute to the economies of scale of the MNC. (Bartlett & Ghoshal 1986, 91; Chini 2004, 42; Gupta & Govindarajan 1991b, 775.) Second, come the *Integrated Players*. They are usually functional units that serve multiple other units (e.g. Marketing and Finance). Thus, their in- and outflows of knowledge are both high. Although, integrated player subsidiaries usually deploy strategies that are formulated elsewhere, they possess key internal competencies and are very important to the MNC as a whole. Their activities are largely cooperative and integrated with the HQ and other subsidiaries, so they have to be active participants in the MNC knowledge networks. (Bartlett & Ghoshal 1986, 90; Chini 2004, 43; Gupta & Govindarajan 1991b, 774; 1991a 24-25.)

Third, are the *Local Innovators*. According to Bartlett and Ghoshal (1986), subsidiaries are only temporarily in this role. Local Innovators have a low in- and outflow of knowledge from and to their subsidiary due to them being located in a strategically important place. They are somewhat strategically important to the MNC due to their location and through that establishment of a global presence, but not in a way that they would contribute much to the knowledge networks. The mandate of Local Innovator is temporary and to move towards being a Global Innovator, subsidiaries must gain significant strategic importance through metrics like market share or R&D or by successful joint ventures. (Bartlett & Ghoshal 1986, 90; Chini 2004, 43 ; Gupta & Govindarajan 199b, 774.)

Finally, are the *Global Innovators*. They are on the forefront of new technology, knowhow and knowledge in general. The sole reason for them is to push that knowledge out to other subsidiaries for exploitation. They are in a way a powerhouse of knowledge apart from the HQ that have a relatively big strategic importance compared to other subsidiaries and thus they have influence in, for example, MNC-wide strategic decisions. Global Innovators also are responsible for cross-border products or services so national borders do not limit their operations. Global Innovators are very involved in the MNC knowledge networks and can be seen as the backbones for the existence of such networks. (Bartlett & Ghoshal 1986, 90; Chini 2004, 43; Gupta & Govindarajan 1991b, 774.)

What is important to understand about the strategic mandates of subsidiaries is that the positioning of a subsidiary within an MNC determines their level of autonomy and personnel who is forced to think globally rather than locally. Autonomy brings the subsidiary opportunities to try and experiment with new knowledge and processes, while a globally thinking personnel will prompt more activates in the knowledge sharing

networks of the MNC. All these elements are given with the strategic role the subsidiary possess at the time. It is however important to acknowledge that the roles change and a subsidiary can, in some instances, have several roles at the same time. (Bartlett & Ghoshal 1986; Chini 2004, 37-57; Gupta & Govindarajan 1991b.)

Positioning the subsidiary within the MNC networks in terms of strategic power is a complex discussion. Subsidiaries can gain power from any sources from simply being located in the right place (Mudambi & Navarra 2015, 398-399) or by taking part in various efforts and initiatives to gain that power for themselves. (Bouquet & Birkinshaw 2008.) Power can also be gained from simply performing better in the external markets than other subsidiaries (Andersson, Forsgren, & Pedersen 2001 18). The strategic power a subsidiary can possess and the positioning it has within the MNC networks determine the reach of the subsidiaries influence within the MNC (Mudambi et al. 2014 104). This reach is important to this study due to it showing what subsidiaries can do in practice to make the KT processes between subsidiaries more effective.

2.4.3 *Exercising Subsidiary Power*

Moving on to the ways for exercising gained subsidiary power within the MNC. Challenging the status quo is the actions done in the aim of challenging current practices, entering new markets and in general bringing something totally new to the attention of the MNC. These subsidiaries have established good external networks and have obtained needed resources to draw information from multiple sources and combine it in a new way. This is a good example of subsidiary efforts since it goes well beyond their day-to-day activities. (Bouquet & Birkinshaw 2008, 489.) The literature suggests that the knowledge creation is not enough to gain power in the MNC. The idea must also be brought to the attention of other subsidiaries and the HQ as well as lobbied, so it goes forth and receives needed resources and executive support, meaning it needs legitimation. (Dörrenbächer & Gammelgaard 2016 1252; Mudambi & Navarra. 2015, 386)

Subsidiaries can also decide to break the status quo in the most dramatic way by going against the principles and rules on the MNC. This is a very risky strategy and if not successful can create tension between the subsidiary and the HQ. There is however very little empirical evidence of such behavior and the outcomes of it. Furthermore, the majority of the literature suggests that being faithful to the MNC and its strategy is a good source of additional power and legitimacy. (Bouquet & Birkinshaw 2008, 419-492.)

To disrupt the status quo a subsidiary must make the effort of initiative-taking. This means the subsidiary's entrepreneurial efforts within an MNC that are not initiated by the HQ or done according to their instructions and will. These initiatives can be anything from developing new processes to introducing a new technology. (Bouquet &

Birkinshaw 2008, 489-490; Dörrenbächer & Gammelgaard 2016 1250.) Dörrenbächer and Gammelgaard (2016 1251-1252) extent the term of initiative taking to include all actions that aim to use influence and remove opposition. These tactics can include actions such as creating pressure, persuasion or more general actions like addressing reputation problems, taking part in exchanges or internal relationship building. All of these actions give the subsidiary legitimacy, reinforce their control over scarce resources and increase centrality which in return rewards the subsidiary with more strategic power. (Bouquet & Birkinshaw 2008, 490; Mudambi et. al 2014 102).

The subsidiary might want to enter the politic playfield of the MNC to exercise their power as well as gain more power for themselves. Disrupting the status quo and taking part in the political games of the MNC are intertwined since there is no one without the other. (Dörrenbächer & Gammelgaard 2016.) Strategies of political gaming include before mentioned persuasion and lobbying as well as strategically positioning influential individuals within the MNC to crucial positions. If permanent reallocation of people is unfeasible, a representative can be sourced from the top-management to broker for the subsidiary in the top-management circles. (Bouquet & Birkinshaw 2008, 489.)

When engaging in the political games of the MNC the subsidiary is exercising its micro-economic bargaining power. This means that the elements and actions of the subsidiary has given them a certain amount of bargaining power that they can use to further their own initiatives or initiatives that favor their operations (Mudambi et. al 2014 103). The problem with the bargaining power is that it can be trumped by the bargaining power of the HQ. It is also not a very sustainable type of power since it is very subjective to context and dependent on the bargaining power of other actors. (Dörrenbächer & Gammelgaard 2011, 32). What a subsidiary should do is ensure their power within the MNC derives from multiple sources and that they have adequate personal relationships with the units they want to influence to be successful in their status quo breaking and political action taking within the MNC. (Dörrenbächer & Gammelgaard 2016 1266.)

Finally, it is important to notice that most kinds of power are subject to erosion over time and if power enabling elements are not taken care of and new ways to gain power continuously built, the other subsidiaries will surpass the subsidiary and become more powerful. (Dörrenbächer & Gammelgaard 2011, 39-40.) Dörrenbächer and Gammelgaard (2016 1250-1252) state that subsidiaries that continuously take initiatives will be monitored by the other units in the MNC, in case they come up with something valuable for them. Lastly, Birkinshaw et al. (2006, 8) also highlight the fact that subsidiaries must “be good citizens”, by which they mean that the subsidiaries must keep all stakeholders equally in their mind in their operations and first and foremost identify as units of the parent company. If they want the HQ and others to value them high, they must do the same for the others. Also, Bouquet and Birkinshaw (2008, 494) discussed that the strict

following the HQ rules and MNC culture can translate into power and trust within the MNC in a long run.

It is important to notice that to truly influence the strategic decision making and business planning in the MNC a subsidiary must possess technology-related strategic power. Although, business-related strategic power does give the subsidiary some power to exercise over other subsidiaries and functions, the influence on the MNC as a whole is limited (Mudambi et. al 2014 109). For the subsidiary to be able to influence MNC level elements and lobby for practices, tools, processes, culture and so on to be more KT positive and such that enhance effective KT, the strategic power that the subsidiary has must derive from technology-related resources.

3 EFFECTIVE INTRA-MNC KNOWLEDGE TRANSFER

The effectiveness of an intra-MNC KT process has been divided into three main considerations. First, pre-establishing the value of the proposed or upcoming KT is important due to KT being costly and if potential value is not seen, the KT will never happen (Szulanski 1996 29-31). Second, there are various organizational and individual capabilities that must be present for the KT to be facilitated and executed (Phene & Almeida 2008, 914-916). Finally, the easiness of the KT and hence a big part of the effectiveness is bridging the different kinds of distances between subsidiaries to ensure a smooth process.(S. Li, Scullion, & Scullion 2006, 86).

3.1 Establishing Value of KT

3.1.1 Value of Subsidiaries

The recipient party must view the sender of the knowledge as knowledgeable and reliable. If the reliability of the knowledge source is not established, the transferred knowledge will encounter much more resistance in the recipient subsidiary. (Szulanski 1996, 31.) It is commonly known that there are different resources within an MNC and they are all valued at different prices (Mudambi, Piscitello, & Rabbiosi 2014, 49). When the sender subsidiary is planning to transfer knowledge resources to the recipient subsidiary its current knowledge repository is the main source of attractiveness for the recipient (Gupta & Govindarajan 2000, 475).

The relative economic level of the two subsidiaries participating in the KT and their operating countries is a factor that affects the way knowledge inflows are perceived. Subsidiaries from more economically advanced countries are more likely to possess and create more knowhow and thus act as trend setters for the less developed economies. It is theorized that knowledge originating from a subsidiary operating in a country that is economically advanced is perceived as more valuable and useful, than of one that is originated from a less economically advanced country. This difference is measured by the difference in the level of economic advancements in relation to the recipient subsidiaries own country of origin. (Gupta & Govindarajan 2000, 478.)

Multiple scholars have talked about the KT capabilities MNC subsidiaries in relation to how it became part of the MNC.(Gupta & Govindarajan 2000; Mudambi, Piscitello, et al. 2014) The way a subsidiary has become a part of the current MNC can take many forms, but as this research studies only fully owned subsidiaries, only acquisition and Greenfield modes of entry will be examined. (Gupta & Govindarajan 2000, 477;

Mudambi & Navarra 2015, 390-392.) Acquisition is the act of an MNC buying a local company to gain local expertise by purchasing a kind of turnkey solution. Greenfield, on the other hand, is the process of forming a totally new unit in a foreign country to operate there. (Harzing 2002 211-212.)

Acquisition is usually chosen as the entry mode when a local firm has a knowledge base that is very different to the pre-existing knowledge base of the MNC. In addition, if the knowledge the local company has is non-duplicable, an acquisition is more likely to happen. It is theorized that the potentially useful knowledge of an acquired subsidiary to the MNC knowledge network is higher in quantity than off one that entered through a Greenfield. Acquired subsidiaries tend to also have more active outflows of knowledge than subsidiaries entered by Greenfield. To put in other words, the novelty of the knowledge of a subsidiary to the MNC has an increasing effect of knowledge outflows and a decrease in knowledge inflows, which means that the MNC needs the knowledge that the subsidiary has and will take actions to make sure it gets distributed within the MNC units. (Gupta & Govindarajan 2000, 477.) On the other hand, subsidiaries who entered via Greenfield mode are said to be more effective in intra-MNC KT due to having a more built-in network while acquired companies face difficulties with network isolation and gaining legitimacy within the MNC. (Mudambi, Piscitello, et al. 2014, 60.)

Following the theory of non-duplicative knowledge that a subsidiary has when entering the MNC, it is suggested that a larger subsidiary would have more of such knowledge to offer the MNC knowledge networks. Furthermore, a larger subsidiary has more resources to allocate towards the creation of valuable knowledge. Thus, the bigger the subsidiary is in size, the more knowledge outflows can be expected to have within the MNC. (Gupta & Govindarajan 2000, 477-478.) Also, MNCs tend to aim their acquisitions and Greenfield investments towards technology and highly knowledge intensive clusters that are located in big cities. Thus, it is said that a subsidiary located in a big city with a known knowledge or technology cluster has more valuable information and is a natural sender of knowledge within the MNC knowledge networks. (Mudambi & Swift 2011,188.)

Finally, proven record of successfulness to implement helps the KT being received as possible and feasible for the recipient. (Szulanski 1996, 31.) Also, Najafi-Tavani et al. (2015 104) emphasize that the KT between organizational units (they used HQ as the receiver, but the logic remains) enhances their strategic power in the MNC. This means that if a sender subsidiary has a track record within the MNC to successfully transfer knowledge, and this capability is recognized in other subsidiaries and by the HQ, the recipient subsidiary (or the HQ) will be more willing to hear what they have to say.

There are a lot of attributes that the subsidiary rarely has any influence in that their knowledge base is valued against. Although the location, entry mode, size and a proven track record are fairly static measurements of a subsidiary, they help us understand the

evaluation process that the sender subsidiary faces before any transfer is initiated. Once the perceived value of the sending subsidiary has been established, it is easier to establish methods to mitigate and change these perceptions.

3.1.2 Value of Transferred Knowledge

Moving on from the value of the entire subsidiary to the value of the specific knowledge that is being transferred in a specific occurrence of KT. Even a sender subsidiary would be perceived as valuable, reliable and in all ways capable for the transfer, it is, in the end, the piece of knowledge that is being transferred and that will create the potential value. It is important to notice that the transferred knowledge must be non-duplicative, meaning that it needs the actual KT process to occur, which rules out knowledge that can be utilized by merely benchmarking and copying it to the other subsidiary. The transferred knowledge must be of relevance for the recipient. (Gupta & Govindarajan 2000, 475.) Furthermore, it is proposed that the knowledge should be transferred in a usable form for the recipient rather than just by telling them about the knowledge, without any regard for the usability or exploitation in the recipient side to fully realize value. (McNichols 2010 25-26.)

Difficulty in transferring knowledge is a part of the cost of transfer in the recipient side. Recipients evaluate the KT pros and cons and usually without a base case to reflect on, the recipient is left with their hunch of how valuable the knowledge is. The absence of base cases might be due to there being no prior transfer of knowledge between these subsidiaries, the previous transfer not being similar enough or just pure faulty memory of the last cases. (Szulanski 1996 29-30.) So, without a base case, how can recipient subsidiaries evaluate if the cost of transfer is worth paying, for the received knowledge?

One way of signaling value of the knowledge for the recipient subsidiary is making it abundantly clear why this specific knowledge will be valuable to them in terms of corporate measurements and key performance indicators (KPI) that they are evaluated on an MNC level. If this is not clear the recipient is very unlikely to perform charity-like knowledge receiving, much less adaptation. There are two ways of action: the knowledge is packaged so that it addresses existing metrics or new metrics must be deployed to fit the knowledge. This kind of knowledge is said to be internally valuable and easier to “sell” to the recipient. (Lupton & Beamish 2014, 722.) In addition, for the knowledge to be perceived valuable it must also be perceived as replicable to the recipient subsidiary and the people inside it. Knowledge that seems hard to implement successfully causes causal ambiguity, meaning that the reasons for the recipients to assume the success of replication must be evident to the recipients (Szulanski 1996, 30-31).

De Long and Fahey (2000 116-119), on the other hand, say that perceived value of the KT and the transferred knowledge derived from the cultural context. Different cultures value different kind of knowledge and types of knowledge. The key is to determine what the prevalent culture (national or organizational) values in terms of knowledge creation and sharing. Is it billable work, human capital or perhaps just performing day-to-day task on a superior level? Much like corporate measurements are derived from the corporate strategy, the culture of the subsidiary is a place that the sender subsidiary can look for values that they want to promote with the transferred knowledge.

3.2 Needed Capabilities

3.2.1 Individual Capabilities

Subsidiary-to-subsidiary KT, like any other process, is ultimately carried out by the individuals that work in the units. Initiation, communication, teaching, mentoring or any other efforts towards transferring knowledge is done by people and thus their capabilities is the starting point to all capabilities. Although processes like HRM can increase and develop these capabilities in the long run, the current situation of the personal capabilities is important in the context of this study because the research is conducted as a “snapshot” research and there is no time for examining long-term development in this matter. (Gupta & Govindarajan 2000, 476; Song 2014.)

Knowledge processing capabilities are described by Chini (2004, 61-63) to be the pre-processing of knowledge before sending it and the post-processing after the new knowledge enters the subsidiary. These capabilities help to either combine distinct knowledge from individuals’ minds into a collective knowledge bundle that a group of people can use or transform tacit knowledge into explicit or vice versa. The different knowledge processing capabilities are presented in Table 2 below with the strategic positioning from before by Chini (2004, 59). The subsidiary strategic positioning determines what kind of knowledge processing capabilities are usually present in the individuals of that subsidiary. As Table 2 shows us, the subsidiaries that are assumed to have a lot of knowledge outflow, should have individuals with refined processes for knowledge sharing and coding, which means that they are gifted in pre-processing outflowing knowledge. Correspondingly, subsidiaries that implement and deploy more than they create, should have personnel with good post-processing skills for receiving and utilizing new information. (Chini 2004, 61-64.) In addition, Phene and Almeida (2008, 913-914) concluded that the knowledge internationalization and combining capabilities

in a unit have a significant effect on their quality and quantity of innovative efforts towards creating new knowledge.

Table 2 Knowledge Processing Capabilities (adapted from Chini (2004, 64)).

Knowledge process	Description	Abilities	Strategic Mandates
Socialization	From individual tacit knowledge to group tacit knowledge	Ability to share individuals know-how and expertise to others so that they understand it and are able to perform accordingly	<ul style="list-style-type: none"> ▪ Global innovators ▪ Integrated players (high abilities) ▪ Local Innovators (low abilities)
Internalization	From explicit knowledge to tacit knowledge	Ability to extract know-how and expertise from transferred explicit knowledge and turn it into tacit knowledge	<ul style="list-style-type: none"> ▪ Implementers ▪ Integrated players (high abilities) ▪ Local Innovators (low abilities)
Combining	From separate explicit knowledge to systematic explicit knowledge	Ability to create processes to handle, update and share codified and articulated knowledge	<ul style="list-style-type: none"> ▪ Implementers ▪ Integrated players (high abilities) ▪ Local Innovators (low abilities)
Externalization	From tacit knowledge to explicit knowledge	Ability to put tacit know-how and expertise into a transferrable format	<ul style="list-style-type: none"> ▪ Global innovators ▪ Integrated players (high abilities) ▪ Local Innovators (low abilities)

Apart from the knowledge processing capabilities presented above, other literature suggests absorptive capacity as a key individual capability of KT. absorptive capacity is the capability to process and exploit entering knowledge in a commercial or otherwise value-creating manner. (Cohen & Levinthal 1990.) Absorptive capacity of the knowledge recipient has been stated as the most important determinant in KT effectiveness. The knowledge receiving individuals will evaluate the entering knowledge in terms of the sender subsidiary value, knowledge value and the closeness of their relationship. The cumulative sum of the personal capability to absorb new knowledge and utilize it makes up the absorptive capacity of the recipient subsidiary, which affects the success of KT. (Gupta & Govindarajan 2000, 476).

Minbaeva et al. (2014) further discussed the concept of absorptive capacity by stating that motivation is a key component of absorptive capacity. They discussed that absorptive capacity thus consists of two determinants: ability and motivation, which both must be present for the absorption of entering knowledge to be possible. Ability is described as the prior knowledge base of the individual that gives the parameters in which the person

is able to receive knowledge. A lack in the individuals' knowledge base can mean that the knowledge is not understood or it is too complex for the people to process. In this case, it will have troubles sticking in the new subsidiary and once it fails to show immediate results in value creation, it is not seen as valuable. (Szulanski 1996.)

Motivation, on the other hand, is described to be the intensity of efforts to solve organizational problems. Motivated individuals want to contribute to the effectiveness of the company and because of sufficient levels of motivation an individual will go the extra mile to actually utilize the learned knowledge. (Minbaeva et al. 2014.) As described in this paper, KT is a process, and it does not effectively and continuously happen by accident. The intensity of effort is the amount of time that people within the organization or the organization as whole allocates into problem solving. These efforts are driven by a want to contribute to the effectiveness and continuous development of the company. (Minbaeva et al. 2003, 41.) Also, Cohen and Levinthal (1990 137) highlighted the need for internal organizational aspiration in the absorption of incoming knowledge. Song (2014, 76), on the other hand, presented motivation as a moderating factors of absorptive capacity, not an element of absorptive capacity. In this view motivation is a contributor to the success of KT but not a source of absorptive capacity per se

In addition to wanting to better the status quo, transfers require problem-solving capabilities from individuals. KT processes create unforeseen problems which require non-routine-like problem-solving which makes the process seem laborious and hard. However, If the MNC or the pair of subsidiaries engaging in the transfer have formal processes, metrics and routines to handle all aspect of the KT process they are unlikely to face unforeseen problems, meaning that the transfer process is perceived easier in the eyes of the receiving individuals in the recipient subsidiary. (Szulanski 1996, 30; 2000) Consequently, when KT is done routinely, units are able to rely on prior templates and thus the problems become more routine-like and easier to solve. (Szulanski 1996 11-12).

The lack of motivation in the recipient subsidiary is made evident in the not invented here (NIH) phenomenon outlined by Allen and Katz (1982). They describe the phenomenon as a reluctance to communicate with people outside their community. Outside knowledge is not perceived valuable and so the social networks to acquire new knowledge are not perceived valuable and as a result collaboration efforts decrease. The phenomenon can also result in entering knowledge being disregarded without any considerations or even sabotage to diminish the value of the new knowledge. (Szulanski 1996 28.) Studies on NIH have concluded that unless there is a presence of counteracting factors, the NIH syndrome will be present. These counteracting factors can be the considerably low knowledge base of the recipient subsidiary that forces them to seek outside knowledge, incentives to increase managers' eagerness in peer knowledge utilization or pressure from the HQ. (Gupta & Govindarajan 2000; Allen & Katz 1982).

On the other side, the motivation of the sender subsidiary to send knowledge brings a big obstacle to the KT effectiveness. Corporate pressure from the HQ can force subsidiaries to share their knowledge to other units in the MNC, which prompts strategies like not giving the recipient all needed information to utilize the knowledge or keeping the transfer ceremonial, and not really putting work into it. Sharing valuable knowledge can be scary due to the risk of it being exploited or the original subsidiary not getting a fair compensation for the knowledge. (Blomkvist 2012, 907-908.) McDermott & O'Dell (2001, 77) recognized the need for addressing peoples deeper objectives and corporate expectations. Like they put it: "Don't expect people to share their ideas and insights simply because it is the right thing to do".

A lot of the literature treat absorptive capacity and individual capabilities in KT processes as static models. (see e.g. Minbaeva et al. 2003). They however are very much dynamic models with continuous feedback loops. The transferring of knowledge makes the individuals learn and when KT occurs again, the individuals' ability to absorb new knowledge will be different. In addition, it is important to notice that subsidiaries that receive knowledge and the individuals inside them, also participate in knowledge creation themselves. Thus, an individual in the MNC is very often simultaneously a creator, a sender and a recipient of knowledge. This makes the network very dynamic and the need for considerations on how can the multiple simultaneous roles of a single subsidiary within the KT network be utilized to the MNC's advantage. (Song 2014, 79.)

Finally, when talking about individuals, and their capabilities to effectively transfer knowledge, we talk about hopes and dreams, objectives and attitudes, motivations and resistance. Individuals, as they perform KT are subject to their own feelings and those feelings can make or break the transfer process. If for example the sender is not very motivated to send the knowledge or just does not simply trust the one who wants the knowledge, they will intentionally or subconsciously hurt the transfer process. (McNichols 2010.)

3.2.2 *Organizational Capabilities*

Subsidiaries operate in their local environments and simultaneously comply with the global MNC culture. This makes the local environment in a way foreign with their own national culture as well as the political and social environments. These so called, liabilities of foreignness, force the subsidiary to develop capabilities to survive in their respective locations. Both HQ and peer-subsubsidiary originated knowledge that is transferred to a subsidiary has an impact on the capabilities that the subsidiary develops. (Li & Lee 2015, 664-664.) In this part the capabilities needed for effective KT on an organizational level will be discussed. Subsidiaries are able to develop and deploy their unique values and ways

of working, even they operate under the umbrella of the MNCs organizational culture. This is due to instances where corporate culture is hard to transfer to the acquired or national subsidiary due to conflicts in organizational cultures and local external factors. Subsidiaries can also very well be very highly integrated to the MNC and have fairly homogeneous processes and values with each other. (Jaeger 1983 102; Regnér & Zander 2011, 829.) To give an overview of the organizational capabilities that can exist on an MNC or a subsidiary level, culture, structure, strategy, HR practices and channels will be discussed.

The term *organizational culture* has a lot of views and discussions in the literature. The view of Schein (2004 13) will be presenting due to it being one of the most cited views in the literature of organizational culture. He says that it is a combination of organization specific public values, ideologies, informal rules, language, symbols, habits and over all feelings also known as the climate. Organizational culture only exists in the context of organizations but it is deployed and portrayed via actions and minds of individuals that identify within that culture (Hofstede 1998, 479). The contribution to effective KT is within the mindset of people on elements that have to do with sharing, collaborating, innovativeness and hunger to learn and develop (De Long & Fahey 2000). Organizational culture gives a context and structure to collaboration, knowledge sharing, attitudes towards knowledge and ways of working with the transferred knowledge. Thus the organizational culture can be a source of enablers or impediments for KT. (De Long & Fahey 2000; Gupta & Govindarajan 2000, 479.)

Subsidiaries also often have their own sub-culture that they go by inside the subsidiary. This may or may not be in line with the overall MNCs organizational culture. This however, does give the subsidiary the power to foster a knowledge sharing culture in itself, without the initiation or other major operations from the MNC side. Two (or more) subsidiaries can also have a KT positive culture within themselves and transfer knowledge in all directions, even the prevailing MNC-wide organizational culture would not support KT. The culture that is most appreciated in the unit (national, MNC wide, subsidiary etc.) dictates the perception on what is considered common and individual knowledge. They also stated that the way collaboration is executed and knowledge ultimately transferred is all within the cultural parameters of the prevailing culture. (De Long & Fahey 2000 117.)

The HQ plays a big role in creating and fostering a KT favoring knowledge culture. This can be done by eliminating impeding factors such as unwillingness and hesitation to transfer or by promoting enablers such as the use of highly configured KT IT-systems. The HQ is also in charge of educating people all over the MNC of the importance of collaboration and KT. (Blomkvist 2012, 914). (Dörrenbächer & Gammelgaard 2016 1252; Lupton & Beamish 2014, 720.) Also McDermott and O'Dell (2001, 83) discussed the need for managers to increase the pressure for people to share knowledge to get the

knowledge flowing smoothly. They highlighted that the knowledge sharing must be integrated in the company's core values and ways of working and constantly reinforced by managers and the executive board.

However, there is always opposing views. When a subsidiary is very active in their innovative, learning and knowledge creating activities, and a unit tries to transfer knowledge there, it is not always valuable to the recipient subsidiary. These, so called, high entrepreneurial culture subsidiaries have a unique and superior mechanisms and expertise to evaluate incoming knowledge, which decreases the perceived value and want to assimilate incoming knowledge. It has been concluded that not all subsidiary to subsidiary KT is valuable to the development of a subsidiary's capabilities or performance and a careful consideration on the recipient part on the usefulness and fit of the knowledge to the subsidiaries culture and processes is needed before transferring occurs. Consequently low entrepreneurial culture subsidiaries will be much more eager to receive peer-subsidiary knowledge. (Li & Lee 2015 669-670.)

As a part of the organizational culture, the *organizations structure* is often built to fit the prevailing culture. The structure of the company is a key determinant in cross-functional collaboration. If the structure is flat meaning managers have a lot of power and cross-functional operations (e.g. HR, finance, and marketing) are in place, subsidiaries are more forced to share knowledge thorough functions. A flat organizational structure is thus an enabler for constant and effective KT. (Wang-Cowham 2008, 39). A high level of centralized and hierarchical control from the MNC HQ diminishes the autonomous want to learn and innovativeness in subsidiaries. When the autonomy is high in a subsidiary the people inside are more likely to find new and better ways to create value outside of their normal routines. It is because of these efforts that more autonomous subsidiaries are more prone to discover new knowledge within the MNC and ultimately utilize it. (Song 2014, 77.) It is crucial to understand that this kind of KT infrastructure can also be deployed on a smaller level than the MNC-wide level. Subsidiaries often implement also their own strategies alongside the *MNC-wide* strategy. Thus there very well could exist a smoothly working knowledge sharing infrastructure established between two subsidiaries, given that they have enough autonomy to establish one. (Chini 2004 142; Foss & Pedersen 2002, 64.)

As the new entering knowledge and KT processes are developed within an MNC, people and subsidiaries might be forced to unlearn old ways and adopt new ones (Szulanski 1996, 36; 2000 11). This means that new entering knowledge requires a certain level of organizational change to counteract the resistance upon its arrival to the recipient subsidiary. Luckily, organizations can prevent resistance and help personnel adapt quicker by establishing formal structures and processes to deal with emerging problems. One of the main KT enabling and promoting processes is the *HRM processes*. (Minbaeva et al. 2014, 38-39.) The goal of HRM in terms of KT is to create a KT fostering

environment where knowledge is created, peer-evaluated, shared and utilized within the MNC with as little resistance and impediments as possible. (Walczak 2005, 333.)

HRM in terms of KT can be described as a function that enhances the motivational disposition and abilities of subsidiaries and individuals to want and be able to transfer knowledge within the MNC. HRM tasks are such as recruiting, training, feedback, competence evaluations, compensations and appraisal. All in all these tasks ensure that the human capital of the company is kept to a needed level and new competencies are learned as needed. (Minbaeva et al. 2003, 590.) Wang-Cowham (2008, 39) found in her paper, HR as a function can impede effective KT if not carefully thought out, and no wonder, since they govern the two aspects of absorptive capacity: motivation and ability.

The competence building in an MNC starts with skillful recruiting of people. If the company wants to be skillful in intra-MNC knowledge sharing, they must hire personnel that already share collaborative and team work values as well as people that are skillful in social skills and other knowledge sharing competencies. Especially middle- and top-level managers all over the MNC are required to have and promote knowledge sharing skills. (McDermott & O'Dell 2001, 85; Minbaeva et al. 2014, 42; Walczak 2005, 334; Wang-Cowham 2008, 35.) If the competencies are not there in existing personnel, intensive training must be put into place to bring the competencies to the desired level (Minbaeva et al. 2014, 42).

Gupta and Govindarajan (2000) highlighted the need to award subsidiary presidents from the point of view of the performance of the entire MNC network to create incentives and increase efficiency in the outflows of knowledge. On the other hand, they argued that the inflows of knowledge are based on the assumption of subsidiaries wanting to help themselves. This would suggest a good award system for subsidiary presidents would be one that focuses on the performance of each subsidiary as an entity. The type of award is also up for debate. Huselid (1995, 638) stated that motivation is driven by personal gain while Ismail Al-Alawi et al. (2007 25) concluded that the reward must fit the personnel's objectives, needs and background. Rewards such as organizational appraisal, such as social admiration, promotions and monetary awards are important (Gupta & Govindarajan 2000) but more importantly the reward must match the personal goals of people in the KT process. Individual goals of participants must align with the collaborative goals of the KT. If the personal goals of people contradict with the collaborative goals, the mismatch will impede the collaboration process and hurt the final outcome. (Valakoski & Järvi 2016, 381.)

The final HRM function is the mobility of people within subsidiaries. The so-called expatriation has a proven effect on the homogeneity of the subsidiaries. Especially people who have entered the subsidiary from another subsidiary to join a top management position in another, usually have a significant impact on the ways and values of the subsidiary. Thus it is argued that the more a subsidiary has expatriated personnel in the

top management the higher its absorptive capacity is. (Gupta & Govindarajan 2000, 481.) In addition expatriation is a way of transferring of highly tacit knowledge to a foreign subsidiary by sending key personnel there to train and educate personnel and ultimately transfer the knowledge. Once knowledge is assimilated in the recipient subsidiary, expatriates are pulled back to their home subsidiaries. (Downes & Thomas 2000 136.)

There are two kinds of *KT channels* between subsidiaries and inside an MNC: formal and informal. Formal channels are structural and routine like mechanisms that do not only increase communication between two (or more) subsidiaries but contribute to the overall integration of those subsidiaries. These channels can be permanent committees, reviews, mentoring and other gatherings between key personnel of subsidiaries. The subsidiaries that take part in this formal communication structures are more involved with the entire MNC knowledge network and are thus expected to have a greater level of knowledge out-and inflows. (Gupta & Govindarajan 2000, 478-479; Walczak 2005, 332.) Walczak, (2005) suggested a model of intra-corporation knowledge groups and communities. Establishing of cross-functional knowledge teams are aimed produce cross-functional team generated and knowledge and bring it back to their subsidiaries. Carefully selected individuals from different subsidiaries and units that possess a significant amount of tacit knowledge are joint to form these work groups. McDermott and O'Dell (2001, 84-85) found in their study that these established networks and independencies should be enforced and facilitated by the HQ to enable effective KT.

Informal channels are not as structured and planned out and can happen by casual conversations or people moving from one subsidiary to another (Walczak 2005, 332). Also, Ismail Al-Alawi et al. (2007) recognized informal highly human interactions as one of the biggest factors facilitating KT. They stated that the channels used must be high in informality and openness. However, KT channels, especially in the global networks of an MNC, cannot always be face-to-face meetings. Information technology (IT) is a technical solution that facilitates the sharing, processing and acquiring of knowledge within an organization. Companies use different IT systems to operate KT to locally disperse locations to make the process faster and more routine like. These IT systems also acts as storages for the existing organizational knowledge. It was found that the existence of knowledge sharing facilitating information systems increases the KT in the company. It is however, not enough just to deploy a KT IT-system in the MNC. The continuous executive support and reinforcement for the importance of use of the deployed IT system, is what actually enhances the KT process. (Ismail Al-Alawi et al. 2007, 36.)

Organizational capabilities needed for effective KT can summarized by the term, knowledge culture. It is a way of thinking MNC-wide and across functions that KT is important and procedures must be developed to enhance effective KT. It is about facilitating, monitoring and developing knowledge sharing positive culture, structure and strategy within the MNC. It is also about encouraging sharing and creation as well as

utilization of all knowledge that flow within the MNC knowledge networks. This knowledge culture is enforced by all but is usually initiated by the HQ strategic planning and powerful executive support. It is a bundle of well managed people, processes, strategies and structures that make the effective KT happen on an organizational level. (Walczak 2005, 335; Wang-Cowham 2008, 39; Zheng, Yang & McLean 2010, 764.) Now that the capabilities needed for the KT have been discussed, the distances are presented next. Distance is the sum of things that fall between the two subsidiaries and are interdependent of the KT participating subsidiaries. They cannot be said to be associated with a single subsidiary, but rather the two subsidiaries together. Thus, they must be discussed separately to capabilities.

3.3 Bridging Distance between Subsidiaries and Individuals

A lot of KT effectiveness literature talks about distance. This distance can be organizational, between individuals, locational, cultural and physiological. (Blomkvist 2012, 906; Vaara, Sarala, Stahl, & Björkman 2010, 3). Cultural distance is usually described as the differences in values and beliefs related to working-life. (Vaara et al. 2010, 3.) Organizational distance, on the other hand, is the differences in two different units in terms of structures and processes. (Chini 2004, 54). As these two types of distance overlap, it is possible to generalize that the differences between subsidiaries that participate in the KT (as a sender or recipient) creates a gap, which in return creates ambiguity, complexity and trust issues that affect the KT effectiveness between those subsidiaries. (Minbaeva et al. 2003, 588.)

Distance in this study is seen as the overall heterogeneity in values, ways, processes and strategic objectives of the subsidiaries which can be considered cultural distance between subsidiaries and individuals (Leyland 2006). If the distance is small, it increases the want to receive knowledge in the recipient subsidiary. In addition, mutual language and similarities in personal and social characteristics affect the attitudes towards entering knowledge and the actions that are executed after the knowledge has entered to utilize it. (Gupta & Govindarajan 2000, 478.) In addition, the similarities in the national language, national culture, local political systems and level of economic development in the subsidiary home country help bridge the gap of subsidiaries (Blomkvist 2012, 906). For example, efficiency in KT between subsidiaries can be achieved by having similarity in the used language. The time that is used to ensure that the same terms are used and the concepts are familiar both parties, does not only bring the two subsidiaries closer but ensures that there are no misunderstandings once the transferring of knowledge is done. Finally, the transmission is much more efficient if a common language is established, no matter what transmission channel is used. (Valakoski & Järvi 2016, 376-377.)

Although a big distance between subsidiaries is likely to prompt challenges in the KT process, it can also be seen as factor for potential. The more distant and different the subsidiaries are from each other the more differences are their knowledge bases. Due to their distinct local environments where they derive their knowledge from, the potential for finding new and valuable knowledge increases as the distance of subsidiaries grow. Distance also gives potential for combining of existing and new knowledge in the new environments, which might result into a totally new knowledge or expertise which could have never been achieved by homogeneous subsidiaries. (Vaara, Sarala, Stahl, & Björkman 2010, 6.)

Looking closer at distance and overcoming it, comes the concept of embeddedness. Closeness between subsidiaries can be achieved, according to Andersson, Forsgren, & Pedersen (2001), with embeddedness. Embeddedness is the non-economic institutions that two entities have between them. These non-economic institutions are, for example, the social context, interests and resources of the partner subsidiary. Over time the embeddedness, meaning the merging and adoption of these partnering subsidiaries ways can be studied. Embeddedness is a variable in absorptive capacity and measure the tightness of relationship the subsidiary has with different parties in the MNC (or with external partners). Embeddedness is best developed through joint problem solving and effective exchange of resources, including knowledge resources. (Najafi-Tavani et al. 2015 105.)

Much like embeddedness, KT is argued to be affected by the integration level of the two subsidiaries in question. Integration in this context refers to the quality and frequency of communication between the two subsidiaries (Lupton & Beamish 2014, 712). A laborious and distant relationship between the two subsidiaries creates additional impediments for the transferring of knowledge. As a single piece of knowledge usually involves numerous repetitive exchanges of knowledge, the ease of collaboration and overall friendliness of the relationship helps these individual exchanges succeed, and thus the entire KT to be a success. (Nonaka 1994 24; Szulanski 1996, 32). Szulanski (1996) concludes his study with stating that the repetitive collaborative discussions between units and the fostering of relationships might be the driving force in successful KT. In his opinion MNCs should concentrate towards effective relationship and network building rather than spending scarce managerial resources on ramping-up the knowledge base of the receiving subsidiary.

Finally, trust between subsidiaries and individuals is discussed. Valuable knowledge and expertise in a subsidiary increases the relative importance of the subsidiary inside the MNC. Knowledge is like currency within the MNC and as with traditional monetary currency, people have a tendency on holding onto it themselves. A potential negative impact to the subsidiary of being copied decreases the motivation for them to share knowledge. (Blomkvist 2012, 913-914; Gupta & Govindarajan 2000, 478-479). Also,

Valakoski and Järvi (2016, 375) found that one of the determining factors of intra-company collaboration of frontline employees is trust. Trust, in this case, means that the collaborative parties who are going to share the knowledge with others have trust that the other party will not exploit the knowledge for their own gain. Thus, the personal trust between parties has an impact with the willingness to share knowledge. On the other side of the coin, Szulanski (2000 12) adds that when a recipient finds the sender trustworthy and capable, they will have more power over the recipient unit and be able to affect their behavior and ways of working to fit the transferred knowledge better.

As discussed, context of the subsidiaries, meaning what subsidiaries are examined, is very crucial. While a transfer can flow beautifully between two subsidiaries within an MNC it can have no effect between two different ones (Valakoski & Järvi 2016, 376). The formal structures, expertise and coordination efforts have an impact on the number of attempts the two parties will try to execute successful KT (Szulanski 1996, 32). This means that when formal structures and problem solving processes towards KT have been established through subsidiary collaboration and overall closeness, the parties can handle even a few unsuccessful KT attempts before giving up all together. Also, Valakoski and Järvi (2016, 376-377) found that the conflict resolution is a key part of the effectiveness and success of KT between subsidiaries.

3.4 Synthesis

Figure 5 shows the theoretical synthesis of this study. The Figure portrays the three layers: MNC, subsidiary and individual. The subsidiary and individual layers are further separated into the senders and recipient subsidiaries as well as a space in between that visualizes the attributes that fall between these two subsidiaries. Furthermore, the KT process is presented in the subsidiary level due to the nature of the study being subsidiary-to-subsubsidiary, so that is where the process happens in this context. Each element in the synthesis is color-coded so that the reference to the theory is easier to find.

As seen in Figure 5, some of the elements are marked as out of scope for this study. These elements are: the KT process and the type of knowledge. Although out of scope, they are an important part of the theoretical framework giving structure and meaning to the actual studied elements. The layers give an idea of what level are we operating in with each element, the process is important to understand to know where the problems in KT arise and the type of knowledge that is being transferred gives the starting point for the entire framework. The last point means that if the type of knowledge is not tacit and hard to transfer, the entire framework is redundant.

Moving on to the outer layer of synthesis. On the top are the high-level elements that guide the MNC as a whole and thus govern the inner layers. An MNC has a culture, a

strategy and a structure that govern what is important in the MNC and what are the objectives and visions of the company. These in terms affect everything that happens inside the company and are the source of KPIs, measurements and requirements for the subsidiary and individual levels. On a more functional side of things there are channels and the HRM function. These are enablers that are built on an MNC level and then deployed and implemented on the inner layers. Channels can be as simple as what and how rich communication channels does the MNC provide and HRM deals with issues such as what is emphasized when recruiting people and how personnel mobility is managed. (Claver-Cortés et al. 2018; Faems et al. 2018.) Although mentioned that autonomous subsidiaries can deploy their own version of these elements, they are presented in the MNC layer due to subsidiaries having to fit their own strategies within the parameters put in place by the MNC. As mentioned, the subsidiaries in this study are wholly-owned subsidiaries and thus must obey the boundaries and objectives of the MNC.

On a subsidiary level the subsidiary power, value and prevalent culture determine the pre-requisites for the KT. A sender subsidiary can be perceived as forward thinking, as one that takes a lot of initiatives inside the MNC and as one that has a very entrepreneurial culture within it. These all increase the perceived value the subsidiary has and subsequently the value the knowledge it can transfer to others. On the receiver side, the same elements apply and they make up the conditions to which the knowledge enters after being transferred. If the receiver is less valuable than the sender the senders influence is stronger and the sender's knowledge is eagerly listened to. If however the subsidiaries are somewhat equal in their value a more competitive setting is present. Lastly, if the receiver is more valuable than the sender to the MNC, they might disregard incoming information as useless to them. These are very rough categorizations but give an idea of the subsidiary values and how they go with each other. (Bartlett & Ghoshal 1986, 90; Dörrenbächer & Gammelgaard 2016.)

Further consideration in a KT process are the elements that fall between these two subsidiaries. First the value of the knowledge must be evaluated to see whether both parties could have the potential to benefit from the transfer. When evaluating the costs of the transfer, the subsidiaries will take into account the distance in cultural and organizational elements between the subsidiaries to foresee any difficulties deriving from the distance of subsidiaries and finally mutual independencies are looked into to further evaluate the easiness of the transfer and collaboration. (Faems et al. 2018, 5-6.)

Moving on to the individual level. This is the level where the actual transfer activities happen Individual capabilities like knowledge processing capabilities on both sides are important. The sender must know how to package the knowledge so that it is understandable and easy to transfer and the receiving end must have the ability to decode the message and understand it to be able to apply it. (Walczak 2005, 332.) Next the

motivation must be present in both sides. This motivation derives from the value the transfer has been evaluated to have on the subsidiary level but also from an individual himself to share, learn and collaborate. Finally, the absorptive capacity of the receiving side is a crucial capability for the knowledge to be integrated and implemented in the receiving unit to ultimately realize the value that the transfer was evaluated to have. (McNichols 2010; Dana Minbaeva et al. 2014)

As the micro-level of this study is individuals working for the subsidiaries, the personal relationships and trust between KT participating parties cannot be forgotten. The people transfer knowledge better and more willingly with previously close colleagues than with total strangers. Furthermore, trust needs to be present for the transfer to happen and even if the people involved in the transfer do not have prior ties, trust must be built to transfer knowledge effectively. Prior relationships can also be an impediment to the transfer and earlier bad experiences can make people hesitant to share and receive knowledge from certain people. These elements are part of the objective to bridge distance within individuals. (McNichols 2010, 30-33.)

Figure 5 is a representation of the multi-layer model of effective KT. The presented elements give the background, impediments and enablers for the KT to be effective between subsidiaries. Also, the subsidiary power in effecting these elements is a part of the study which will reveal the extent that the subsidiaries can affect the elements in different layers. A revised version of Figure 5 is presented after the discussing the results of the empirical part of the study.

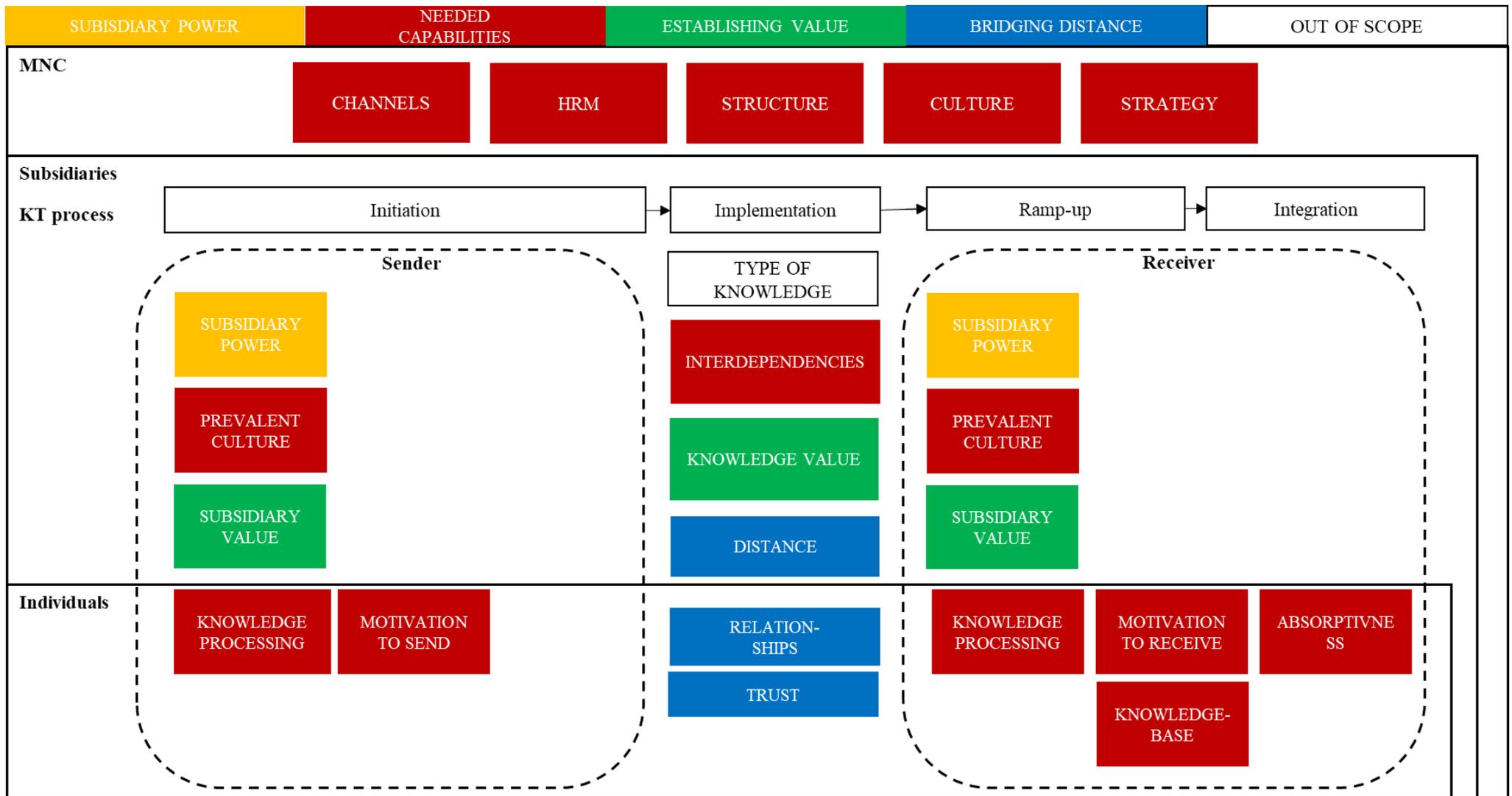


Figure 5 Theoretical Multi-level Model

4 RESEARCH DESIGN

The aim of this study is to study the subsidiary power in enhancing effective KT within MNCs. The knowledge that is being transferred is exclusively tacit productized solution knowledge that gets shared in the MNC networks to be able to offer locally created solutions to a global scale of customers. The research question that guides the study is: *How can subsidiaries enhance effective KT between them?* In this chapter the used methodology to answer the research questions as well as the evaluation of the study will be presented

4.1 Research Approach and Strategy

A research approach is guided by the research questions the study aims to answer. The methods used to collect, analyze, validate and evaluate data are all part of the research approach. The approach is seen as the way the study sees the relationships between collected data, methods and theory. (Eriksson & Kovalainen 2016 29-30.) Furthermore, research approaches choices are guided by the researchers own views of the world, experiences, know-how in different methodologies and opinions on how the research should be executed. Research approaches are a subjective decision that benefit from the consideration of all options but is ultimately done by the researcher to fit the aims of the study best, in his or her opinion. (Creswell 2009 18; Ghauri & Grønhaug 2005, 47.) Finally, the time and resources of the study have to be accounted in the choice of research approach and strategies. (Creswell 2009 18-19).

The approach of this study is qualitative. Qualitative research approaches differ from the quantitative approaches in what they aim to research. When researching contents, opinions and other subjective matters the approach chosen is qualitative, when researching averages, frequencies and other numerical figures, the approach should be quantitative. (Berg & Lune 2012,3.) Furthermore, qualitative research methods are especially effective in the managerial topics of organizations by going beyond the quantifiable measurements of the phenomenon to uncover the specifics of the process and how to manage and develop processes in complex multicultural contexts (Creswell 2009, 4; Garcia & Gluesing 2013, 43)

Carcias & Gluesings (2013, 439) study shows that the qualitative approach is also effective and appropriate when researching organizational change. Especially in MNCs as the context, the study is handling constantly changing environments with the inclusion of new external and internal cultures, processes and environmental changes. (Garcia & Gluesing 2013, 426.) This study does not only want to include the context of the studied MNC into the study but to also highlight the meaning of organizational change in the

research topic. Hence, the choice of qualitative methods was obvious. KT is a part of all organizational change and when MNCs different units participate in knowledge exchange, they accept the possibility of change in their unit. Whether KT is used as the initiator of change or the outcome of a KT process changes, for example, the processes, people or resources, what is being studied here is the phenomenon of organizational change. (McDermott & O'Dell 2001, 85; Walczak 2005, 333.)

The aim of a qualitative research approach is to give room to individuals to assign meaning to the studied phenomena. When interviewees' perceptions of a topic are uncovered there is a possibility to get a more multi-level and context-bound view on the phenomena. As this research aims to combine organizational, subsidiary and individual level views on effective KT, it is important to use qualitative methods. The study more specifically a qualitative exploratory in nature due to the phenomena at hand not been extensively studied from the point of view of this study. In exploratory studies, the use of qualitative methods will give room for a more flexible research strategy and thus yield more comprehensive results. Also, the descriptiveness of qualitative research can be used as a reasoning, due to the phenomena that is studied being very bound to the social ties and contexts that surrounds it. By giving research subjects the possibility to freely discuss the topics in their own words and from their personal perspective the data collection is able to produce more descriptive dataset. Finally, as the study aims to formulate a model for the specific case, the practical implications are more relevant and defined when taking qualitative research approaches. (Boeije 2010, 34-35.)

Qualitative research approach has multiple methods a researcher can choose from. A case study has been chosen here to show a manifestation of the enablers and impediments of effective intra-organizational KT. The case portrays a good complex case of cross-border KT and thus be used as a case for an exploratory case study. This means that the case is used to observe and collect data from a single representative case and it is used as basis for understanding and explaining the ways subsidiaries can enhance intra-MNC KT. The approach of an explorative case study gives grounds to hypothesize and theorize the further from the existing theories on KT efficiency. The explorative nature of the study is backed up by a theoretical framework from the previous literature, to give the study a structure and to avoid following purely intrinsic paths, which explorative study has been criticized to do. (Berg & Lune 2012, 337; Päivi Eriksson & Koistinen 2015 13-14.)

Furthermore, the case study will be conducted as an intensive case study of one particular entity at one point of time. Intensive case studies are comprehensive studies of one case from many perspectives that will include a high degree of context and perceptions of that case. A snap-shot study, or studying the case in one point-of-time means that the data will be collected in the course of a small time frame and analyzed as such. To get a good intensive picture of a single case at a single point in time, multiple people will be interviewed from different subsidiaries and departments to get a more

triangulated picture of the phenomenon. (Berg & Lune 2012, 339; Päivi Eriksson & Koistinen 2015 15-16.) The reasoning for this research strategy is derived from the research question and the novelty of this field of study. As there is no prior model for subsidiary power in enhancing intra-MNC KT processes, an exploratory study is chosen to be able to make a model for further research. The choosing on one single descriptive case is due to the phenomenon being very contextual, and if multiple cases were studied, the meaning of the context would diminish.

Finally, the use of theory in this study will be inductive, as it usually is in qualitative research. This means that the theory will act as a base for further investigations. The role of theory is to provide structure and bases for the empiric research and pinpoint the questions that must be asked from interviewees to be able to arrive to a conclusion. The empiric part of the study aims to fill in gaps and categorize collected data to make a generalized framework that fits the case and context of this study as well as answers the research questions. (Creswell 2009,61-63.) The theoretical background and synthesis is formulated by using multiple research areas, which gives the study the possibility to participate in multiple academic discussions by the end of the study. This is called theory triangulation. The study uses intra-organizational KT and subsidiary power theories to analyze and verify the research results. (Päivi Eriksson & Koistinen 2015 25-26.)

4.2 Case Selection

The reasoning in choosing the case company and the Northern Europe operations in particular is quite straightforward. First, the case company is a knowledge intensive MNC. This means that their primary source of customer value is knowledge and solutions that derive from knowledge. Their business model is based on the ability to combine and process external and internal knowledge to bridge different disciplines together and ultimately create innovations and services to benefit their end-customers. Secondly, the case company operates worldwide in 31 countries across four continents, making it a large MNC. Not only does this give the company a large pool of locally dispersed knowledge to transfer, but the need to share, collaborate and process that knowledge to create global value is very much needed. (Case Company Annual report 2018; Koch & Strotmann 2008, 512.)

One of the case company's core values is using local expertise together with global deliveries and resources. This means that they want to be near the customers with their subsidiaries and people inside them with local knowledge but also to thrive to use global resources in delivering the most cost-effective and state-of-the-art solutions on the market. In addition, the case company thrives to promote an entrepreneurial and innovative culture to enable the creation of new and even ground-breaking solutions

MNC-wide. (Case Company Annual report 2018) It is one thing to have corporate values and to portray them in marketing materials and on office walls, than to live by them. Living by core values is not always easy and it requires managers and executives to really internalize the values and make hard decisions in the attempt to obey them. This study aims to challenge the value of innovativeness and local expertise using global resources to create ultimate customer value. (Case Company Annual report 2018); Dube 2017.) Not only does this make the chosen company a good research subject, it gives grounds for the results of this study to have more practical importance and implications to the company itself. (Johns 2009, 389.)

This study is using a purposeful sampling to determine case or cases under investigation. However, as there are a magnitude of types of purposeful sampling methods, making the term purposeful sampling a mere umbrella term for all data collected in a manner that considers the research questions and what kind of samples would best fit the needs of the study. (Fletcher & Plakoyiannaki 2011 179-182) The purposeful sampling is a kind of non-random sampling method similarly to quota and convenience sampling. Although all of them are criticized for their lack of generalizability and representativeness, non-random sampling is a very commonly used practice among case studies. (Sarstedt, Bengart, Shaltoni, & Lehmann 2018, 5.)

The purposeful sampling in this study was done by utilizing convenience and snowball sampling. Convenience sampling, meaning the picking of study subjects based on availability and easiness of access, was applied for the choosing of the MNC in question as well as the SBU inside it. The case company and its Northern European subsidiaries chosen due to them being easily accessible to the researcher and the need for the study originating from them. The rest of the sampling was done by using methods of purposive and snowball sampling. The original subject matter experts were found by purposive sampling, meaning that people who have the most expertise and knowledge about the research subject were chosen, by consulting high-level managers and administration personnel inside the case company. After that, the snowball sampling was used to find the rest of the interviewees. Snowball sampling refers to a sampling method where a referral was asked from experts that had agreed to act as informants for people inside the case company that would be knowledgeable on this research subject. (Berg & Lune 2012, 50-53; Boeijs 2010 34-37.)

The objective of the purposeful sampling methods was that a representative of each of the Northern Europe subsidiaries was interviewed. Furthermore, the interviewees had to be middle- or top-management to be able to represent the subsidiary as a whole and be knowledgeable of also more strategic matters. Finally, a few subject matter experts from internal communications and IP services were interviewed to get a better picture from the MNC level views, meaning the Northern Europe in this case. As the case company is trying to make their operations and sales activities more cohesive to truly utilize the vast

knowledge already owned by the MNC, they looked for ways to research how this process could be made more effective.

Although purposive and convenience sampling methods are criticized for their lack of generalizability, this study benefits from such sampling methods (Berg & Lune 2012, 52). The case company is a good case to study due to its complexity and global-scale of operations and their high emphasis on effective KT. The case company has also acknowledged the value of knowledge created in subsidiaries and is in need of a check if their organizational values are truly deployed in reality. Finally, as the case company expands practically solely through acquisition and mergers, the value propositions and strategic positioning of subsidiaries vary a lot. This can be purely proven by the fact that the analytics expert organization is a Northern Europe level BU although their size would suggest that they should be a sub-BU or even a sector within the Finland operations. This prompts results are subsidiary power inside the MCN would have an effect on the influence a subsidiary has in making the subsidiary-to-subsidary KT more efficient.

4.3 Data Collection

When it comes to collecting data in this study, multiple qualitative methods were used. Although the actual collection of data was done via in-depth one-to-one interviews, the research is done by an individual that works for the case company. This means that the influence of internal KT and MNC context related documents and observations could not have been disregarded. (Eisenhardt 1989, 534-535.) All the secondary data used is listed in the Appendix II. These documents were used sparingly in the analyzing phase due to most of the documents being confidential to the case company. No concluding remarks were made purely on the basis on secondary data, but they were used to reinforce the collected data and discussions of the researcher to improve the objectivity. Thus, the use of secondary documents is seen in this study as a source of objectivity and transparency since the researcher is exposed to them every day. If the secondary data used was not mentioned, the transparency of the study would not be as good. (Creswell 2013 106.)

Moving to the data collection method of interviews. In a qualitative research the data is collected in an unstructured or a semi-structured manner. The semi-structured manner is described as a way of extracting information regarding a certain context from a source. For example, an interviewed person might be an expert on certain practices in a company. By using the semi-structured method, the interviewer can guide the interview towards the intended directions, for example, the motivating of employees to share and receive knowledge from other subsidiaries. (Berg & Lune 2012 108-114.) In this study the semi-structured method was used to keep the focus in the context of KT processes with pre-formulated open-ended interview questions. The questions were formulated precisely to

keep within the parameters of the research gap and thus wondering far from them would make the data analyzation hard. There was, however, room left for the conversation to flow freely and potentially uncover factors and elements that were not directly addressed in the theory. Also, as the theory of the topic is not gapless, fairly big variances were expected between collected data and the theoretical synthesis. Finally, as the research is not hypothesizing anything from the theory but rather uses the prior literature synthesis as basis for structuring the interview guides, open questions yield more diverse answers. This means that although there is an initial synthesis presented this model is very subject to change with the results of the empiric study. (King 1994 17.)

There are multiple methods to conduct a semi-structured qualitative data collection, for example, focus groups, interviews, surveys and observation. The interview method is when the researcher prepares a set of questions and interviews preselected people due to their experience, expertise or other attribute to formulate a set of data. This study collected data from one-to-one in-depth interviews (Creswell 2013 163-165) that were conducted in the course of five weeks. The interviews were conducted via three channels depending on the location of the interviewee: Skype for Business, Cisco Webex and face-to-face. Qu & Dumay (2011 250) suggest the interviewees should be briefed before the interview and debriefed after. This was done by sending interviewees the basic topic and aims of the research before the interview and after they had agreed act as informants, they were sent the interview guide beforehand. After they received the guide, the interviewees had one week time to prepare and ask if there is anything they did not understand about the questions or the interview process. The interviews were conducted so that a time slot of two hours was scheduled for each informant. All interviews stayed within this time frame. Follow-ups about the research questions were asked from the interviewees before finalizing the analysis and the revised model was sent for interviewee evaluation. Finally, an abstract version of the key findings of the research were sent to all interviewees to use in their work and distribute within the case company. This concluded the interactions with the participating informants.

The research questions were operationalized so that the synthesis of the theoretical background was used as bases to formulate 11 themes and those themes were divided into the interview questions (See Appendix I). The questions were made in English and in Finnish and the informants were given the choice on what language they feel more comfortable in. Also, as the interview questions were semi-structured, small wording changes were made by the researcher to fit the interviewee's job position. For example, when interviewing people from corporate communications, the word "business unit" was replaced by team. Table 3 shows the operationalization of the study. Although, the researcher works for the case company and is somewhat knowledgeable about the subject, there is still a chance for misunderstandings. In addition, as some interviews were conducted in English, which is not the native language for some informants, there is a

possibility for ambiguity in the answers. The use of semi-structured interviews permits the interviewee and researcher to find common meaning to ambiguous words and concepts during the interview. (Qu & Dumay 2011 239.)

Table 3 Operationalization of the Research Questions

Research Question	Sub questions	Themes	Theory Chapter	Interview Themes	Questions	
				0. Introduction	0.1, 0.2	
How can subsidiaries enhance effective KT between them?	What kind of organizational context promotes effective KT?	Types of organizational knowledge	2.1	1. Type of knowledge	1.1 1.2 1.3	
		Knowledge transfer process	2.2	2. Transfer process	2.1 2.2. 2.3 2.4 2.5	
		MNC as a context	2.3	3. MNC Context	3.1, 3.2, 3.3, 3.4, 3.5	
	What kind of organizational and personal capabilities are needed for effective KT?	Perceived value of transfer		3.1	5. Value of subsidiary	5.1, 5.2, 5,3
					6. Value of knowledge	6.1, 6.2
		KT Capabilities	3.2	4. KT capabilities	4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11	
	What kind of power do subsidiaries have in enhancing effective KT?	Subsidiaries power within an MNC		2.4	7. Subsidiary power	7.1, 7.2, 7.3, 7.4, 7.5
					8. Strategic mandate	8.1, 8.2, 8.3
					9. Efforts in gaining power	9.1, 9.2, 9.3, 9.4, 9.5

		Distance of subsidiaries	3.3	10. Distance of subsidiaries	10.1 10.2 10.3 10.4 10.5 10.6 10.7 10.8 10.9 10.10 10.11
				11. Extras	11.1 11.2

In addition to secondary data and conducted interviews, the researcher took some notes during and after the interviews which will be analyzed together with the other collected data. These notes were taken during the interviews as much as could be done without obstructing the flow of the interview. Rest were dotted down immediately after the interview had ended. (Päivi Eriksson & Koistinen 2015 28; Flick 2002 168.) Furthermore, in light of The EU General Data Protection Regulation a consent form was asked to be signed by all participants. The consent form template can be found in Appendix III. The consent form was also used to collect basic information, like name job title and years worked for the case company, to save time during the interview. Finally, the participants were offered a choice to remain anonymous, which meant that names, job titles and locations were anonymized in the data before the analysis phase (gdpr.org 2018; Qu & Dumay 2011 254). A summary of the conducted interviews can be seen below in table 4.

Table 4 Conducted Interviews

No.	Job title / Business Unit	Time worked for company	Interview Date (dd.mm.yyyy)	Interview duration (hh:mm:ss)	Interview Language	Interview Medium
1	Director / Sweden	Not shared	30.01.2019	01:12:26	English	Skype
2	Director / Poland	1,5 years	03.02.2019	00:57:45	English	Face-to-face
3	IP Export Lead /Finland	2 years	06.02.2019	01:01:58	English	Webex
4	Senior Consultant / Finland	Not shared	11.02.2019	00:57:04	Finnish	Webex
5	Director / Denmark	13 months	13.02.2019	01:00:45	English	Webex
6	Vice president / AAS	1,5 years	14.02.2019	00:43:25	Finnish	Face-to-face
7	Marketing Manager / Finland	6 years	18.02.2019	00:31:33	Finnish	Face-to-face
8	Director / Norway	6 months	19.02.2019	00:46:16	English	Webex

As the table 4 shows, eight expert interviews were conducted from six different subsidiaries within one MNC. Furthermore, the six subsidiaries represent the six subsidiaries of Northern European operations and thus all subsidiaries were represented by a top-level manager in the subsidiary. Furthermore, three interviews were taken from the Finnish subsidiary. This was due to the Finnish unit doing recent efforts on international IP exporting and the researcher wanting to get insights from those efforts into the study. Internal communications professional was also interviewed due to wanting to include a more universal MNC-level perspective on internal communications and the

ways it could be enhanced. As internal communications are a corporate function, and not the prime focus of the study, one informant was enough to get an overview of the state of things.

As there was only a single informant from each subsidiary the interviewees were selected carefully to be truly experts on the phenomenon. Experts are described as people who are either experts of the studied phenomenon or are considered experts in the social setting that is studied. (Pfadenhauer 2009 117-118.) The informants in this study can be said to fulfill one or both of the criterion. People selected as informants from the subsidiaries were long-time sales professionals in the IT industry. Although they had varying pasts, they were former or current directors or vice-presidents, which mean that they interact with customers and take part in the intra-MNC KT networks. Furthermore, the subsidiary representatives have a wider understanding about the state of things and experience in past KT efforts, than a team member would have. The varying pasts working for different companies doing solution KT makes them experts *on* the phenomenon, while working in the top-management of the case company makes them an expert *in* the social setting that is being studied. In terms of internal communications, the informant was chosen due to his or her long time working for the case company's internal communications groups and thus reaching an expert status on the studied phenomenon.

4.4 Data Analysis and Reporting

The idea of an analyzing phase is to examine the data and draw interpretations from it. This includes the systematic examination of a data set and efforts in categorizing and finding patterns from it. (Berg & Lune 2012, 349.) The process of data analysis is not separate from the data collection as the two are commonly intertwined. The data collection and analysis phases do not happen in a linear form, but a spiral that simultaneously collects, pre-processes and analyzes the collected data. Also, the writing of the report, meaning the presenting of the result usually is started while the other activities are still ongoing. (Creswell 2013 183.) The analysis is seen as the phase where all the collected data (interviews, field notes and secondary documents) are brought together and examined to increase the understanding of the researcher on what has been collected and how this material will provide answers for the research questions as well as how it should be presented to others. (Boeije 2010, 76.) There are many ways to do analysis but as Eriksson and Koistinen (2015 29) stated the choice comes down to the objectives and aims of the study as well as the methods that best answer the research questions, if they are formulated before the empiric research takes place.

The basic process of qualitative data analysis goes as follows: pre-processing the data, analyzing and coding the data into themes and presenting the data. In addition to the main

process of data analyzation, it is suggested that the researcher will take notes while analyzing the data to dot down similarities, notes and feelings. (Creswell 2013 181-182.) In this study the analyzing started by the pre-processing of interview data. This meant transcribing the audio data into a text format. The researcher continued to make notes through this process to aid the next phases of analysis (Berg & Lune 2012, 352). As there are several in-depth interviews conducted in this study, the transcribing was partly outsourced to other people. The criterion for transcribers were that they are at the least university or polytechnic students that have adequate levels of English and Finnish speaking skills (depending on the interview) to be able to do the transcribing. These criterions ensured that the transcribing was good quality due to no ambiguity in words. The English interviews were transcribed in English and Finnish ones in Finnish. The parts that were used in the results from the Finnish interviews were translated into English in the reporting phase.

When pre-processing is done, the data can be analyzed. Usually this starts with the researcher immersing his- or herself into the data, meaning reading the text format data multiple times while making notes, but not categorizing or coding yet. It is a good practice to get to know the data first before dissecting in apart into smaller segments. (Creswell 2013 183-184.) The next phase is to segment the data into smaller entities, also known as coding, and then reassemble them to form categories, also known as categorizing. This is done by going through the data once again and finding similarities in different places. This means bundling things that informants said about different elements using similarities in the responses. The act of coding data is highly subjective in the way that the researcher has the final say on what is meaningful and important. (Boeije 2010, 76-77.) The level of analysis is also important to establish when analyzing qualitative data. The level can be anything from individual words to whole paragraphs or themes (Berg & Lune 2012, 359-360). In this study the analysis was done on a sentence level but acknowledging the fact that a single sentence may portray meaning for several codes and thus placed in multiple codes.

In this study coding was done on a theory-bases. This means that initial codes were sourced from the theoretical synthesis. These initial codes acted as a starting point for the coding. (Päivi Eriksson & Koistinen 2015, 31.) However, these codes were not the final ones. Rather they were refined during the analyzing process to fit the data better. Berg and Lune (2012, 370) stated, the codes should be refined alongside analyzing the data and the final codes should fit the collected data, not the other way around. The reason for choosing this coding method was to get a starting point for the coding from the literature but then modifying it along the way to not be restricted by the codes emerging from the literature. Also, Creswell (2013 185) suggested that when using a priori of codes, the researcher should be open to include emerging codes as the analysis progresses.

When coding was complete and fragments of data had been given a code, it was time to reassemble these fragments to larger entities. This process is called categorizing or modelling the data. The aim of categorizing is to find valid relationships between codified pieces of data that ultimately form a cohesive and in-depth view of the social phenomenon at hand. (Boeije 2010, 79.) These categories are like clusters of information that will formulate the final results and narrative of the study. The number of these final categorizations should land between five and seven. (Creswell 2013 186.) The categorization in this study was done by grouping the different codes into bigger clusters that were given a descriptive name. These categories are presented in Appendix VI with some examples of codes that were included in them.

Finally, when all data is intensively gone through, coded and categorized it is time to consider how the final narrative, or “story” of the results will be presented (Creswell 2013 187). Not only should the final presentation be understandable and clear it has to cater to the intended audience of the report. (Eriksson & Koistinen 2015, 36.) This study caters three audiences: Turku School of Economics, case company Subsidiaries and the case company as a whole. The presentation is done through a synthesis model that illustrates the multi-level model of the phenomenon. In addition, quotes from interviews will be used to further explain the phenomenon and its nuances to bring credibility for the model. Furthermore, although the research informants are presented in Table 4, they are anonymized in the results and discussions portion of the study. The results will not specify which quote or statement was said by which informants and thus a universal “he” is used regardless of the actual gender of the informant. The revised model is a modification of the theoretical synthesis presented in Figure 6. To cater to all audiences two reports will be made. The research report as a whole will be an extensive document of all aspects of the research, methodology and results to portray the academic contributions that the study has made. The second document is an abstract of the original report formatted to the color scheme and style of the case company that will be sent to informants and other stakeholders inside the company to communicate the practical implications and final suggestions of actions for the case company.

4.5 Evaluation of the study

When conducting a research is it important for the researcher to remain critical to his or her choices of methods and ways of doing the research. A healthy amount of self-critique is needed for constant development of techniques and researchers as people. (Qu & Dumay 2011 261.) As the research always aims to help someone or provide information to another person or community, the trustworthiness must be proven. Since research is done for the purpose that other people can take the results and act upon them or develop

the results further, the trusting of those results becomes vital. (Lincoln & Guba 1985, 328.) There are multiple ways to evaluate the trustworthiness and overall quality of a qualitative study. Many of them overlap in the way that they discuss the same aspects of trustworthiness under different labels. In this part the views of Lincoln and Guba (1985) have been chosen to evaluate the trustworthiness of the study. This is due to them being highly cited and overall found as a good model for evaluating studies. (Creswell 2013 244-247.) In addition, as the evaluation criteria is made for a naturalistic inquiry approach on research, it fits this study well. Naturalistic inquiry is an approach that aims to examine, describe and explain actions of certain people in their respective social and cultural contexts. (Salkind 2010, 881). Lincoln and Guba (1985, 300) describe the trustworthiness of a study to be divided into four elements; credibility, transferability, dependability and confirmability. The approach this study has in confronting each element will be gone through new. Additionally, in the end a few practical factors that further affect the trustworthiness outside the views of Lincoln and Guba will be discussed.

The *credibility*, meaning the truthfulness of the study is a qualitative study evaluation criterion. In quantitative research the same measurement would be internal validity (Lincoln & Guba 1985 296). The credibility is seen as the level of confidence the researcher has that the study is based on the real life truth of the phenomenon. Credibility or truth value can be established by reviews by subject matter experts as well as grounding the study to theory. (McGloin 2008, 50.) The truth value in this study has been addressed by using many perspectives on the same phenomena, grounding the study to theory, including criticism to the theories used and by member checking. In practice this means that the empiric interviews are done to members from seven different sub-groups (6 subsidiaries and one corporate function) that do not work together on a day-to-day basis. This means that the perceptions of each informant on the phenomena have developed individually and thus the results gain credibility through triangulation. Furthermore, the results are matched with pre-existing theory as much as possible. This does, however, not mean that new emerging topics are disregarded, but rather taken into account to fill the gaps in prior literature. Finally, the finished model and an abstract will be sent to the interviewees for possible comments thus going through a brief member check. Due to these reasons the credibility of the study can be argued to be good and the study results valid. (Creswell 2009 190-193.)

Moving on to the *transferability* of the research. Transferability means that the made conclusions and the research as a whole are transferable to other contexts and other research subjects. Gaining transferability starts with well explained topics and terms, as unambiguity in key terms helps the replication of the study by another independent researcher. (Lincoln & Guba 1985 290-316.) This study being very context-bound, it is important to give an exhaustive idea of the context and natural environment the research took place. In this way the transferability increases, due to the researcher giving other

researchers and practitioners means to evaluate the context of the study in relations to the context that they want to apply in it. (Creswell 2009 193; Lincoln & Guba 1985, 316.) It is important to notice that credibility and transferability are usually a trade-off between each other. Usually the very reasoning in conducting qualitative research is the context and its uniqueness, the transferability relies heavily on the similarities and relationships between the sending and receiving contexts. (Creswell 2009 192-193; Lincoln & Guba 1985 296-298.)

In this study the transferability has been addressed by the theoretical generalizability presented by Smaling (2003). This approach is not only typical for proving transferability in qualitative studies but fits the approach of this study. In his framework prior literature is used as basis to theorize and form an initial model. Then this model is tested in a real-life context and finally the theory is adjusted and filled in to fit the results of the study. The framework gives grounds for generalization. In light of this, the argument is that in this study the methods and approaches are designed to produce such results that are not aimed to be generalizable to a variety of contexts but to expand existing theory, and so gain application opportunities in also other contexts through future research. (Boeije 2010 180-181; Lincoln & Guba 1985, 316; McGloin 2008, 51-51.) Furthermore, the sampling being small is not seen as a problem for transferability since the data collected is “deeper” in nature. The smallness of the sample size is thus not an indicator of the volumes of data collected (McGloin 2008, 51).

When conducting research, the *dependability* is also important to evaluate. Dependability is the fact that the researcher is consistent throughout the study in their actions and tasks. The concept of dependability is the assumption that if someone else conducted the same research with the same tools and methods, they would reach the same conclusions. (Creswell 2009 190; Lincoln & Guba 1985 292.) The dependability in this study is taken care of by exercising meticulous caution and a sufficient documentations of tasks carried out. The transcriptions are done by the researcher and other hired people. The ones made by others will be checked by the researcher to ensure they were done right and with sufficient precision to not lose data. In addition, field notes and memos will be written during the entirety of the collection and analysis of data. The notes will act as reminders and help keep the study on topic. Additionally, when coding the data, the codes were continuously cross-checked with the data to ensure the meaning of a certain code was not changed mid-study. Finally, memos and field notes document the research process in detail, to not lose any phase or process due to faulty memory. (Creswell 2009 190.)

The final of the trustworthiness considerations by Lincoln and Guba (1985) is *confirmability* which means the degree of objectivity that is maintained through the entire research process. From formulation of the research questions to data collection and analyzation the process must yield results that do not contain bias situations. It must be

stated that qualitative research is subjective by nature, but the confirmability talked about here has to do with specific motivations from researcher or another stakeholder to try to intentionally influence the results to be more favorable towards themselves. (Lincoln & Guba 1985 290-293.) The confirmability might be threatened by the institutions that pay or support the research or other motives that sway the opinions of the researcher. The lack of neutrality about the phenomenon at hand can be seen as actions taken by any party to try and affect the results of the study. (McGloin 2008, 53.) It must be acknowledged that this research is made for the case company and upon their request. The case company wanted to test one of their corporate values and to get a model for bettering their internal KT. The company or their representatives have paid no part in the design and choices of the study after giving a high-level theme that they wanted studied. The narrowing and final formulation on the research subject was made independently by the researcher. Furthermore, to ensure that an overly positive picture is not painted of the company, the case company has been given the opportunity to review the study before publishing and opting to be anonymized completely if they wish to do so. This way the results are not presented in a more positive light due to the case company

According to Lincoln and Guba (1985, 318-319), confirmability can also be achieved through the use of external audits or by keeping a reflective journal. The study in this case received a sort of external audit by the thesis reviewers and for that all documentation was kept and presented upon request. This means that original audio-files of the interviews, field notes and coding argumentation was kept during the review process of the thesis to provide additional backing if needed. Also, as all of the choices have been justified in this study by utilizing theoretical literature, the confirmability of the study can be seen as good. The research questions were also pre-approved by the thesis reviewers before the conducting of interviews to ensure objectivity. (Lincoln & Guba 1985, 319-327.) The final restraint of objectivity is the translation process of the data. As some of the interviews were conducted in Finnish and the report is written in English, some of the objectivity is lost in the translation phase, as translation is a subjective field of study. (Dhami & Wallsten 2005)

To end the evaluation of the study and trustworthiness the practical considerations that affect the trustworthiness of the study are presented. First, as the researcher works for the case company (one year and five months as of end of May 2019). This naturally risks the objectivity of the study. The researcher took herself out of the equation and sourced secondary materials to back up claims and findings of the study, in addition to discussing theory alongside the findings. All findings are a result of analyzing materials and interviewing experts. Furthermore, the experts in the organization were promised full anonymity in this study which made the interview situations more trustworthy. This means that as informants were talking to a colleague, they were freer to tell stories and examples without hesitation. As the researcher and informants were all bound by the same

company's non-disclosure agreement it was clear that all customer related and company internal info would be deleted from the research. However, the freedom to talk about things as they really are without thinking about what can be said and what not produced very lifelike and comprehensive examples that would not have been possible for a researcher outside the company to obtain.

Generally speaking qualitative research is often criticized of its analysis of mere subjective opinions and analysis of obvious and most prominent elements of the phenomenon (Lincoln & Guba 1985 289). However, the strengths of qualitative research are due to it being subjective and context-bound. The important notion is that the research does not aim to produce general theories but to validate theories in different contexts to perhaps discover new perceptions and elements that can be added to the original theory. (McGloin 2008, 50-53.) It is also important to understand that as this study has chosen the case study approach certain assumptions have been made. The study is guided and influenced by the researcher's personal background, experiences and social ties. Secondly, the quality of the study can be seen as good due to the fact that the data collected is rich and voluminous, as long as the relationship between methods, data collection, data analysis and results are clearly presented. Third, the fact that the empiric data is collected from experts from multiple sub-groups of the case organization, gives the study credibility and transferability. Finally, the results being discussed conjointly with prior literature in the prior and post phases of the empiric research, can be seen as factors that prove the quality and trustworthiness of this study. (Päivi Eriksson & Koistinen 2015, 41-44.) Finally, the ability to extract such rich data from a single case company was due to the researcher being an employee in the company. Thus, the job relationship is seen as the enabler for the final results rather than a problem in objectivity.

5 ENHANCING KNOWLEDGE TRANSFER INSIDE THE CASE MNC

5.1 MNC Level Knowledge Transfer Environment

5.1.1 Current state at the Case Company

In this chapter the current state of internal solution sales and KT inside the case MNC will be described, before moving on to the ways to enhance these processes. The current IP, knowledge product and solution transferring in the case company seems to be very much in a transition phase. On the other hand, you have the traditional corporation with rooted values and years of experience in doing things according to the highly valued management foundation and, on the other hand, a big part of the current Northern Europe operations are originated from mergers, meaning that people and units inside the case MNC have very colorful pasts and learned ways of doing things.

The recent mergers are still visible in the case company's day-to-day life. Not only are past personal ties from mostly previous companies that have been acquired by the case company, the organizational culture, values and operations have remains of old ways of doing things. The post-merger was described by informants as a "survival game" up until October 2018, to prove that the merged units can survive as part of the case MNC and keep their customers, personnel and revenue streams. The actual integration to the case company seems to be in its early stages but a lot of results have already been realized in late 2018 and early 2019. Informants that had a background in acquired companies felt as they were a part of the case company but it was clear that not all remains of the former companies were yet buried and there is still work to do before the units and people are fully integrated into the company. Integration was said to be very important in terms of solution knowledge transferring, according to one informant, due to the fact, that when processes align and a clear division of tasks is established, the KT is much easier. Similarly (Minbaeva et al. 2003, 593) emphasized that similar ways of doing things, leads to less ambiguity in the KT process.

The local expertise and solutions were seen as very strong and the locality of operations thrived all around the MNC. As the case company is a global company with an emphasis on local presence and being near the customers with their operations, it has created an organization with big local silos. The country-specific operations are highly differentiated and specialized towards local customer needs which is very attractive for customers but minimizes the aspirations for intra-company collaboration, integration and KT. Although the values of the case company are highly built upon customer proximity,

the value of joint global deliveries would require a less silo-effect prominent model. Many informants, that had come to be a part of the case company via acquisition were actually surprised by the locality of the operations at the case company, after merging, and stated that the former smaller companies they worked for were much more global than the case company turned out to be. Informants did say that the problem is not with the value of customer proximity, as it is proven to be a profitable model on every quarter, it was more found as surprising for such a globally prominent company.

The strategy at the case company being very local, many solutions have remained local in their development efforts. Several informants knew about IPs and solutions that would have great potential if they were developed further to fit have configurations that fit customer sin also other countries and other industries. This requires funding, and a shift in the strategy, to aim towards creating flexible solutions that can be configured globally to any customer. Naturally, there is a set of global level solutions available, but more could be developed from already working local level solutions. Additionally, some solutions are mere concepts while others are fully functional products that have proved to deliver value to many customers. When receiving knowledge inside the case company, people really do not know what they are getting and thus the ambiguity in the transfer grows and makes the process less effective.

The case company is clearly struggling with the very common problem among MNCs. Integration-responsiveness paradox where the choice must be made between being very locally responsive and globally integrated. Effective KT benefits from global integration and embeddedness between units, but the trade-off from locality might be too much (Andersson et al. 2001; Kostova et al. 2016 179). The case company has built its strategy and competitive advantage around local responsiveness, but to deliver their value in being locally present, with global deliveries, they have partly overlooked the importance in global integration.

Silos go even deeper than between countries. Even inside a single country different BUs and sub-BUs rarely look at the solutions and services others have delivered or what they have. People were not aware of the solutions developed by other BUs even when they worked in the same office space, where communication and KT should be natural and easy. This is not to say that people do not see that their own customers could be interested in services and solutions that other units have developed, it is more of an issue of time and interest to do the work and find out what others have. One informant described the situation as looking for something that you do not know exists which makes the search for solutions inside the case company feel pointless. Lot of the informants stated that if the customer would request something that the selling BU does not have or own, they would look for alternate solutions from other BUs, but the initiation of the search always comes from the customer needs. There is a lack of proactive and collaborative efforts to sell BU-specific solutions internally to other BUs, so that when a customer need arises,

they would know who to call. Accordingly Szulanski, (2000 13) talked about the stickiness in the initiation process that was largely built on the task of becoming aware of the existence of needed knowledge. As one informant concluded the need for proactive measures:

“They do not need the knowledge of others to do their daily job, they could maybe do it better with the knowledge of others, but they can do their job also without.”

BUs go about their daily lives, doing their business and serving their customers. Few informants remembered examples where management had meetups at the MNC HQ and there, for the first time, they had the opportunity to talk to managers from all over the world. There was a lot of exchange of what everyone is doing and some overlapping solutions were found. As the world develops (at least the developed countries) in a fairly uniform pace and similar needs are emerging in multiple countries at the same time, BUs are often developing similar solutions simultaneously in many countries. This is something where collaboration and co-creation of knowledge would bring synergy value and save time and money. The problem is that these meetings are rare and the need for intensive proactivity from the parties to actually establish these collaborative groups and take further actions to build value for both parties through KT. There was a clear absence of an unambiguous and easy to use platform to share, search for and process solution knowledge inside the case company. One informant described the current KT inside the case company as pure resource selling, as in mixing people from different BUs to deliver one project, although it is a good start, it is not actual KT of solutions that is the kind of KT this research is examining. It is clear that the communication frequency and quality between the BU managers is still in its infancy and creates an environment where new initiatives seem laborious and thus easily dismissed for other more important tasks, like customer work. (Lupton & Beamish 2014, 712). This is, unless, there is a strong need from the customer side to find certain type of solutions.

5.1.2 Building a Supportive Organizational Culture

The before mentioned local silos are also evident with the organizational culture of the case company. All BUs found that their organizational culture is somewhat different to the general MNC corporate culture. Informants found their teams more entrepreneur oriented, more prone to knowledge sharing and more informal in their ways. The question here arises; if none of the BUs feel like they act exactly according to the common case company corporate culture, what even is the corporate culture in the case company

Northern Europe. Also, according to informants, the case company gives fairly much freedom to countries. There are guidelines, measures and KPIs that BUs must follow but how they get there or what kind of ways they want to promote inside their BU seems to be up to the BU management. Differences in culture can even be found inside BUs on a team level which just emphasizes the empowerment the BU leaders, managers and team leads are given. Finally, BUs are measured on a BU and on a local level. This means that opening up operations and allocating time into collaboration and co-creation of knowledge could endanger the good numbers. As one of the informants emphasized the problem in selling others' solutions:

“The simple fact is that KPIs govern this model and if a BU has troubles in reaching the numbers, they have to prioritize the utilization of their own people. They would rather take a project of 100 thousand € and get 20 thousand € from it, than take a project of one million € and get nothing, if they sold our solutions and the work would be delivered from us.”

When talking about the current environment the KT happens inside the case company it is crucial to discuss the different values and attitudes the interviewees had for KT. As the interviewees were upper management level, and they enjoy a high level of autonomy, their opinions and attitudes govern the values and attitudes of the entire BU. Director level people being usually managers of people and on top of that they are those that have the ability, empowerment and need to bridge gaps between national borders and establish KT channels. Similarly, De Long & Fahey (2000 117) were interested in the prevalent ways and cultures of the corporate units. In the case company the prevalent culture might be from old acquired companies or just created by the management team and their aspirations. Regardless, this gives complexity to the KT environment inside the case company as cultural aspects must be considered individually for each BU and not assume that all BUs go by the same MNC culture. Additionally, as Li & Lee (2015, 669-670) brought up, KT can also be a distraction to very entrepreneurial corporate units, which must be taken into account before engaging in KT.

As discussed before, the first priority for everyone are the customers. This means that the most efforts, time and resources are always given to customer projects and sales. Knowledge sharing, documenting success stories and sharing best practices seems to be an afterthought and the physical time is not found to do everything. It is clear that even people would want to share knowledge and receive knowledge from others, there is no time when constantly prioritizing customers over internal communications, and it is not hard to see why, since KPIs and numbers are what the BUs are being evaluated upon. BUs are interested in gaining utilization of their people and ramp-up their numbers. There was a varying amount of evidence for aspiration for a bigger joint goal. Some informants

were very eager to change the status quo, but some were mostly interested in the fact that they are evaluated well and that their unit and their people are doing well.

The main point in an organizational culture the overall culture of knowledge sharing and attitudes that go with it. That is where the entire process starts and everything else is secondary to this. A knowledge sharing positive culture governs entire organizations and affects every possible aspect there is. If the culture is not assimilated by personnel from the board to top and middle management all the way to team members and new recruits, the knowledge will not flow smoothly. Informants were realistic about this kind of perfect scenario, but they did have examples of companies that had a better knowledge sharing culture than the case company. It is evident that the case company has to learn from these companies to truly provide an organizational context that enables smooth and frictionless KT. The objective is to incorporate KT into the daily lives of teams and personnel and train them for effective KT, because as is skills like coding software, KT needs developed competencies to happen. Similarly Walczak (2005, 335) and Wang-Cowham (2008, 39) concluded that people in organizations must adopt a knowledge sharing culture and make the KT part of their daily lives. Sadly, people rarely adopt cultures by themselves so a powerful executive support and encouragement is needed to build such cultures (Walczak 2005, 335).

Several informants elaborated about the ways of working and the way the company's day-to-day life should be built so that KT is easy. They said that there should be a common mission and some high-level instructions but in the end the working culture should be open and collaborative. One informant emphasized the need for KT positive ways of working by comparing consultancy work to military operations. The informant found that there is no other choice but to share knowledge if they wish to succeed and said as follows:

“It is more of a way of working. If I do it (knowledge transfer) and the other managers do it. You always ask for feedback, also as a leader, then this becomes the culture and you are setting a way of doing things. And then really stress that it is important because sometimes in consulting it is that we do not have time. I do not have time to teach you, I do not have time to write it down. But in like military training situation it is like you cannot say this; no, I do not have time to talk to you or let's talk after this operation. No, either you do it now or you fail or endanger people. And then you have to make a retrospective and you have to talk about the task so you are constantly training while working.”

5.1.3 *Emerging Knowledge Transfer Positive Strategy and Channels*

The company's strategy has an effect to the organizational culture, and so effects the KT related attitudes and operations inside the company. One emerging theme among informants, in regards to strategy, is that the case company is not focusing its strategic goals towards KT. Informants felt that the focus is on external customers rather than internal collaboration. Also, that is the way the investment money is distributed inside the case company, with a focus on customer projects. All BUs are welcome to apply for investment money to further develop their solutions, but the time allocation is hard to obtain, and KPIs must still be met in terms of percentage of billable work and growth. Although, there is an internal investment committee that does support solution development so that those local IPs could become global, the informants felt that there is no time to take off from customer work to actually do the development work. The strategy seems to have an objective in internally develop the company's knowledge base but if and only if the developed solutions have a customer project or customer need behind it. This means, that it is hard to get funding or time for "out of the box" ideas that do not have already proven value chains.

The objectives and goals of a BU are highly determined by the MNC established measures and strategic KPIs, which in return are sources from the MCN strategy. As of this day there is no KPI that the informants saw that would motivate them to share knowledge and co-create. Some informants found that even though there are some KPIs in place that do indirectly motivate KT, they are quantitative in nature and not qualitative, and so the effects are minimal. As it was summarized:

"I think there is an intention, but it's not measured really. So, I think (the case company) as an organization would improve as soon as things get measured. And as long as it is not a KPI, it will not change."

The resistance towards cross-unit and cross-country KT when it comes to solution knowledge seemed to narrow down on one issue; lack of knowledge. People are not interested or just simply not aware of what other countries and BUs are doing. It seemed to be less of an attitude issue and more of a lack of processes and channels that would constantly inform people on what others are doing and how this could help other BUs. People seemed to have a lack of time to look for this information or the important and relevant things were buried under an information overload. Reasons were many but the outcome is that people do not know what is out there and thus when someone tries to transfer knowledge to other units they have to work extra hard to get the recipient to get interested in the knowledge before even dreaming of transferring and integrating the knowledge into the recipient BU.

However, a major element in the case company's current KT environment is the overwhelming want for change. Informants were fast to talk about future scenarios where collaboration and co-creation of knowledge would be a daily activity and the company would truly function as one IT powerhouse. The uniform opinion of the current state also was that this vision is not yet where the case company is and a lot of work is ahead to get to that point. One indication to the aspiration in annual personnel satisfaction questionnaires where one of the main emerging themes in 2018 was functional and systematic collaborations across BUs. This became a major theme in internal development for the following year and has prompted, for example, the deployment of an IT-system that stores information of BU and personal level capabilities to ease the process of looking for missing capabilities across units.

The aspiration is not only mental but a lot of practical things seem to be starting up inside the case company in the aim of enhancing cross-border knowledge sharing and collaborations between BUs. Several informants had been or are currently in a project where the delivery team is mixed and the solution is made in a joint creation project. The joint projects were still quite local and between sub-BUs, not yet many examples crossed national borders, although there was a lot of talk about also expanding to cross-border projects.

As seen by the informants' examples of recent cross-BU KT activity, the strategy of the case company is starting to shift towards a more KT positive one. This means that the KPI's need to be re-evaluated. Informants suggested models that would encourage KT, such as adding a KPI that would measure cross-BU collaboration and IP solution delivered projects. Furthermore, KPIs regarding KT were suggested to be more qualitative than quantitative to really bring out the quality in documentation of best practices and success stories. One informant suggested that the process of sharing knowledge should be added to project delivery success criteria meaning that a successfully delivered project would have happy customers, working technical solution, created value and additionally, something shared forward to the case company's internal KT networks. The KPIs and criteria should encourage natural and effortless KT, and paired with adequate and appropriate reward systems, the KT environment within the case company could change very rapidly. As underlined in the theory, the way the KT brings value to subsidiaries is by fitting existing KPI's or by creating new KPI's to fit the knowledge (Lupton & Beamish 2014, 722) . Additionally value has to flow also to the individual level by introducing appropriate incentive and reward systems (Gupta & Govindarajan 2000). Genrally speaking strategy guides the entire organization, its priorities, processes and people. If strategy is not aligned with KT positive KPIs, systems and people, KT will be extremely hard. This was also highlighted by Zheng et. al. 2010, 769.)

Moving on from strategic considerations to the KT channels. It was evident that the case company had many channel options for KT in different formats. What seemed to be the problem was the scattered nature of those channels and the informants not really being knowledgeable on how and when to use them. Furthermore, many of the channels used non-dynamic document formats that were seen as hard to update and trust that the information in them was up-to-date. Informants longed for an easy to use and simple database or wiki that managers and sales representatives could search through and find MNC developed solutions from. They also wanted to have “knowledge beyond the solution” and wanted the wiki to include information about the actual deliveries and best practices to be able to evaluate the costs and efforts it would require to transfer the knowledge to their BU.

The informants had also some examples of how the quarterly published magazine had sparked up a lot of interest across the case company. One informant had their BU’s solution featured in the magazine and received a lot of calls and interest from other BU’s to get more information about the product and delivery afterwards. Also, large personnel events were seen as a great place to share information beyond people’s own BU. There is a quarterly review session for each BU where their performance and biggest opportunities are discussed. A big portion of BU leaders and the middle-management attends from several BUs. Informants were very keen on the idea to shift the focus of these review sessions from just discussing performance and potential customers to share new ideas, solutions and IPs. As one informant said:

“Those are the people that can make things happen, so if they find something they like, they are more likely to take that information back to their BU”.

Additionally, weekly newsletters and “best-of” -stories were liked among informants and they would like to encourage more of that sort of content to be published and shared with the entire MNC. Accordingly the theory suggests a mix of formal and informal channels to offer unambiguous and easy way to collaborate and get to know what others inside the MNC know (Gupta & Govindarajan 2000, 478-479; Walczak 2005, 322). Additionally, an emphasis on executive support was given by the theory, especially when it comes to the use of IT solutions for KT. (Ismail Al-Alawi et al. 2007, 84.) Executive support was only briefly mentioned by the informants, due to all concentration being on the pure existence of the working channel solution. Support for using it seemed to be secondary.

Finally, as this research was being made, “solution snapshot”-called events started popping up in the calendars of the researcher. On top of that, the IP services organized an innovation coffee –event where people were welcome to come and share their ideas and meet people ”lounge”-style. More and more communications were directed towards

informing people about the things that is being done in other BUs. The change was real and the steps taken forward were evident even in the span of nine months, during which the researcher was both doing this study and working for the organization. This can be proved through used secondary materials (Appendix II: 1, 3, 8 12 14 16, and 17).

5.1.4 Structure and Human Resource Management as Knowledge Transfer Enablers

The ways of working are governed by the structure of the organization. The current structure at the case company was seen as a standardizing factor. Currently there are client units that are very much concentrated in local customers and local IPs. As informants' salaries come from the local BU, their interest in selling other country's IPs was limited. In addition to client BUs, there are delivery BUs whose prime focus is to provide resources and capabilities to delivery project sold by the client units. These delivery units are worried about the utilization percentage of their own personnel and are more interested in all project that could provide work for their people. This means that the focus of the delivery units is more global if not enough suitable projects are sold by the local client BU.

The biggest structural change and a HR decision, and a true indication for the want to spread local IPs to other BUs, is the appointing of an IP export leader in Finland. This person's sole purpose is to export successful Finnish IPs to other BUs inside Northern European BUs and eventually in the case company globally. He's job is also to find interesting solutions inside the Finnish BU and seek funding and further development opportunities for the IPs, to develop them enough to be able to export them globally inside the case company. Also, in other BUs people have been appointed to physically tour the Northern European BUs and go talk about their solutions and IPs and how BUs could they not only get additional sales from selling foreign IPs to their customers but to also build up their own competencies in new and emerging technologies. Although the appointment of an IP Export lead is step forward, there is currently no clear point-of-contact in BUs for a persons, teams or BUs cross-BU collaborative ideas and initiatives. When there is no one responsible for the ideas, the ideas stay as ideas and are rarely taken forward.

A few informants mentioned a need to have a subject matter expert that was familiar with many technologies to bridge these gaps between BUs. This person would act as an innovator that would have a deep understanding about the customer needs and the possibility to exchange ideas with the different delivery units on what could they offer to the customer. Additionally, they could identify possible independencies and bring BUs together. Informants wanted the person to bridge the very customer oriented client units

and technology and IP oriented delivery units with clear structural changes and HR initiatives. As the theory suggests, if an MNC wants to ramp-up their KT capabilities they must recruit and position capable people in positions where they can facilitate the KT (McDermott & O'Dell 2001, 85; Minbaeva et al. 2014, 42; Walczak 2005, 334; Wang-Cowham 2008, 35).

Company is only as strong as their personnel, especially with a highly human-centric consultancy company. Many informants identified different groups inside the company that have very different values in terms of KT. There are people that take the job as a job and do what they need to for eight hours and then leave. Then there are those who take the job more passionately and that have a drive to change things. Both kinds are needed and are evitable to be found in a big MNC. The goal here is to have a skilled HR and management functions that can identify these people from each other and strategically position them inside the company. Also, recruitment and training functions should be planned so that people that want to better the world, see change and are not restricted by office hours should be the ones that are engaged in collaborative activities and are given power and influence to feel motivated to keep driving initiatives inside the company. This is in accordance with the views of (Minbaeva et al. (2014, 42-43).

One of HR's processes is also rewarding personnel and planning those reward models. One informant suggested that the client facing units should get monetary or other rewards for selling others' IPs. This would motivate the client facing units to keep themselves informed about the IPs and solutions that are available inside the case company and to constantly identify opportunities that could benefit from global solutions. Other informants wanted the reward system to be tied to the contributions a person makes to the MNC knowledge base. This would motivate people to find time between projects to try and share, learn and co-create. There is a clear need for a discussion whether the reward systems should be tied to a collaborative goal or a personal one, as the theory also suggests. (Gupta & Govindarajan 2000; Huselid 1995; Ismail Al-Alawi et al. 2007; Valakoski & Järvi 2016). The case company needs to bridge the local silos inside the company that would suggest a more collaborative effort –type rewarding. On the other hand, people are very prone to look for personal gain and as the managers at the case company guide the way their BUs perceive KT, the rewards should also be personal. The case company's structure calls for a multi-level reward system, where people, teams, BUs and the MNC as a whole are rewarded accordingly to their contributions to the knowledge networks.

Also, training was mentioned multiple times by the informants. They said that management level “internships” in other units and trainings for personnel in new technologies would benefit the knowledge about different solutions all around the case company. Also, as it comes to onboarding new people inside the case company, the want

was to train them to share and collaborate, rather than lecture them for hours about the company values. One informant described the onboarding as follows:

“It’s no use to tell about company values to new members, if we do not tell them how to live their daily life by those values”.

In addition, informants wanted HR to facilitate interactions and networking events at least for top- and middle-management. Although, there were evidence of such training and networking events happening, it was once again time that had not been allocated towards learning and expanding one’s views that seemed to be the biggest obstacle. Finally, when it comes to HR, informants were keen on trying the mobilization of people. Moving people around BUs inside Northern Europe BUs and why not even globally in the case company, was seen as an opportunity to transfer knowledge that is not utilized to its full potential. The movement of people was seen as an opportunity to open up doors in other BUs and transfer knowledge effectively. Training was also talked about by multiple scholars (e.g. Akhavan, Hosseini, Abbasi, & Manteghi 2015; Minbaeva et al. 2014; Tavani 2013) as was the mobilization of people (Downes & Thomas 2000; Gupta & Govindarajan 2000). However, the introduction of both at the same time was a new take by the informants. Rotating management as a way to bring homogeneity within two subsidiaries was mentioned in the theory (Gupta & Govindarajan 2000, 481), but a new perspective was to use mobilization as a tool for training and getting managers informed of the MNC capabilities across BUs.

5.2 Subsidiary Level Knowledge Transfer Implementation

5.2.1 Type of Knowledge Transferred

The type of knowledge that is transferred affects the steps and practices needed to transfer it successfully. The distinction between explicit and tacit knowledge has been made in the theory (Nonaka 1994) and the study scoped to exclusively tacit knowledge. However, the informants’ views on what it is that is transferred varied. The idea was to transfer so called “solution knowledge” that includes knowledge about products, entities and methods to deliver services and products to corporate customers. Hence, the term solution knowledge includes IPs but is not limited to them. Nevertheless, the knowledge that is being studied is highly tacit and requires a thought out transfer process to be successfully distributed.

The hardest type of knowledge to transfer, according to informants, was the things that cannot be seen or taught. It is knowledge that is transferred by active participation and experience. Informants referred to this type of knowledge as ‘best practices’, meaning lessons learned from different projects and through experience. Also, one informant specified that the hard part is to reuse the things done in other projects by other people. A second informant confirmed that it is not the actual ready-made products and IPs that are hardest to transfer but the consultancy and people-specific capabilities that go with the solutions. The problem is that when a specific team delivers a service or product to a customer and in a way co-creates the project outcomes with the customer, the solution is tailored and created while it is delivered. Although, the outcomes are often successful and attract a lot of attention inside the corporation, there is really nothing concrete that could be transferred without sending the same team to work on the project abroad. The theory on knowledge types would agree that the hard knowledge to transfer is the know-how and the tools to deliver services (Arora 1995; McCormick 1997).

On the other hand, the softer skills there are, the harder it is to transfer due to them requiring actual hands-on experience rather than being able to learn them through teaching. These skills can include team working skills, networking and how to interact with customers. One informant made the distinction between soft skills and hard skills as follows:

“Many other things, you can learn from wherever in the world; how do you work with machine learning and deep learning models. That you can get from YouTube. But it’s the things that you have to experience that is hardest to transfer.”

Also as Chini (2004, 9), Dalkir, (2005, 82) and Gupta & Govindaraja (2000, 483) all discussed, highly tacit knowledge is very hard to document and codify to a transferrable form.

The important part here is that the actual IPs and technical solutions are not seen as the hardest part to transfer but the skills and knowledge around them. The consultancy, the people, the experiences and the lessons learned from each delivery are crucial for the successful re-implementation of the solutions. The product or service is a secondary attribute in the projects and the know-how around that brings the actual value to the customers. As one informant described, IPs are more of a way to win big customers and establish legitimacy in the eyes of customers. IPs prove that the company has experienced enough people in the needed technologies that they are able to productize the service. It is this experience precisely which is hard to document and transfer. As for the transfer process, transferring this kind of knowledge needs a well thought-out process with sufficient support and interest from both sides of the transfer. Finally, as this type of

knowledge has to be learned and experienced, a very human-centric approach must be taken, and people, relationships and doing things together become of utmost importance.

5.2.2 Building an Effective Knowledge Transfer Process

Using Szulanski's classification of the KT process (2000 13), the most problems, by the informants, were seen in the initiation phase. The overall initiation was seen as difficult and the party that was supposed to initiate the process was not clear. Also, problems were seen in making the knowledge available so that another party inside the company could get interested in it and in that way initiate the transfer process. The effectiveness in the initiation phase is achieved by constantly bridging gaps between needed and existing knowledge inside a company. The need can be triggered by things such as a problem that needs a solution or a search for better alternatives to current practices. (Szulanski 2000 13.) Informants agreed with each other that networked people help decrease the gap between sources and demands of knowledge. When people work together and communicate, they have the most important knowledge: know what you do not know and know who knows the knowledge that you lack. Also, a before mentioned dynamic KT enabling IT solution could bridge these gaps.

Additionally, informants said that when people are connected they are better at solving time specific problems due to a large network of resources at their fingertips. Also, when people know each other and each other's capabilities they are better at identifying opportunities as they do not have to possess all of the competencies to pursue those opportunities themselves. Similarly, the theory discusses the need for the knowledge and the need for that knowledge to co-exist in a company and to have a trigger that initiates the KT process and motivated parties to go through with it. This is clearly the hardest part according to theory and the empiric portion of this study. (Gupta & Govindarajan 2000; Szulanski 2000; Zahra & George 2002.)

Moving on to the implementation phase. The implementation is when the knowledge is actually transferred and transfer-specific obstacles and barriers are solved as they emerge. (Szulanski 2000 14) The objective here is to make the recipient party really understand the knowledge that is being transferred. Problems were seen to arise when sending parties were not aware of the receiving parties' audience and the actual implementation had thus failed. The problem was that the knowledge was transferred on an inappropriate level of detail where the audience was not skilled enough to understand what was being communicated. As one informant explained it:

“You need to really feed and serve your food nicely on the plate so people will really understand what you are offering. And once you can make them

excited, only then business can happen. I don't even want to talk about the clients at this stage. I think that our (case company) counterparts needs to understand that this product is awesome it has a lot of great features."

Implementation is far more complex than just sending out the documented solution knowledge. The documentation must be explained and that is where the real difference is made. Presentations are better done face-to-face or at least some sort of meeting offline is suggested to prompt a more social and interactive event. The explaining must be done in terms of the storyline and focus on value propositions and inspiring future scenarios. Now-a-days also a statement on sustainability and responsible business has to be made. There must be passion and drive from the sender side of the transfer and they must make recipients identify with the product. One informant continued his view on transferring the knowledge skillfully to any audience:

"Now for those people it does not really matter that how much Java script line you have put in there to make this product run smooth. It does not really matter if you have thought about taxonomy to be used there. All they care about is that in how many clicks I can finish my work."

Informants also reported problems with the ramp-up stage saying that if the support from the sending side is not significant, the knowledge will never be properly understood and people will be afraid to use knowledge they do not fully understand. Informants saw that the problem is the quantity of knowledge a person must absorb that is very large in most solution transfers and thus the need for support from the sending side is vital. One informant also recognized the importance of support functions as a sending party and perceived the ramp-up stage efforts from the sending unit to be an enormous workload and thus a significant cost for the senders. The effectiveness in the ramp-up stage originates from, as one informant put it, "hand-holding". Sender side makes efforts to teach and make sure the knowledge is understood and problems are solved. Accordingly Szulanski (2000) talked about joint problem-solving within the parties in the ramp-up stage, Gupta & Govindarajan (2000) about the ability to create motivation in the recipient BU as well as Zahra and George (2002) about the abilities for parties to transform their ways and processes to fit the new knowledge. The implementation phase is clearly about intensive collaborative work, where the role of the sender BU is significant. If the sending BU dismisses the ramp-up phase and leaves the recipients alone with the knowledge with no hand-holding, the KT process will more than likely halt.

None of the informants saw the integration phase as a difficulty. The problems, according to informants, arise in early stages and in the lack of monitoring the process and providing support. If the first three steps are executed with care the knowledge has

been understood and properly transferred so the integration phase is assumed to happen naturally over time. One informant did find the need for even long-term support for transferred knowledge and stated that if the transfer is successful, the need for support diminishes over time as the recipient side takes the knowledge as their own. Also, the theory talks about the integration phase as a “truce” –time, that is stable until there is a new KT process initiation or some external variables change so that the transferred knowledge is not suitable any more (Gupta & Govindarajan 2000; Szulanski 2000).

A few of the informants reminded of the need for a feedback loop where the process of KT is looked at critically and improvements ideas are put into use in the next instance of the KT. There should be a feedback process that ensure that the feedback is forwarded to the right people to utilize. Additionally, there was little evidence of actual structural monitoring of the KT. Apart from some follow-up meetings there was no process that would have monitored and measured the success of the KT. As also, Jablin (1987 12) stated, the communication process is not complete without proper feedback systems. The integration phase seems to be where the long-term commitments happen and the parties build lasting bridges between them. If the integration phase is executed well, the next KT process between these parties will be easier. However, if ties are cut after every KT, the process becomes very laborious to start all over again.

5.2.3 Value of Transferred Knowledge and Participating Subsidiaries

The value of knowledge that is being transferred between BUs is the determining factor that makes or breaks the transfer process. Motivation, absorptive capacity and the overall effectivity of the process all are determined by the value the transferred knowledge will bring the participating BUs. The common answer for most of the informants was that they wanted to receive from KT was monetary value as well as achieve higher quality and faster time-to-market deliveries. In addition, some informants wanted well connected people in their BU and more competencies that they could sell to end-customers. One informant wanted the opportunity to combine knowledge from several units to create new knowledge. Also, things such as help for the daily-work and synergy advantages were mentioned. All these wants for the piece of knowledge can be achieved through successfully transferring solution knowledge and delivery methods to other BUs and they are a great sources of value a knowledge can deliver.

It was also pointed out that some of the BUs are very small and they serve customers that are very international in their nature. This means that these customers are very keen on differentiating themselves from the local markets. This gives an opportunity for the units to be able to offer differentiating opportunities for their local clients if they source solutions also from other BUs across the world. Offering a unique advantage for the

customers also differentiates the MNC from the other IT consultancy companies due to their ability to deliver a larger spectrum of services and products for the customer to choose from. As outlined by Szulanski (1996 29-30), subsidiaries evaluate the KT opportunities that come their way in terms of costs and potential values. Additionally, and as stated by Lupton & Beamish (2014, 722), knowledge must signal value for the internal operations and metrics of the recipient firm. Adding to the theory informants talked about knowledge that fits their personal objectives and goals for their BUs. These are separate to knowledge that brings values to overall processes and efficiency.

The value of the sending and receiving BUs will be discussed next. Although, there are various BUs inside the case company Northern European operations, the value of the sending BU seemed to not have a big impact on the willingness for the recipient to receive the knowledge. Thus, all BUs in the case company were seen as equal and all the emphasis put into the knowledge that the BU was sending. Some minor indications that one BU would be more worthwhile to listen to than others, is the delivery units with a specific new technology that customers are asking for. Also, bigger units were interesting to smaller units and units from more technologically advanced countries were seen as somewhat interesting. For example, one informant stated:

“I am currently impressed about what Swedish BUs are doing in terms of innovations and initiatives and would be very interested if they wanted to export something to us”.

These things made foreign BUs slightly more interesting to the informants, but in the end it was still the transferred piece of knowledge that determined the need for the transfer, not the BU. Also, informants were eminent about using the word interesting instead of valuable which suggests the value of the BUs is not how they are evaluated but the “brand” that they have inside the company for being advanced. In addition, it was not so much about the BU that the knowledge came from, but the person who was sending it. This is where personal ties were a big influence. This all being said, most of the informants said that each new KT opportunity is evaluated separately regardless from where the initiation came from, again suggesting the value of the knowledge being the important determinant. The theory talks about several BU determinants that value the BUs at different values when it comes to KT (Gupta & Govindarajan 2000; Harzing 2002; Mudambi, Piscitello, et al. 2014). This study does not confirm that BU attributes and value that derives from them would affect the effective KT.

5.2.4 *Interdependencies within Subsidiaries*

Interdependencies between BUs take many forms. In this study interdependencies include the joint efforts of two units working together and thus creating a sense of needing the other party. Furthermore, interdependencies force the BUs and people inside them to collaborate, work together and share knowledge. There is a natural constant communication going on that makes KT happen easily and in a way without taking that much efforts. Finally, the final product, project or other outcome of the collaboration is used by both parties and thus brings instant value from KT for both parties.

One very efficient way is the co-creation of knowledge. Informants had some examples of successful co-creation of knowledge through dedicated innovation days or even just ad hoc based project work. They described the benefits being that they had a constant line of communication to the other party and got some ideas that they would not have come up on their own. Another informant also saw a lot of potential in co-creation. He argued that if people that have needed technical skills are included in the solution development process, they might make the solution better than it originally could have been. In co-creation the expertise is not only shared but transferred to other units with working together, teaching and learning. Furthermore, informants stated that they were much more knowledgeable about the other BUs capabilities after the co-creation process and continued to use that knowledge and those personal ties in their daily work.

Other informants had more of an experience about the lack of co-creation and how that impacted their knowledge sharing. There were examples about solutions that the sending BU was trying to sell them. The problem the informants had was that they were not that knowledgeable about the solution and thus hesitant to sell in forward to their end-customers. There was a clear need to have a say in the development of solutions that the BU is expected to sell onwards. Finally, the solution development is a living organism, according to several informants and cannot be limited to the expertise and motivation of just one BU. As one informant stated:

“So, ok they are doing that, and we really don’t know what they are doing and we cannot contribute. I would make the process a little bit more open source and not say like well, we got 600 thousand euros to work on this and we will tell you when it is ready. It’s better to say that our goal is to build this framework and then be more transparent in the process, so also other people can see and have commenting opportunities. I mean that you gradually build this knowledge resource. Because it will be a never ending story. So you start with something simple and you add things. But you need a vision and someone to drive it. But then it’s important to have a transparent process.”

Few informants also had experience in co-creation of solutions in terms of joint customers. This seemed to spark up a lot of opinions. All informants were very eager to find interdependencies through customers that have multiple locations in the Northern Europe and in that way utilize the local BUs to be close to the client but to simultaneously collaborate to deliver the customer a much larger and more complex solution than any BU would have the resources or skills to do on their own. There were also negative experiences in joint customers where the way of working had leaned towards sharing tasks and not utilizing synergies and interdependencies. This particular case example had not been very successful because the final solution was very scattered. Finally, informants were all open to building new networks through joint customer projects due to it being billable customer work that is measured, that also brings the side benefit of transferring knowledge and meeting new people inside the MNC.

Workgroups, much like joint projects, are good for KT. Almost all of the informants took part in a cross-BU work group. The work groups were primarily very new and no real value from them had been realized. What was important to informants was the structured meetings that occurred in even intervals that brought the real value. They got to interact with people around the MNC that have similar objectives as them and exchanged information. Other informants did not participate in such groups but were open to the idea of joining one if the topic of interest would be valuable enough. The workgroup activities are still small, but they were seen as very potential and good so far. Although, some informants had examples of poorly performing work groups they were very optimistic and willing to try workgroups again.

The theory and the results above paint a very similar picture. As scholars suggest multiple co-creation and cross-unit models for effective KT (Gupta & Govindarajan 2000, 477; Walczak 2005, 334) and promote structured and clear KT channels (Walczak 2005, 335) that are facilitated properly (McDermott & O'Dell 2001, 84) there is a lot of similarities with what the informants valued. Both, informants and Ismail Al-Alawi et al. (2007) talked about the need for highly humane interactions and a culture of openness to bring effectivity to the KT processes. According to Ismail Al-Alawi et al. this means high informality in chosen KT channels.

5.2.5 Distance and Prevalent Culture

Distance inside the case company was seen as a split in two. There was the Nordics (Sweden, Norway, Denmark, Finland and Estonia) and then the Baltics and Poland (Latvia, Lithuania, and Poland). Informants felt that there was a difference in cultures and how people in those BUs work and what they value. Although the difference was

acknowledged, there was a lot of collaboration over this division of the Nordics and Baltics. This was due to people having personal ties in other BUs, and that was seen as much more powerful than cultural difference. Also, informants felt that they have to be so called “global citizens”, meaning they can work with anyone and for any culture, to excel in their work and so informants did not put high emphasis on the cultural differences. However, when moving outside from the Northern European business area, there was much more concern for the cultural factor. For example, the case company’s Indian counterparts were seen as potentially very challenging to collaborate with.

However, there were considerations for the organizational culture inside the case company. This was more between the delivery units versus client facing units thinking. Ways of working and how to interact with customers differed and there had been some friction in collaboration due to this. Some BUs found that you need to be passionate and even a little crazy when trying to inspire customers to adopt new technologies. On the other hand, some units wanted to take a more traditional and conservative way to interact with customers. Another informant saw that the ways of working were fairly different in different BUs, but they could be overcome by the use of the case company’s standards of doing things and using corporate templates and processes.

When talking about distance informants mostly concentrated on the distance in objectives. As discussed, delivery and client BUs might have different objectives, but informants stated that people usually also have different objectives. Even inside a single MNC, objectives can vary a lot. Openness and transparency were brought up as things that can help bridge the distance in objectives. Having truthful conversations of the real wants and needs of different BUs was seen as important. The closeness of the relationship and a bridging factor was also outlined by Lupton and Beamish (2014, 712). However, unlike the theory suggests (Andersson et al. 2001) the need to adopt similar ways, objectives and culture was not mentioned by the informants. They were keener in finding ways to work around the differences, rather than merging into one. As Vaara et al. (2010, 6) outlined, the more the subsidiaries differ, the more there is opportunities to find value in KT and in that way make it more efficient.

The prevalent culture inside the Northern Europe BUs varied a lot. Few informants reported that their culture still remains close to the culture of the acquired company’s culture what was more start-up style. They said that their internal collaboration and knowledge sharing is very good and they excel in innovations. They said that people in their BU were very keen on discussing solutions and collaborating to develop more knowledge. People in those BUs were stated to enjoy discussions and working together. These BUs also said that their personnel is not afraid to take risks and overall failure is seen as an opportunity to learn, rather than a bad outcome. Informants also stated that they like to explore the flexibility in the case company’s organizational culture, values and structure to try and bring informality into the picture and make the work place more

suitable for the Northern European ways of working. From this it is safe to say that some of the BUs maybe not benefit very much from intra-MNC KT in terms of knowledge inflows. This also means that the ones with less innovative efforts and a so to speak “start-up”-vibe, could benefit a lot from inflowing knowledge from these subsidiaries. (Li & Lee 2015, 669-670.) Also for example, De Long and Fahey (2000) looked at subsidiaries more for the perspective of the prevalent culture and not assuming an MNC deploys the same organizational culture in all its subsidiaries. In the case company context, assuming a common MNC culture would be 100% evident in all BUs would be a bad mistake. As per BUs’ colorful pasts from acquired companies and varying levels of integration with the case company, each BUs culture must be evaluated separately before engaging in KT activities.

5.2.6 *Subsidiary Power as an Influence Mechanism*

There is clearly differences in the strategic positioning of BUs inside the case company. Units that perform constantly well in their KPIs are given more room to explore, try and affect the MNC wide issues. BUs are measured in terms of KPIs and these numbers are monitored rigorously to pinpoint deviations to the expected numbers as well as highlighting the units that do better than expected. Informants felt that if they meet wanted outcomes, they get more influence and freer will inside the company. However, if objectives are not met the HQ control over those units tightens. The case company has a management foundation that has proved to work for multiple years and used as a tool for management. That framework becomes more evident in units that are not performing as well and the following of the framework is audited more often.

In addition to high performance, the delivery units are clearly more expertise providing units and thus the outgoing knowledge is much higher in quantity than the incoming knowledge. On the other hand, the client facing units provide client insights but are quite dependent of the expert units to help with proposals, solutions and overall sales to be able to deliver their customers what is needed. In the case company’s Northern European SBU, an acquired analytics expertise firm was given a very special positioning inside the Northern European operations. Other BUs have a personnel of a few thousand people. However, after the merger the company’s Northern European president agreed to give the acquired analytics expertise company a parallel positioning to the other units even the manpower inside it was only about 70 people. This is a good example of how different units are valued. Basically, this means that the analytics unit has a full member in the Northern European management team and has the same influence as BU leaders that represent thousands of people. Also highlighted by Chini (2004, 37-59) a valuable knowledge base of the unit can ramp-up its strategic importance to the MNC.

Furthermore, she stated that a relatively large amount of outflowing knowledge will increase the strategic importance of a subsidiary. As the subsidiaries are more linked and involved in the MNC KT networks, they have more power of influence in the other subsidiaries (Mudambi & Navarra 2015, 398-399; Najafi-Tavani et al. 2015).

Informants all felt somewhat influential in the MNC. The informants were all higher management level and all said that their influence was due to their job title inside the company. Somewhat influential is used here due to the influence always being limited and said to represent freedom and influence in a certain area or within pre-determined frameworks. The influence seemed to be limited to their own BU and definitely limited to Northern European operations and not much influence was given to informants in the global operations of the case company. Many of the bigger decisions still come from the HQ but one informant did acknowledge that the influence inside the case MNC is enough that they could get the Northern European president to drive the initiatives even further. However, no one seemed to have any experience in a global level influence and BUs felt that they were quite small and not very influential in the global functions.

Informants stated they had been successful in changing the case company ways. Power had been used to change tools, channels and ways of working inside their own unit. For example, permitting of using Android phones as work phones was seen as a win. Other felt that they had changed the company's overall attitude towards certain technologies to more positive and promote a more digitalization friendly attitude. Some informants however stated that they felt like on a Northern European level they can maybe nudge things a little forwards but to drive actual change, they felt needed efforts and time that no-one had time for. In regard to the overall aspiration for a more transparent and KT effective company, BUs have recently taken some initiatives to make KT more smooth and natural. There was several new events and knowledge sharing sessions established in the last year and some cross-BU work groups that have a more unified objective that reached over national borders

The subsidiary power of influence in the case company seems to have a pretty thick "wall" at the borders of the Northern European operations. Informants did not talk about many initiatives, and even less about successful initiatives to change the strategy, structure, culture, HR processes or channels on an MNC level. However, as the case company's structure is empowering managers and leaders to organize their ways quite freely, the influence in the above mentioned elements was possible on a subsidiary level. Naturally, to see MNC wide change in the KT effectiveness between BUs the HQ support and provided processes should be aligned, but individual BUs seem to be very welcome to ramp-up their KT capabilities among them. This excludes formal KT channels such as IT solutions that would have to be implemented MNC wide, for example to build a solution catalog –type channel, that several informants seemed to lack. As also discussed in the theory, subsidiaries can deploy their own strategies and so influence the status quo

on a subsidiary level (Birkinshaw et al. 2006, 7; Mudambi, Pedersen, & Andersson 2014 101). Who knows, maybe if enough subsidiaries start ramping-up a very KT positive corporate environment, the interest to better things on a wider scale will peak.

5.3 Individual Level Knowledge Transfer Capabilities

5.3.1 *Absorptive Capacity and Motivation*

The Absorptive capacity in receiving knowledge is very much an individual capability. In a large company there are a lot of differences between people, units and countries when it comes to the ability to absorb new knowledge. The absorptive capacity is obstructed by the Not Invented Here (NIH) –attitude. Informants reported that NIH phenomenon is present in some people and due to this attitude they fail to see value in even knowledge that would actually be of direct help to them and their work. Much like Allen and Katz (1982) stated in their study. On the other hand, some people in the case company seemed to have an “overload” of openness towards knowledge which makes them interested in multiple things simultaneously. Of course, they will exchange a lot of knowledge due to this capability but this can also make it hard for them to see what is important and they get caught in a sort of self-afflicted information overload. This was not discussed in the theory.

The difference in the informants and other people within the MNC seemed to be that the interviewed people were mid- and top-management level. This means that they hear about changes and new knowledge in a very early stage and they usually have influence in what is done with the knowledge and how it is implemented. Several interviewees agreed that the resistance to new knowledge is usually present in a lower employee level and one reason for that is that they rarely have any influence in how knowledge is used. This decreases the absorptive capacity and motivation to receive. Absorptive capacity of employees seems to be interfered by the lack of involvement in the knowledge. There was no explicit reason for this given by the informants. The theory suggests that absorptive capacity is interfered by the lack of understanding the knowledge (Szulanski 1996) that naturally could be fixed by involving people in earlier stages. Also, scholars like Minbaeva et al., (2014) talked about the lack of motivation as an obstruction to true absorptive capacity of people. This can also be tied to the informants’ statements because if people would be somehow in the creation and modifying of the knowledge before they must apply it to their work, the motivation is easier to find (Song 2014, 81). The theory also outlines the need to keep personnel well informed about upcoming changes to be a source of absorptive capacity. (Minbaeva et al. 2014, 42.)

While absorptive capacity is a capability of the knowledge receiving side of the KT, motivation is a capability that has to be present in both, the sending and the recipient side. The motivation to share was seen as limited. As experts can be very good at what they do technologically but limited in their collaborative capabilities. Introverted people and people who take the job as a nine-to-five job, where they perform their tasks and then go home were seen as the biggest personal obstacles for knowledge sharing by informants. This brings us back to incentives and rewarding. An informant found that all people can be motivated, there just has to be a right kind of incentive for different kind of people. Task oriented people should be measured or rewarded in term of knowledge sharing. On the other side of the spectrum there are people that have an internal motivation to share and learn. These people are more motivated by the networking aspect of knowledge sharing and how collaboration can bring them wider networks to utilize in the future. This is in accordance with the theory of fitting the reward with the individual in question (Huselid 1995, 638; Ismail Al-Alawi et al. 2007 25; Valakoski & Järvi 2016, 381). Like two informants described how they are motivated to share knowledge:

“If you scratch my back, I scratch yours.”

“If I get better, my teams gets better, the company gets better. I like to work in an environment where I can get better. “

Other portion of the informants stated that motivation is hard to build if there is no internal desire to share and learn, suggesting that no reward and measured will help if there is no internal need to share coming from the person in question. More emphasis was given on teaching people so called soft skills and the motivation to share and learn will come after they have seen the benefits of soft skills in action. For example, mingling and small talk were mentioned as good starting points for soft skill training. Other soft skills were such as how to efficiently integrate new knowledge to your work or how to come up with new ideas. Benefits in learning soft skills can be seen in a person’s professional and personal life but the main point is to ensure that people experience the power these soft skills have and the value in them. Training was also outlined by (Minbaeva et al. 2014, 39), although she talked about training in terms of training people so that they understand the incoming knowledge while informants saw the importance in training in ways to share and apply knowledge. One informant stated that after training is planned organizations can put additional corporate incentives into sharing knowledge, but the willingness has to come from within a person himself. A person must feel like a better person and a greater contributor to the society as an individual due to sharing, that is where real motivation derives from. Also outlined by (Huselid 1995, 638). As one informant stated:

“Sharing works when there are people that care about and are passionate about the same things. That’s the way it works. You can never take people that are not interested and try and motivate them to give knowledge”.

The motivation of people to send and receive knowledge, seems to be an internal need to share and see growth among the network. Informants stated that to build internal motivation among personnel, there needs to be clear links between the knowledge and the daily work of people. Additionally, there needs to be a possibility to create feelings of success among people, such an example would be like a person being motivated by being able to integrate a new IT solution from a different BU to an existing customer case and as a result build growth for the company. Also, many informants mentioned that as the case company does not measure knowledge sharing, there has to be a mutual (sender and receiver) interest on the subject and to transfer the knowledge for it to take place. One informant was very eminent about the motivation to receive and stated that he’s work on the client side is demand-driven. This means that he is not interested in pushing other BUs solutions to their clients, but rather have the knowledge of what is available within the MNC and then ask for needed knowledge to be transferred when there is a customer need to back it up.

5.3.2 *Needed Knowledge base and Knowledge Processing skills*

Knowledge base of the recipient unit is very important in terms of effective KT. If the recipient individual is not knowledgeable about the solution or the technology at all they will not understand the knowledge that is being transferred and will not know how to integrate it to their own work. Informants emphasized the importance of knowing what the recipient’s knowledge base of the transferred knowledge is and process the knowledge accordingly. As one informant stated:

“—if you cannot relate to the knowledge at all and it is too far from your previous knowledge, then the transfer is completely useless. You could sit there and be talking Chinese to these people and it would have the same effect”.

This was also outlined by Minbaeva et al. (2014, 42) in terms of recipient ability to receive knowledge. Also, as she mentioned, the ability can be improved by carefully planned HR practices (e.g. Gupta & Govindarajan 2000).

The knowledge that is being transferred has to be understood by the recipient on a deep level. It is not effective or realistic to tell people to adapt their ways of working with the new knowledge without any regards for the value behind it. One informant said that the important aspect is to help people see how they can use this knowledge to compliment and add to their current knowledge base. That is where the actual value comes from when people are able to understand the received knowledge and apply it to their own work context and previous knowledge. This kind of combining of new and existing knowledge can also enable innovations. The theory also emphasizes the importance of the recipient understanding the value proposition behind the transferred knowledge (Lupton & Beamish 2014, 722; Szulanski 1996, 30).

The pre-processing of knowledge before sending it was seen as the most important knowledge processing capability by the informants. The message must be focused so that it communicates clear value propositions and emphasizes the “human” aspect of the knowledge. This human aspect was seen by the informants as learned lessons and practices that actually helped the knowledge to generate value. These knowledge processing capabilities can be described as socialization and externalization described by Chini (2004, 64). When people can take their own tacit knowledge and process it so that they empathize with the recipients and their characteristics, the knowledge is properly pre-processed for transfer. Informants also reported occasional problems in extracting know-how from experts and putting it into a transferrable form. This suggests that there are problems in getting the knowledge out there from the very start. This is due to this type of knowledge being very people-specific and some resistance is from the fact that people do not possess the needed capabilities to transform their knowledge into a transferrable format. Also underlined by Chini (2004, 64) as Externalization of knowledge.

Another major obstacle that was seen when talking about KT and absorptive capacity was the background of people and their prior knowledge. The case company having a long history as a hardcore IT house the people that have grown with the company for more than 20 years can be a little resistant to digital transformation solutions and when they do not believe in digitalization they are reluctant to share those solutions to the customers in the fear of losing their face by offering excessively transformational solutions to long time customers. Again, there is people that are very interested in finding new ways to sell to the clients and offer them the newest products in the market. One informant explained the phenomena:

“So once again lack of communication, lack of stories. Definitely in (informant’s country) I don’t have anything like that. Here I had a really VIP access to all the events all the things where I wanted to go and talk. Definitely when I am talking about abroad, they do not know me

personally, they do not know our offering so a slight resistance happens due to the lack of knowledge. “

Informants saw that there is a gap between BUs in certain knowledge bases. Managers' knowledge on certain state-of-the-art technologies is sometimes outdated and they are not able to integrate new technology solutions into their sales work. Informants agreed that the problem is not so much in the miscommunications or misunderstandings but the lack of understanding. This comes back to the lack of time to keep up with the newest trends of the industry and lack in trainings for manager-level personnel who ultimately act as gatekeepers for the information flows within the MNC. The theory emphasizes the misunderstandings as an obstacle for effective KT (e.g. Blomkvist 2012, 906) but this study seems to diminish the meaning in an intra-MNC context. Subsequently, the knowledge base and skillful knowledge processing capabilities and the understanding of the knowledge base the counterpart possesses on both sides of the transfer are extremely important for effective KT.

5.3.3 Relationships between Individuals

Networking and the capability to form and maintain relationships with an established network is one of the most important things in KT. Even in an intra-company setting the personal ties and prior experience of people give incentives to keep in touch, communicate, collaborate and share. Also, as messages from friends and prior acquaintances are better received, the bigger the network, the more a person has opportunities to share knowledge. Networking was seen, by the informants, as the act of meeting face-to-face and online to establish relationships. The informants all emphasized either structured or reoccurring meetings or deep relationship building which includes off-work activities and a more personal human way of creating relationships. The mentioned ways to build relationships varied but the wanted outcomes were the same: to build trust, accountability and comfort in communication between two individuals. Structured communication channels were seen as important by also Lupton and Beamish (2014, 712) while Szulanski (1996, 36-37) concludes his study in emphasizing the need for networking and relationship building to drive effective KT processes. Informants also preferred face-to-face meetings when possible and a high emphasis was put on relationship building and unofficial communications between the KT counterparts. Calls and web meetings were seen as a secondary channel (also highlighted by Ismail Al-Alawi et al. (2007).

Interviewees named several places that they did have smooth KT with, and these were without exception the result of prior personal ties. People tend to call and message people

they are comfortable with. Subsequently, people are aware of the capabilities and knowledge their network has and so if a certain information is needed they will know who to call within their network. But when no relationship is made, the communication does not happen and the existence of the needed knowledge stays hidden. This makes it very unlikely for an actual KT process to ever be initiated which means KT does not happen at all. Some informants were saying that nothing happens without personal ties and some linked the amount of collaboration with other BUs directly to the point-of-contacts they have in that BU. Needless to say that the personal ties seem to be the biggest bridging factor of BUs. Although, there is clear aspiration to “modernize” the system to be less personal relationship dependent, the change is slow and to this day, personal ties seem to run the show. Like one informant explained, that their team has a competence that many other teams have, so if the team leader is not well networked within the company, other BUs will call one of the other teams if they need such competencies. But if he has personal ties with many BUs and people inside them, his team will be the first to get the call. Accordingly McNichols (2010, 30-33) talked about close relationships and trust as an enabler for effective KT.

Politicking was seen as the main risk to openness and networking by one informant. As people in large companies sometimes have the tendency to protect their current position and value in the company by withholding information. This was seen as a problem in particularly large MNCs where hierarchy levels are steeper and certain positions can be very wanted. This was also outlined by Dörrenbächer and Gammelgaard (2016) political gaming inside and MNC as the efforts to gain and retain power inside the MNC.

Another risk to networking was seen as the cost of networking and who bears the costs. It takes time from billable work to network and build relationships, it also takes money to move people around and take the time to meet and share knowledge. However, informants did mostly find it as a worthy investment if it was done so that the knowledge sharing would in a long run bring value in terms of efficiency, synergies and savings. Some informants were not reluctant to bear the costs but simply sceptic of how to reach current KPIs and revenue targets and still have time to network and socialize. Accordingly, Szulanski (1996 29-30) stated that if the value of KT does not surpass the costs, the process will never happen. The main controversy here is that the value of KT is rarely monitored or measured and so it might seem like KT is generating pure costs although this might not be the reality of things.

There seems to be an overall lack of a mechanism and structure on how to build networks and how to utilize them to bring reciprocal value. Additionally, there is no time allocated towards network building. As long as the KT is governed by personal ties and networks, the KT will happen between people not due to the value added by the knowledge but the familiarity of the counterparts. This kind of transfer does not

necessarily bring the biggest amount of value between participants and is very ad hoc based, rather than structured, repetitive and goal-oriented. As one informant said:

“I think being from (acquired company), we all know each other very well and have no problem calling each other or mailing each other. But I think the largest potential is those who do not call and for years have been isolated within (the case company). That’s where the real gems might be lying”.

5.3.4 Trust between Individuals and in Solutions

Although trust issues seemed to be present also the subsidiary level, the informants were individual people and their trust issues with entire BUs always boils down to individuals in that BU. Informants all had very different views on what trust means in the context of intra-MNC KT. Some saw trust as the trust in yourself to know that you need help and what help you need. Others saw the trust important between parties that exchange knowledge and some discussed trust in terms of trust in the solution or piece of knowledge that is being transferred. One informant stated that the trust issues do not apply because we are all working for the same company. Nevertheless, as most informants argued that trust is the one of the most important element in an intra-MNC context, it will be discussed further.

Trust in people was seen as important due to people not wanting to share their valuable knowledge to people that they do not trust, or are hesitating to trust their intentions with that knowledge. Also, the relationship of people comes up in this part due to people being more willing to share knowledge to at least somewhat familiar people. Multiple informants found that making closer relationships decrease the trust issues and thus allow knowledge to be transferred more efficiently. Also, past track record of people and people in the counterpart BU, where things that informants seemed to base their evaluation of trust against. One informant described the trust issues between people as so:

“Trust is fatally important. Everything is based on trust, like the example when we did not have trust in another BU and how the collaboration will go, we were very careful in sharing information and were deliberately leaving out crucial parts of the technical side of the solution. We were frankly afraid of copying and we had bad experiences from the past. It all boils down to trust between people and countries and that affects how effectively we communicate and how much friction there will be because

of people taking unnecessary steps. So that is the start and then if the trust is broken it is damn hard to collaborate at all”.

This goes well in terms of the discussed theory, where copying and exploitation of subsidiaries valuable knowledge assets was seen as source for friction and the presence of trust was fatal to overcome this obstacle. (Blomkvist 2012, 913-914; Gupta & Govindarajan 2000, 478-479; Valakoski & Järvi 2016, 375.) There is always a risk that recipients steal the solution with no collaboration or credits and sells it to their own customers. This kind of events were one of the biggest reasons for loss of trust between BUs.

Other informants took trust more in the point of view of trusting the knowledge or the solution that was transferred. Informants found that there has to be an interest and motivation for the knowledge for it to be transferred and that required trust that the knowledge can bring value to you. One informant saw these to aspect of trust as such that if both are present, trust for the people and the knowledge, its good but it is also possible to do effective KT if one of them is present. But one must be present, otherwise there will be problems and the KT will not be smooth. This goes more in the territory of the value of knowledge, discussed earlier, but can also be talked about as trust for the knowledge (Szulanski 1996 29-30.). One other informant talked about trust in effective KT as self-trust, meaning that the sender of the knowledge has trust in themselves and the solution so that they truly believe they can help the other counterpart. This kind of self-trust was not mentioned as an element of trust in terms of effective KT and was also mentioned only by a single informant in the collected data. It seems that self-trust is very similar to proposing knowledge value to the recipient BU, and thus it is not given a high importance in the revised model as an emerging topic.

The lack of trust decreases the KT effectiveness due to people holding back on knowledge. Some solutions are very easy to copy and several BUs s have the expertise to deliver those solutions. If there is no trust, the senders will hold back information before trust is build, which makes the transfer process slower and less transparent. Trust is clearly built on personal ties and past experiences and it can exist between individuals, subsidiaries or even countries. The mitigation to trust issues is building personal ties and communicating openly both ways. If the sender feels like the informant is open to how the transferred solution is going to be used and what the steps that are going to be taken next, they are more likely to share. Transparency gives an image of collaboration rather than pure transferring, which makes the senders feel that they are in control of their solution even after it has been transferred. It is precisely the examples where a solution has been communicated and the communicative ties end there, where problems have arisen. This is also a very incomplete transfer process skipping ramp-up and integration phases as a whole (Szulanski 2000).

To conclude there was very mixed feeling about trust. Some informants saw trust as the most important part of the transfer whether it was the trust in the solution or the trust in the people, BUs or countries. On the other hand, some informants found that trust is not that much of an obstacle inside the company because at the end of the day everyone is working for the good of the same company. The diversity in perceptions of trust portray the stages that different BUs are in their integration. Some were very ok with trusting anyone working for the case company but some, due to past experiences, were more hesitant in blindly trusting everyone with their knowledge. On the other hand, this portrays an unequal power struggle where some units are playing for the same MNC wide team but some still see the other BUs as somewhat competitors inside the company and are thus not willing to openly share all the knowledge and not be aware of how it is used. Similarly, the theory suggests that the image, track record and reputation are key in building trust within subsidiaries. (Birkinshaw et al. 2006, 8; Birkinshaw & Bouquet 2008, 490-491; Dörrenbächer & Gammelgaard 2011, 41).

5.3.5 Intrapreneurship among Individuals

In regard to subsidiary power in enhancing effective KT, intrapreneurship is a huge determinant of how subsidiary power is used. Proactive ways of working and initiative taking is a part of the original theoretical synthesis, but a part of the subsidiaries strategic power. However, as it emerged from the data as a key element in the effective KT and especially on an individual level, it is presented separately to emphasize meaning. Furthermore, intrapreneurship houses more meaning than pure initiative taking. All informants agreed that a person to be skilled in KT they must be communicative, social and love what they do. Also, people that are open-minded and transparent in their communications attract more knowledge and people. In addition, good presenter skills and outspokenness were seen as key capabilities of people in knowledge sharing. Informants felt like the ability to build relationships over BU and country borders and to be a smooth networker is crucial for trumping a lot of the obstacles that the KT process may bring up.

As mentioned before there is a lack of time, measurements and incentives to share knowledge. If the piece of information is not absolutely vital for the task at hand it will usually not be looked for and more than likely will not be shared among BUs. However, when talking about solutions the KT should happen in a way proactively. If a solution is shared only when needed there is not enough time given for the transfer and the knowledge will remain extremely superficial. When the solution knowledge is not transferred properly the forward communicating of that knowledge to clients will be

faulty which in turn might result to a bad outcome in the sales process. This is why the internal want to share, learn, create and develop needs to be present in individuals continuously for solution knowledge to flow smoothly and KT to happen proactively.

Intrapreneurship and the internal need to do more, be more and see more is something that depends of the person in question. There are many kinds of drivers behind intrapreneurship such as career development, knowledge base growth or overall bettering of the current state of things. It is about the proactivity of people to want to see a better world and an internal need to create growth and new opportunities for the good of the person individually and the company as a whole. The informants seemed to agree that there is no confusion about how things could be improved it is more about the time and incentive to actually make it happen. That is where intrapreneurship comes to play. An intrapreneurial person does not need further incentives than what is already provided from within them. These people have the energy and want to make things happen, talk to the right people and get the right approvals. One informant called these people the “reformers” because they just want to live in a better world and that better state of things is often reward enough for them.

Several informants talked about the case company’s organizational culture also demanding pro-activeness. It is how the company has been built. No one is going to come and tell you that you must share, and you must learn. Information is stored in repositories (such as Intranet) where it is available but no one is forced to read it. The same applies to solution knowledge. If a project from Finland would need a solution from Norway, there is no selling efforts outward, but people in Finland are expected to be proactive and ask for that information. That would require for the Finnish counterparts to be aware of the solution in Norway which would require some kind prior contact or communications about that solution. Another informant also found that the responsibility for intrapreneurship is with the ones who possess the knowledge, to sell and communicate their capabilities to other BUs. Like this informant stated:

“I feel that we as one of the most cutting edge teams we have a responsibility to motivate the rest of the (case company) to understand what we can do for their client. Also, it's a way of internal selling you could say. So if they know we can do this they can promote that to their clients and we can get more sales from that. And it will also impact the image of (case company) as a more innovative company and we can grow faster. “

The theory discusses mere initiative taking, as per Bouquet and Birkinshaw (2008, 489-49) as well as Dörrenbächer and Gammelgaard, (2016 1250), but they talk about initiatives and action taking as a way to break the status quo of the company. The intrapreneurship discussed here includes initiative taking but it is more of a state-of-mind

that motivates a person to go beyond the existing processes and seize opportunities regardless of lack of time or perceived resistance. It is also about personal characteristics that help people share knowledge, network, establish value propositions and evoke trust.

5.4 Revised Model

To conclude the results and discussion portion of this study the revised model of effective intra-MNC KT is presented. The Figure is a reconfiguration of Figure 5 according to the analysis portion of the study. Similarly, to Figure 5, Figure 6 below is divided into three layers: MNC, subsidiary and individual. The subsidiary and individual layers are further divided into the sender and receivers of knowledge and the space in between that represents elements that fall between the two parties in a transfer process. Furthermore, the Figure is color coded, to represent different chapters in the theory, to further bring the study together and visualize the links to the theory portion. Furthermore, the color coding has been completed with the addition of “not confirmed elements” that represent the elements from Figure 6 that this study does to explicitly confirm as a component of effective intra-MNC KT.

An addition of the Feedback stage in the KT process stages was made. Although not part of the primary focus of the study, the respondents were very eminent of the feedback loop being a major stage to complete the KT process. The biggest addition to the originally formulated theoretical model is the need for intrapreneurship among individuals. The element was added due to it not been presented as an own element in the original model and because the informants were all very clear about the importance of intrapreneurship and intrapreneurial characteristics among individuals to get solution knowledge transferred within the studies context. The intrapreneurship was placed in the sender side of the individual level because informants described intrapreneurial characteristics on a very personal and individual level and the effect of intrapreneurial activities towards and effective KT process is that the sender side pro-actively promotes their solutions in advance so when a need arises the transfer process will start.

The structure of the MNC was not seen as a factor in effective KT. It was seen as a purely standardizing factor. More emphasis was put on HR practices in positioning people, but the current structure was not given importance in this context by the informants. Sending and receiving subsidiary values affecting effective KT were also not confirmed in this study. In an intra MNC context informants did not see much differences in the value of subsidiaries inside the case company. On the other hand, the value of the transferred knowledge was the main determinant of value and without which the KT process will not be initiated or executed. Similarly, the distance of subsidiaries was not seen as a problem. There were some differences identified between Northern Europe

subsidiaries, but they were not considered as an impeding factor in the cross-border intra-MNC KT. Furthermore, distance was more seen as a thing that should be leveraged, rather than homogenizing the ways of the units. What little differences there were, were also easily trumped by making personal ties, emphasizing the relationship element of the model. However, distance was seen as gaining importance if the context were to be broader and KT activities would be executed outside Northern Europe BUs.

The rest of the elements were confirmed by the study and thus make up the revised model of effective cross-border intra-MNC KT of solution knowledge in the case company. The MNC's strategy, culture, HRM and channels need to align with KT objectives. Subsidiaries must establish knowledge value and proper independencies to make the KT process more effective. Furthermore, they must evaluate the transfer in terms of fit to their prevalent culture and determine the reach of their influence by subsidiary power. Finally, individuals must have the ability and want to send and receive the knowledge as per their own aspirations and objectives. The knowledge must be carefully pre-processed to fit the recipient knowledge base and post-processed to be successfully integrated in the recipients' operations. The individuals must build relationships with the KT counterparts and a trust towards the knowledge and the people sending and receiving the knowledge has to be present.

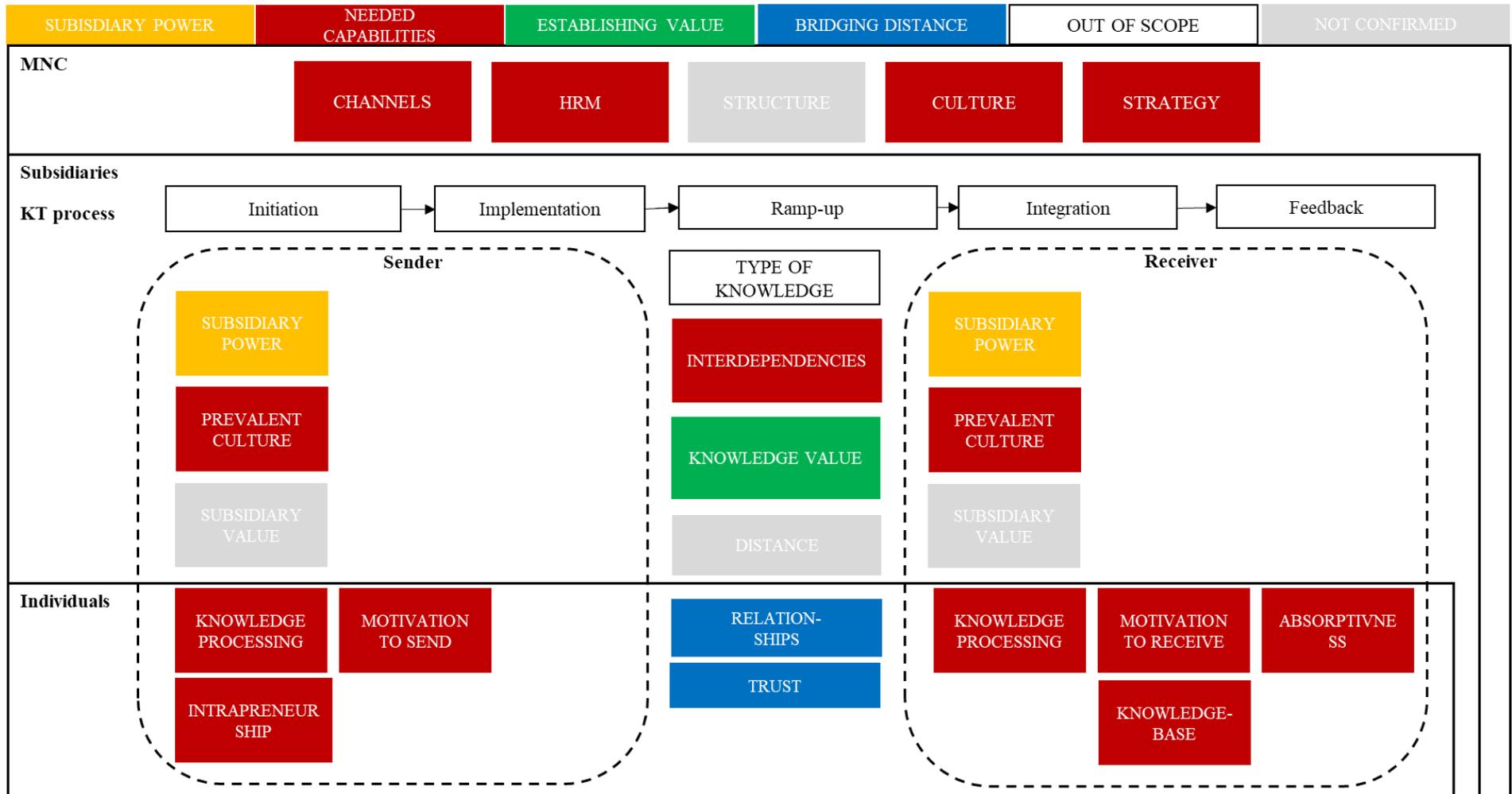


Figure 6 Revised multi-level model

6 CONCLUSIONS AND SUMMARY

6.1 Contributions

This study used the theories of intra-MNC KT and the theory of subsidiary power to formulate a theoretical framework of a multi-level model of subsidiary-to-subsidary KT inside an MNC. The framework was used to develop the interview questionnaire and it guided the empirical study. This study was conducted as a case study of a single and complex entity to be able to test out the different elements in the theory and enable possible emerging themes. The introduction of the subsidiary perspective and subsidiary power into the literature of intra-MNC KT, this study gave a unique perspective of subsidiaries working in a network of subsidiaries within the MNC parameters and as autonomous entities. The subsidiary perspective in effective KT treated the subsidiaries of an MNC more like individual companies that execute effective KT independent of the MNC, giving a more unit-specific viewpoint that takes into account the spectrum of differences in subsidiaries within a single MNC. In addition, subsidiaries' relationships were examined showing the network viewpoint of unique subsidiaries, with unique relationships to other subsidiaries executing KT in the complex networks of an MNC. This study has reinforced the theory of uniqueness of each KT process depending on the sender, receiver and the piece of knowledge that is being transferred. (Song 2014, 82.) Furthermore, the introduction to subsidiary power into the equation not only gave a viewpoint of what subsidiaries can do themselves to enhance effective KT, but it described the different ways subsidiaries can extend their current power to affect more MNC-wide parameters and so make the KT between subsidiaries more effective on a larger scale.

The study made supported a substantial amount of the previous theory on the matter, but also made some additions and clarifications to existing theory. First the assumptions that built the context for this study are concluded (black and white boxes in Figure 6). It is important to note at this stage that during the study, the knowledge type that was transferred was further specified to be the best-practices and experience-based know-how around the solutions that help deploy the solution so that it generates value, rather than the solutions themselves. This was referred to as solution knowledge. Although, it is not a new concept in itself, the clarification can act as further starting points on KT literature of transferring product and service-related knowledge. This study states that the product and solution ideas (or even IPs) are not the hard part to transfer but rather the human capital around them to extract the value from the product or service. Also, the transfer process stages were confirmed, by this study, to align with the views of Szulanski (1996; 2000) and the vast majority of KT impeding problems, in this context, arose in the

initiation phase. The study does however also put importance to all four of Szulanski's stages of the KT process. The addition of a feedback stage was made to complete the process and to ensure every process is a learning opportunity to enable smoother KT in the future. Feedback loops were given a big role in the KT process by the respondents but not discussed in the theory of KT process. Jablin (1987: 21) did mention feedback in the basic communication theory, but this study brought the stage to the intra-MNC KT process literature.

Moving on to the elements of the framework (colorful boxes in Figure 6), which made up the actual scope of the study. This study researched MNC subsidiaries' power in making the KT process between them more effective. First and foremost, this study reinforced the theory that KT is a process that needs considerations and planning to be effective. Furthermore, it was confirmed that effective KT brings value and is still a subject to which companies are seeking for comprehensive theory-based models, frameworks and practices to execute (Cohen & Levinthal 1990; Minbaeva et al. 2014; Szulanski 1996; 2000). In this study, when researching the subject, the research question and three sub research questions guided the study. The research questions will now be answered explicitly to conclude the research. The conclusions are formatted according to the research questions and so the individual, subsidiary and MNC levels are merged at this stage to enable the discussion of the impact of the conclusions on multiple levels. As concluding remarks are wider in scope, limiting the discussion to a single layer of examination at the time would fail to show the bigger picture of the results.

When answering the first sub-research question, *what kind of MNC context promotes effective KT*, the dominant theme was the lack of strategic importance given to cross-unit and cross-border KT. The theme was made evident by a mismatch of KPI's, unambiguous channels and lack of time allocated into executing effective KT. The results of this study show that MNCs must thrive to create an all-around ideology around the importance of KT and fit their strategic objectives, corporate measures, HR practices, channels and over all ways of working to it. Furthermore, as MNC-level elements require vigorous and continuous executive support and continues reinforcement to experience any change and to be successfully used in the daily operations of the MNC. Thus, high-level executives must lead by example and promote transparency in their ways of working. HR should consider KT enabling individual capabilities when doing recruitment activities, especially for manager-level positions and if KT capabilities are lacking, trainings should be organized to promote the need for more soft skills such as socializing, presenting and discussing. Although, they seem like basic requirements for an employee, an IT powerhouse, such as the case company, houses vast amounts of highly skilled IT-experts that lack such soft skills. Reward systems must also be put into place, although the recruitment of people with an internal want to share and take initiatives is a prerequisite for any KT, reward systems diminish the risk of the enthusiasm for KT experiencing

erosion over time. Channels must be formalized, and face-to-face interaction cannot be disregarded as a whole since it contributes heavily into trust building. Finally, time must be given to people to create, document, share, transfer and receive knowledge. If the focus is 100% on the customer projects and no time is allocated towards developing internal knowledge sharing mechanisms and knowledge repositories, the company can find themselves in a situation where the synergies of an MNC are not utilized and the competitive advantages of being an MNC, are not realized.

When concluding the first sub research question this study has reinforced the existing theory by pinpointing the need for KT being a strategic objective and consideration that seems to house other MNC attributes as well such as culture, channels and HRM (Gaur et. al. 2019 11; Ismail Al-Alawi et al. 2007, 84; Regnér & Zander 2011, 840; Zheng et. al. 2010, 768-769). The organizational structure of the MNC (Wang-Cowham 2008) was not confirmed, in this study, to have a major effect in building effective KT. Effective KT does not happen by accident and is above all a well thought out process, a process that requires resources and skills to be executed. Additionally, a want to transfer knowledge and the means to do it have to all coexist for the process to have any chances of succeeding. This study has not only proven this statement but narrowed down to the factors that affect the effective KT when the process-nature of KT is forgotten. The managerial take away is that managers must reinforce a KT favoring environment across all corporate functions, which will require their own commitment to a more KT positive company as well as lobbying and helping other understand the importance of KT. Managers must align strategic objectives with effective KT and so implement the ideology of sharing, teaching and being transparent all across the company. Tools and channels must be provided for employees to execute KT and sufficient skills must be taught to employees to be able to share knowledge in an effective manner. Lastly, employees must be given the physical time to execute KT and once and for all abandon the mentality that effective KT happens naturally as a byproduct of regular business tasks with no planning, resource allocations or motivational disposition.

Moving on to the second research question, *what kind of organizational and personal capabilities are needed for effective KT?* When answering the second question the dominant themes were, the value proposition behind the KT, cleverly established independencies, involvement, transparency and relationship building. The subsidiaries that engage in KT must establish that the transferred knowledge and the transfer process is valuable. This value is a source of motivation and absorptive capacity during the transfer. The value of a KT process, in the MNC, context however did not derive from the subsidiaries attributes such as location, history and size (as per Gupta & Govindarajan 1991b; Harzing 2002; Mudambi & Navarra 2015) but purely from the piece of knowledge that is being transferred in that instance and its potential to create value. This differed from the theory as this study states that when subsidiaries are working for the same MNC,

subsidiary attributes are not a source of perceived value for a KT process. Additionally, an ability to receive the knowledge must be built in terms of recipient knowledge-level about the transferred knowledge. This can be done by being aware of the level of the recipients' knowledge base and adjust the message accordingly or by being very much available during the transfer process to physically demonstrate the knowledge to the recipients. The results agree with the theory in that skillful knowledge processing in both sending and receiving sides is crucial to a successful KT process. (Chini 2004, 61-63.)

A term of hand-holding was mentioned during the results portion to emphasize the need to help the recipient understand what is being transferred and how it can be used to generate value. Additionally, subsidiaries and individuals should communicate with transparency and involve people from early stages in the knowledge development process. Co-creation of knowledge opens the opportunities for additional innovations, when knowledge is combined with peoples' existing knowledge and KT enables the other units to know what knowledge other units possess. These practices create trust and accountability, which in return decrease the risk of encountering the NIH phenomenon during the KT process and create additional motivation to initiate KT processes. Trust is of utmost importance and must be dealt with carefully. If trust is broken, it is hard to rebuild, and it will impede KT for years to come. Trust can also be built by skillful relationship building. Tight personal ties not only promote trust among KT counterparts but contribute to the ease of communication between them. The problem of time allocation is once more highlighted, because although people would be skillful networkers and want to co-create, they are simply not given the time, which roots back to the strategic objectives of the MNC. The findings reinforced the theory by stating that trust and closeness in relationships build effective KT, however unlike the theory suggests subsidiaries do not have to forcefully find common ways and align their operations to bridge their organizational distances (Andersson et al. 2001), they must find ways of working that take into account these differences, and in best cases scenarios, derive value from those differences. Finally, as an MNC is not only slow to change its ways but slow to react, individuals must be intrapreneurial in finding opportunities for KT that would be mutually beneficial to parties and thus create value, motivation and absorptive capacity within them. There is rarely instances of people telling employees to transfer knowledge and so the opportunities for KT must be identified and pursued as an individual characteristic of wanting to see change.

To conclude the second sub-research question this study has reinforced the previous theory by emphasizing sender and receiver motivation as well as receiver absorptive capacity in effective KT. Also, co-creation and collaborative efforts were reinforced as enabling factors for intra-MNC KT. (see e.g. Cohen & Levinthal 1990; Gupta & Govindarajan 2000; Minbaeva et al. 2014) and it was confirmed to be largely derived from the potential value of the KT. The addition that this study makes for the intra-MNC

context is the need for intrapreneurship, a sort of pro-active approach to kick-start the KT process. The managerial implications here are that not only do they have to hire and train people that are willing and able to share and absorb information in a timely manner, they must encourage and facilitate intrapreneurial KT initiatives. Whether these initiatives are to simply transfer a piece of know-how or to co-create a new solution with a foreign team, the intrapreneurial aspirations of employees must be nurtured to ensure KT processes in a large MNC get initiated in the first place. Also, as the potential value of the KT is the root of many enablers for effective KT managers must evaluate each potential KT process on its likelihood to succeed and realize the value. After a KT process has been identified as valuable this value must be skillfully communicated to people involved in the KT to raise motivation level and absorptive capacity. Lastly, as trust building is one of the corner stones of effective and above all smooth KT, managers should encourage transparency and co-creation of knowledge to involve people from different units already at the knowledge creation stage to ensure trust is build and the KT of that knowledge is thus made a little easier already at an early stage.

The third sub research question, *what kind of power do subsidiaries have in enhancing effective KT*, gave insights on what is the concrete steps subsidiaries can take to enhance KT between them. The limited influence the subsidiaries had created boundaries to the extent of their power to affect MNC-wide policies, but also a lot was left to the subsidiaries to decide. The empowerment of managers being high, they all have the possibilities to promote and deploy a KT positive culture within them. Subsidiaries are also more than welcome to establish workgroups, knowledge co-creation projects or seek for joint customers to collaborate with peer subsidiaries. Knowledge should, in theory, have all the possibilities to flow freely between subsidiaries, without any involvement from the HQ. The impediments come from the boundaries that the MNC has put in place with their strategic planning. The impact on time allocation given to people to perform KT activities and to for example, re-position people, build reward systems and affect the communication channels used is limited. Subsidiaries can lobby for KT enabling policies and processes, but the change is hard if the importance of KT has not been established in the strategic objectives of the MNC. The KPI's and strategy that govern the business demand constitutional level changes in not only the MNC level strategic planning but the minds of people in terms of what is important in a company. As long as there is a mismatch on how KT is valued in the HQ and in the subsidiaries, MNC level channel, process and policy changes are slow. Subsidiaries can build their own KT ecosystem with ways-of-working, skillful personnel and transparency but to build a truly KT positive and enabling transparent organization, but on an MNC-level major structural and strategy changes would have to take place meaning the need for involvement and want to change from the HQ, the CEO and the board. Strategically important subsidiaries might have a

little more sway in the strategic planning of the MNC, but this study did not find that subsidiaries would have multiple opportunities to affect MNC-level elements.

When answering the final sub research question there was no clear previous theory to mirror the results against. The results of this study do reinforce the theory of subsidiary power being different with different subsidiaries and being a variable inside the MNC and dependent of its strategic value. Furthermore, the ways a subsidiary can exercise this power are applicable in lobbying and building a more KT positive environment in the MNC. However, the extent of that power and the realities behind the subsidiary power resulting to actual change in the MNC are the biggest theoretical contributions of this study. As the study concluded subsidiary power is limited and the power to change the status quo MNC-wide was seen as very difficult regardless of the strategic value of the subsidiary in question. To make changes in the strategic planning or the mentality of the MNC, respondents emphasized the quantity of time and energy needed, which usually makes the process tiring and ultimately disregarded as excessively laborious. The power that subsidiaries do have is within their subsidiaries and networks of subsidiaries in where respondents saw a high degree of autonomy and thus lots of opportunities to affect KT processes. The management, according to this study, should concentrate in building networks and relationships between subsidiaries since that is where there is power to move around. The MNC will change slowly once the subsidiaries and people inside them have already changed and radiated that new mentality into the HQ and the tables where strategic planning takes place.

Lastly, the main research question, *how can subsidiaries enhance effective KT between them*, will be answered. Effective intra-MNC KT between subsidiaries is a multi-level model that requires the commitment and aligning of objectives, processes and people on multiple levels simultaneously. Every level has their own impediments, own objectives and own ways to promote effective KT, but the ultimate goal is to have all these three levels: MNC, subsidiary and individual work in unison and towards same goals. Additionally, the model needs a high level of executive support and MNC-wide considerations and changes to work, but also the empowerment of people in all levels to execute. For the model to work there must be a true joint effort and want to change things that spreads in the MNC like wildfire and forcing the company to re-evaluate all of its processes to be KT positive. Naturally, a highly optimized speed of KT is nearly impossible to reach, but that is what MNCs should aim for to truly utilize their global positioning and internal resources. Managers at all levels should promote KT as an important process for the competitive advantage of the company. They must remove impediments in the scope that they are able to and promote KT favoring practices. Managers must act as ambassadors of KT and not only act as an example but also make time for people to transfer knowledge, encourage them to be transparent and allow them to fail without consequences. The full managerial support will increase KT, remove

impediments from its way and inspire more managers to do the same in their teams and units. Once this ball starts rolling, I would argue, that it is hard to stop, and it will inevitably someday down the line hit the HQ as well.

As the study is done as a case study, the practical implications will serve the case company in their objective of transferring knowledge within its subsidiaries. As the knowledge that is being transferred in the case study is knowledge products the practical gain for the case company will be a framework on how to implement effective KT to other subsidiaries within the case MNC and so achieve more sales for the subsidiaries. By taking the results of this study as a starting point subsidiaries are more aware of their limits and they can start and build processes that not only takes these limits into account but tries to push them further. The effective exchange of solution knowledge will in a long run result to a stronger MNC since subsidiaries are not limited to the solutions and product from their own units and are able to offer customers a truly global solution portfolio. Furthermore, the framework of this study gives practical tools for managers to evaluate potential KT processes to be able to pursue the ones that are likely to succeed when the potential value is there, needed capabilities exist and the distance between KT parties is manageable. In the extent of building effective KT and evaluation of the success rate of potential KT processes, the results and the framework of this study is also applicable to other MNCs and contexts involving two or more parties inside a single MNC. The applicability is not solely limited to intra-MNC contexts but if the framework were to be applied to contexts where there is more than one company involved, further elements would have to be considered outside the scope of this study. Finally, the practical implication on an MNC level of the case company is the evaluation of the degree in which the case company's organizational core values are being transferred into practice. Using this study as a current state analysis the company is able to make changes and rethink operations so that the core values would be even more a part of employees' daily lives.

6.2 Limitations and Further Research Opportunities

This study was a single case company study about the effectiveness of cross-border intra-MNC KT and how subsidiaries can make it more effective. This study was conducted in a global MNC but scoped to include only the SBU of Northern Europe that was treated as an MNC entity on itself. As suggested, not all elements were seen meaningful in this context due to the countries being fairly similar, but the situation was indicated to be very different if KT activities were aimed for outside of Northern Europe operations. Although inside the same corporation. A further study could conduct the same study, using the same theory in a global MNC level and using SBUs as subsidiary entities. This would make the

Northern European operations a subsidiary in the new context. If the focus was to further research the Northern European BUs and context the addition to the national country-level to the here studies MNC, subsidiary and individual-level could further validate and better the results.

This study builds a model of effective KT, with little regards to actually implementing it. There were indicators towards a need for a top-down implementation process of the model as well as the need for empowerment suggesting a more down-up way of implementation. It would be interesting to study the how the elements in the models should be implemented so that the new ways get enough executive support, but personnel also feel that they have influence in the company.

The study gave a preliminary model of the influence and reach subsidiaries have in the bettering of KT effectiveness elements in the MNC. However, a more comprehensive model should be developed in terms of possibilities. As this study merely describes the current situation of the subsidiary power a further study could formulate a model that would map out the possibilities for subsidiaries to gain and exercise their influence outside of their normal daily lives. This means examining the possibilities and potential value gained from, for example, joining forces with other subsidiaries to lobby for important changes.

Finally, as the study is conducted as a single company case study, the model and conclusions would benefit from a multiple company validation of the results. Other MNCs in the Northern European region could be mirrored against the results of this study to validate or reformulate the model to be more generalizable. Also, the introduction of multiple companies gives the opportunity to compare similarities and differences in different industries and so getting closer to a universal model of executing effective intra-MNC KT for tacit knowledge.

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APPENDIX I: INTERVIEW THEMES AND QUESTIONS

Disclaimer: Knowledge is seen as solution / IP / service knowledge that can be sold to end customers. This means that if the knowledge transfer is successful the recipient unit will successfully integrate your local solution into their sales operations bringing increased sales for both units.

Acronyms:

NE = Northern Europe

MNC = Multinational corporation

KT = Knowledge transfer

IP = Intellectual Property

HQ = Headquarters (Global Operations)

BU = Business Unit

0. Introduction:

- a. What is your role in the internal sales operations?
- b. How would you describe the current service/product knowledge transfer inside (case company)?

Part A: MNC context as an enabler

Theme 1: Types of organizational knowledge

- 1.1 What kind of knowledge is mostly transferred within (case company) Northern Europe?
- 1.2. Which of these is the hardest to transfer and why?
- 1.3 Why is knowledge transfer important inside (case company)?

Theme 2: Knowledge transfer process

- 2.1 Can you give an example of a successful knowledge transfer?
- 2.2 Can you give an example of an unsuccessful knowledge transfer?
- 2.3 What part of the transfer is most challenging? Why?
- 2.4 In what way is the transfer processes monitored?
- 2.5 What are the best outcomes from successful knowledge transfer?

Theme 3: MNC as a context

- 3.1 How do you see that effective knowledge transfer benefits your work?
- 3.2 What means are used to transfer solution / IP knowledge inside (case company)?

3.3 What kind of actions have you done to transfer knowledge to other subsidiaries inside (case company) NE?

3.4 How does (case company) as a company support knowledge transfer?

3.5 How would you want knowledge transfer to be supported better by the HQ?

Part B: Capabilities

Theme 4: KT capabilities (individual and organizational)

4.1 What kind of personal capabilities are needed to transfer knowledge?

4.2 What is your motivation to share knowledge within (case company)?

4.3 How do you process/ package the knowledge before transferring it?

4.4 Do you feel that knowledge is well received in other BUs?

4.5 How do you motivate people in your BU to share knowledge?

4.6 How is incoming knowledge perceived in your BU?

4.7 Do you find it easy to integrate incoming knowledge to your work?

4.8 How could you motivate people to be more receptive to incoming knowledge?

4.9 Does your BUs organizational culture differ from the one of (case company)? How?

4.10 What about strategy?

4.11 Do you have an idea how to enhance knowledge transfer between BUs?

Theme 5: Perceived value of subsidiary

5.1 Do you feel like the knowledge from some subsidiaries is more valuable than others? Why?

5.2 What subsidiaries would you like to collaborate with more? Why?

5.3 What would motivate you to receive knowledge from another subsidiary?

Theme 6: Perceived value of knowledge

6.1 What makes a piece of knowledge valuable to you and your work?

6.2 What value would you like to gain from incoming knowledge?

Part C: Subsidiary / BU Power

Theme 7: Subsidiary power

7.1 What kind of knowledge / capabilities you have that are superior to other BUs in the (case company) NE?

7.2 Is your superiority more business of technical?

7.3 Are other BUs in any way dependent of your knowledge/ capabilities? How?

7.4 What kind of knowledge you have that could help other subsidiaries?

7.5 Are some BUs easier to exchange knowledge with than others? Why is that?

Theme 8: Strategic Mandate

- 8.1 How influential do you feel you are inside (case company)?
- 8.2 Would you say your BU has more incoming or outgoing knowledge?
- 8.3 Do you know of any collaborative efforts/groups your BU members have with other BUs?

Theme 9: Subsidiary efforts in gaining power

- 9.1 In your opinion, what kind of reputation your BU has inside (case company)?
- 9.2 Do you feel like your BU aims to influence the ways (case company) does things? How?
- 9.3 Does your BU have any new or even disruptive ideas or actions that they have tried to lobby inside (case company)?
- 9.5 How would you describe the autonomy of your BU inside (case company)?

Theme 10: Distance of subsidiaries

- 10.1 How would you describe the differences in (case company) BUs in the Northern Europe? (Values, strategy, ways of working etc.)
- 10.2 What about similarities?
- 10.3 Do you feel like you have many misunderstandings with other BUs? If yes, what kind?
- 10.4 Is there some subsidiaries in (case company) NE that you feel you have a closer relationship with than others? Why is that?
- 10.5 In what ways you communicate with other (case company) NE business units? Is it reoccurring? How often?
- 10.6 In your opinion, what kind of a role trust has in knowledge transferring?
- 10.7 How do you think you could build closer relationships with other BUs?

Theme 11: Extras

- 11.1 Is there anything you would like to add?
- 11.2 Can I contact you in any possible further questions?

APPENDIX II: USED SECONDARY MATERIALS

Below you can see a listing of the secondary materials that I was exposed to and what I used during the study. Basic contents, format and number of are reported.

1. Sales PowerPoint Presentations of the Service Products (6)
2. Communicative Emails from the Northern Europe Headquarters (200+)
3. Specific emails from the IP Solutions personnel at the company (5)
4. Corporate Intranet
5. Quality audit (1) on internal measurements and all related materials (10)
6. Quality management framework (1)
7. Internal IP repositories (1)
8. Case company subsidiaries created IP sales PowerPoints (10+)
9. Weekly Sales Call meeting memos (40)
10. Notes from to corporate networking and personnel events (5)
11. Collective IP sharing groups memos (10+)
12. Quarterly published Solution Magazine (3)
13. Knowledge Sharing Session slides (5)
14. Snapshot -video presentations (2)
15. Example of a jointly (2 units) created customer solution from 4 years ago (1)
16. Drafts of the joint offering (1)
17. Marketing videos of global IPs (3)
18. Presentations for Innovation day (2)

APPENDIX IV: CODING SCHEME EXAMPLES

Category name	Description	Examples of codes
Informant info	Information about the current job description and experiences and work history of the informant.	Job title, Time worked for case company, Business Unit
Current state	Current internal KT environment of case MNC and reasons for the current state.	Local silos, Values, Resistance
Knowledge types	Types of knowledge transferred, the value and difficultness of different types.	Hardest to transfer, Value of knowledge
KT process	The process of transferring knowledge, KT stages, monitoring and outcomes.	Initiation, Monitoring, Feedback
Organizational context	The organizational context that is stable and cannot be influenced by the subsidiaries and its effects to KT.	Structure, Strategy, Culture, Channels, HRM
Organizational capabilities	Organizational capabilities on a subsidiary level.	Prevalent culture, Varying levels of IPs
Personal capabilities	Capabilities and needed capabilities for personnel in terms of effective KT.	Characteristics, Absorptive Capacity, Intrapreneurship
Subsidiary Power	Influence, empowerment and autonomy the subsidiaries feel they possess and what to do with the power.	Dependencies, Initiatives, Autonomy, Influence
Collaboration	Collaborative efforts between subsidiaries.	Co-creation of Knowledge. Workgroups, Joint customers
Relationship	Personal and organizational relationships between people and subsidiaries.	Distance, Trust, Personal Ties, Networking

Table 5 Examples of the categorizing and coding scheme

