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CUSTOMER KNOWLEDGE TRANSFER IN MNCs

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ABSTRACT

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The purpose of this Master's thesis was to study customer knowledge transfer processes in multinational corporations (MNCs). The main objective was to examine how customer knowledge is transferred in MNCs and what kind of factors enhance or inhibit the knowledge transfer process, and to create a framework on the basis of the existing literature and the empirical findings. In this thesis the factors were organized according to whether they are properties of the unit involved in knowledge management, properties of relationships between the units or properties of the knowledge itself. There are various properties that influence knowledge transfer but in this thesis the focus was on examining the relevant findings from the customer knowledge viewpoint.

Empirical results show that internal fragmentation in the MNC seems to be inherent in this type of organization, and may cause many problems in customer knowledge transfer and utilization. These knowledge transfer inhibitors rise from the organization's properties: its absorptive capacity, motivation, organizational culture, and the two dimensions of knowledge. However, in spite of the inherent forces causing internal fragmentation and inhibiting knowledge transfer, moderate customer knowledge and expertise codification, cooperative working practices among the experts, and socialization mechanisms posed by the headquarters seem to help maintain customer knowledge transfer, and value creation in the long-term relationship. This value creation can be seen to be based on accessing and integrating a wide variety of knowledge resources in order to create a coherent product and service offering.

TIIVISTELMÄ

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Tämän tutkielman tarkoituksena on selvittää asiakastiedonsiirron eri vaiheita monikansallisissa yhtiöissä. Tavoitteena on tutkia miten asiakastietoa siirretään monikansallisissa yhtiöissä ja millaiset tekijät parantavat tai estävät tiedonsiirtoa, ja luoda puitteet kirjallisuuden sekä empiiristen havaintojen pohjalta. Tässä työssä tekijät järjestettiin sen mukaan, liittyvätkö ne tietämyksen hallinnan yksikön ominaisuuksiin, yksikön suhteiden ominaisuuksiin vai tiedon ominaisuuksiin. On olemassa erilaisia ominaisuuksia, jotka vaikuttavat tiedon siirtämiseen, mutta tässä työssä keskityttiin tarkastelemaan asiaankuuluvia havaintoja asiakastiedon näkökulmasta.

Empiiriset tulokset osoittavat, että sisäinen hajanaisuus monikansallisissa yhtiöissä on väistämätöntä tämän tyyppisessä organisaatiossa, ja voi aiheuttaa monia ongelmia asiakastiedonsiirtoon ja sen hyödyntämiseen. Nämä tiedonsiirron estäjät nousevat organisaation ominaisuuksista: sen vastaanottokyvystä, motivaatiosta, organisaatiokulttuurista, ja kahdesta tiedon ulottuvuudesta. Luontaisten voimien aiheuttamasta sisäisestä hajanaisuudesta ja tiedonsiirron estämisestä huolimatta, kohtalainen asiakastiedon ja asiantuntemuksen kodifointi, avuliaat työkäytännöt asiantuntijoiden keskuudessa, ja pääkonttorin esittämät sosialisoinnin mekanismit näyttävät auttavan ylläpitämään asiakastiedonsiirtoa sekä arvonmuodostusta pitkäaikaisessa suhteessa. Tämä arvonmuodostus voidaan nähdä perustuvan erilaisten tietoresurssien käyttöönottoon ja integrointiin, jotta voidaan luoda yhtenäinen tuote- ja palvelutarjonta.

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Table of Contents

1 INTRODUCTION	1
1.1 Background to the study	1
1.2 Research questions	4
1.3 Theoretical framework.....	5
1.4 Key concepts.....	7
1.5 Research methodology	9
1.6 Delimitations.....	9
1.7 Structure of the study	11
2 CUSTOMER KNOWLEDGE TRANSFER IN MNC'S	12
2.1 Knowledge	13
2.2 Two dimensions of knowledge	14
2.3 Customer knowledge as a fraction of market knowledge.....	15
2.4 Customer knowledge and its management.....	16
2.5 Knowledge transfer	22
2.5.1 Knowledge transfer process	24
2.5.2 The impact of stickiness	25
2.6 Factors influencing knowledge transfer.....	27
2.6.1 Properties of the units.....	28
2.6.2 Properties of the relationship between the units.....	30
2.6.3 Properties of the knowledge	34
2.7 MNC as a context for customer knowledge transfer	35
3 RESEARCH METHODOLOGY	39
3.1 Research approach.....	39
3.2 Research method.....	40
3.3 Data collection.....	41
3.4 Data analysis.....	45
3.5 Reliability and validity	47
4 CASE PACKORR	49
4.1 Packorr	49
4.2 Analysis on the capabilities of the MNC influencing customer knowledge transfer .	50
4.2.1 Absorptive capacity	52
4.2.2 Motivation	54
4.2.3 Social interaction	57
4.2.4 Organizational culture.....	60

4.2.5 Trust	62
4.2.6 Control	64
4.2.7 Dimensions of knowledge.....	65
4.2.8 Summary on properties of context affecting knowledge transfer.....	68
5 DISCUSSION	73
5.1 Individualism and collegial groups and customer knowledge transfer	73
5.2 Social interaction and customer knowledge transfer.....	75
5.3 Control mechanisms and customer knowledge transfer	76
6 CONCLUSIONS	78
6.1 Customer knowledge transfer in MNCs	78
6.2 Managerial implications.....	80
6.3 Limitations of the study and suggestions for future research	82
REFERENCES	84
APPENDICES	
Appendix 1: Message to the Interviewees	
Appendix 2: Interview Guide	
Appendix 3: Interview Questions in English	
Appendix 4: Interview Questions in Finnish	

LIST OF FIGURES

Figure 1. Theoretical framework of the study: Potential customer knowledge transfer enablers and inhibitors and their influence on the knowledge transfer processes in MNCs

Figure 2. Customer knowledge outcomes

Figure 3. The process of knowledge transfer

Figure 4. The conceptual framework in organizing research on organizational learning and knowledge management

Figure 5. Data analysis

Figure 6. Case Packorr in relation to the theoretical framework

LIST OF TABLES

Table 1. CKM versus Knowledge Management and Customer Relationship Management

Table 2. List of the interviewed experts

1 INTRODUCTION

How customer-related knowledge is transferred in multinational corporations (MNCs)? What are the factors that either enhance or inhibit the knowledge transfer processes? The theoretical contribution of this Master's thesis is to create a framework on the basis of existing literature that combines the dimension of customer-related knowledge and knowledge transfer together, and thus to answer these questions.

1.1 Background to the study

Market globalization, increasing demand for customized products and services and stiff industrial growth have driven firms to find new ways of creating competitive advantage (Woodruff 1997). Academics representing customer knowledge management (CKM) stream of research argue that customer knowledge is a fundamental organizational resource (Campbell 2003; Day 2000; García-Murillo & Annabi 2002; Gebert, Geib, Kolbe, & Brenner 2003; Gibbert, Leibold & Probst 2002), and that it may be of great value for firms in their attempts to enhance customer relationships and to differentiate themselves from their competitors (Garcia-Murillo & Annabi 2002; Gibbert et al. 2002). However, much of customer knowledge may be tacit in nature, and thus difficult to share and communicate (Day 2000). Hence, unless effective customer knowledge sharing mechanisms are in place, firms may not be able to fully realize the true value of their knowledge assets (Gupta, Iyer & Aronson 2000).

Although several scholars have acknowledged the significance of customer knowledge management, there is still lack of empirical research into the intra-organizational processes in this regard (Campbell 2003). These processes would appear to be of crucial importance in the management of intangible resources and the structure, mechanism and organization of multinational corporations (MNCs) to facilitate a more effective internal and external flow of knowledge (Argote 1999; Bartlett & Ghoshal 1989; Gupta & Govindarajan 2000; Minbaeva, Pedersen, Björkman, Fey & Park 2013). MNC is conceptualized as a differentiated network, where knowledge is created in various parts of the MNC and transferred to several interrelated units (Hedlund 1986; Bartlett & Ghoshal 1989), and transferring knowledge between those units and people can create significant learning benefits and is a powerful mechanism for improving an organization's productivity and increasing its survival prospects (ibid. 1999). In spite of this, there are numerous examples where

knowledge transfer practices have not met their objectives to manage firm's intangibles, which is mainly due to the large diversity of barriers.

In recent literature, knowledge transfer in MNCs shows a tendency to focus on knowledge transfer as an aggregate concept when very little systematic empirical investigation into the determinants of intra-MNC knowledge transfers has so far been attempted (Gupta & Govindarajan 2000). In their review on knowledge transfer, Argote, McEvily & Reagans (2003) examine how characteristics of the relationship between organizations, the organizations' characteristics and the characteristics of the knowledge being transferred affect the actual knowledge transfer. Szulanski (1996, 2000, 2003) sums knowledge transfer as a process of dyadic exchanges of knowledge between the source and the recipient, where the effectiveness of transfer depends to some extent of the disposition and ability of the source and recipient, on the strength of the tie between them, and on the characteristics of the object that is being created (Szulanski 2003). Thus, scholars take similar approach to knowledge transfer and specify the basic elements of a transfer: source, message, recipient and context.

Several researchers have contributed to our understanding of some of the determinants of knowledge transfer. To take some examples, the notion of absorptive capacity as the ability to recognize the value of new knowledge and to assimilate and use that knowledge has been developed by Cohen and Levinthal (1990). Empirical researchers have examined the relationship between two or more elements of particular transfer and their outcomes. For example, some studies have focused on trust as it is argued to enhance the effectiveness of knowledge transfer and, strengthen the tie between the source and the recipient. (Hansen 1999) While fully recognizing the importance of the variables, some researchers still emphasize the different dimension of knowledge, such as tacitness (Nonaka 1991), that may enable or inhibit the management of knowledge.

Several researchers acknowledge that effective customer knowledge transfer within the organization is the cornerstone of both production of customer-specific products and services, and successful customer relationship management (Nätti, Halinen & Hanttu 2006). However, complete internal knowledge transfer and assimilation are rare in any type of organization (Goh 2002), and most organizations are faced with many obstacles. For example, an expert's customer relationship and individualistic working method may reduce the amount of internal knowledge transfer among the employees working in the same organization. Moreover, it may be hard for experts to understand the significance of

knowledge codification for the purposes of the whole organization (Løwendahl, Revang & Fosstenlokken 2001). Consequently, the organization's common knowledge pool may remain weak if there is no commonly shared customer knowledge, but plenty of individually bound knowledge in its tacit form.

Moreover, it is reported that many firms still lack systematic processes for managing and utilizing knowledge (Davenport, Harris & Kohli 2001; Salomann, Dous, Kolbe & Brenner). According to Davenport and al (2001) knowledge tends to be fragmented among multiple systems and locations, and firms find it difficult to integrate it into consistent customer profiles. Thus, people lack the time and motivation to acquire the knowledge from the systems, which appears to be stepping stone also for customer knowledge utilization for several firms. Despite the widespread adoption of CRM technology and other information platforms, it has been indicated that there is too heavy reliance on the technology itself and lack of a clear strategy and customer-focused organization (Day 2000; Rigby, Reicheld & Scheffer 2002).

Individual experts from different functional areas may diverge into their own expertise and collegial groups, creating social bonds with the people they see having similar views (Empson 2001). People create meanings when they deal with each other in those collegial groups and differences between those meanings may be strengthened by everyday interactions within one's own collegial group. However, changing these views may be difficult because people are not often aware of these differences. As a result of this fragmentation on individual and group level, the whole organization may suffer and become weaker (Orton & Weick 1990).

Knowledge transfer can be enabled and facilitated by the existence of systems and mechanisms. Scholars have identified these as control and coordination mechanisms that enhance and encourage efficient transfer and integration of knowledge (Ghoshal & Bartlett 1988). For example, social interactions between the MNC units blurred boundaries of those units and stimulated the spread of information and knowledge (Björkman, Barner-Rasmussen & Li 2004). This kind of corporate social mechanism facilitates the development of interpersonal ties in the MNC (van Maanen & Schein 1979), which may enhance the communication between the parties, including knowledge transfer.

1.2 Research questions

This study discusses the theoretical points of departure of customer knowledge management and knowledge transfer, in a multinational context. The theoretical contribution of the study is to create a framework on the basis of the existing literature that combines the dimension of customer-related knowledge and knowledge transfer together. The main objective of this study is to examine *how customer knowledge is transferred in multinational corporations (MNCs) and what kind of factors enhance or inhibit the knowledge transfer process.*

This study addresses the effectiveness of customer knowledge transfer, which is the cornerstone of both product and service production, and customer relationship management (Nätti et al. 2006). According to Nätti and Ojasalo (2008), various enablers and inhibitors exist in the process of customer knowledge transfer that also affect to the management of customer relations. Accordingly, the main research question looks to answer *what happens in the customer knowledge transfer in multinational corporations, and what kind of factors either enhance or inhibit the knowledge transfer process.* The main research question is as follows:

What factors enhance or inhibit the transfer of customer knowledge in a firm's internal organizational networks?

The main research question is supported by three sub-questions. According to Argote, McEvily and Reagans (2003), the enablers and inhibitors, which affect to the knowledge transfer process, can be organized according to whether they are properties of the unit involved in knowledge management, properties of relationships between the units or properties of the knowledge itself. These properties affect to the company's ability to create, retain and transfer knowledge (ibid. 2003). Accordingly, the sub-questions looks to answer how the properties of the contexts within which knowledge management occurs affect the customer knowledge transfer. The sub-questions are as follows:

How do the properties of the units affect the customer knowledge transfer?

How do the properties of the relationships between the units affect the customer knowledge transfer?

How do the properties of the knowledge affect the customer knowledge transfer?

1.3 Theoretical framework

This study applies the case study approach, where the transfer of customer knowledge of MNC case company from the paper and board industry, Packorr, was investigated in the empirical part of the study. (Figure 1 illustrates the theoretical framework of the study.)

The approach for this study was chosen because it is particularly strong in providing a comprehensive view of a contemporary phenomenon in real-life context when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used (Yin 2003). Furthermore, it focuses on understanding the dynamics present within single settings (Eisenhardt 1989). The case study approach can be used to accomplish various aims, such as providing description, testing or generating theory (Eisenhardt 1989) but in this study, the interest is in the complex and detailed examination of the chosen literature.

The effective customer knowledge transfer in an organization is essential for both product and service production, and successful customer relationship management. In order to provide a coherent product and service offering in different expertise areas, it is crucial to transfer customer knowledge between different business functions and units. (Nätti et al. 2006) This study examines customer knowledge transfer as a continuous, two-way flow of knowledge, which is based on interaction. (Figure 1) The process of transferring customer knowledge is faced with clear challenges. Without mechanism for institutionalizing knowledge, the knowledge will not be transferred in the organizational level, and thus is not embedded in the organization's knowledge pool (Nätti et al. 2006).

In the theoretical framework provided by Argote and al. (2003) knowledge management literature can be divided into two dimensions, knowledge management outcomes and knowledge management context. This study examines the latter, the dimension of properties of the contexts (properties of the units, properties of the relationships between the units, and properties of the knowledge) within which knowledge management occurs (Figure 1). In this study, the properties of the knowledge management contexts identified in Figure 1 summarize how various researchers have addressed what influences the transfer of knowledge. Some researchers emphasize the importance of the properties of the units themselves, such as absorptive capacity. The key factor in absorptive capacity is the abil-

ity to recognize the value of new knowledge and to assimilate and use that knowledge (Cohen and Levinthal 1990). Other researchers however, stress the importance of properties of the relationship between the units, such as trust. In dyadic relationships, trust is argued to enhance the effectiveness of knowledge transfer and, strengthen the tie between the source and the recipient. (Hansen 1999) While fully recognizing the importance of the variables in other properties of contexts, some researchers still emphasize the different dimension of knowledge, such as tacitness (Nonaka 1991), that either enables or inhibits the management of knowledge.

Thus, this study examines how customer knowledge is transferred in multinational corporations and what factors either enhance or inhibit the knowledge transfer process. The framework in Figure 1 can be used to characterize research in customer knowledge management and knowledge transfer literature. Because many studies analyze more than one contextual variable affecting knowledge transfer outcomes, this study focuses on examining the relevant findings from the customer knowledge viewpoint. Thus, the framework can be used to identify the factors that affect to customer knowledge management and knowledge transfer processes. The complete theoretical framework is illustrated below in Figure 1.

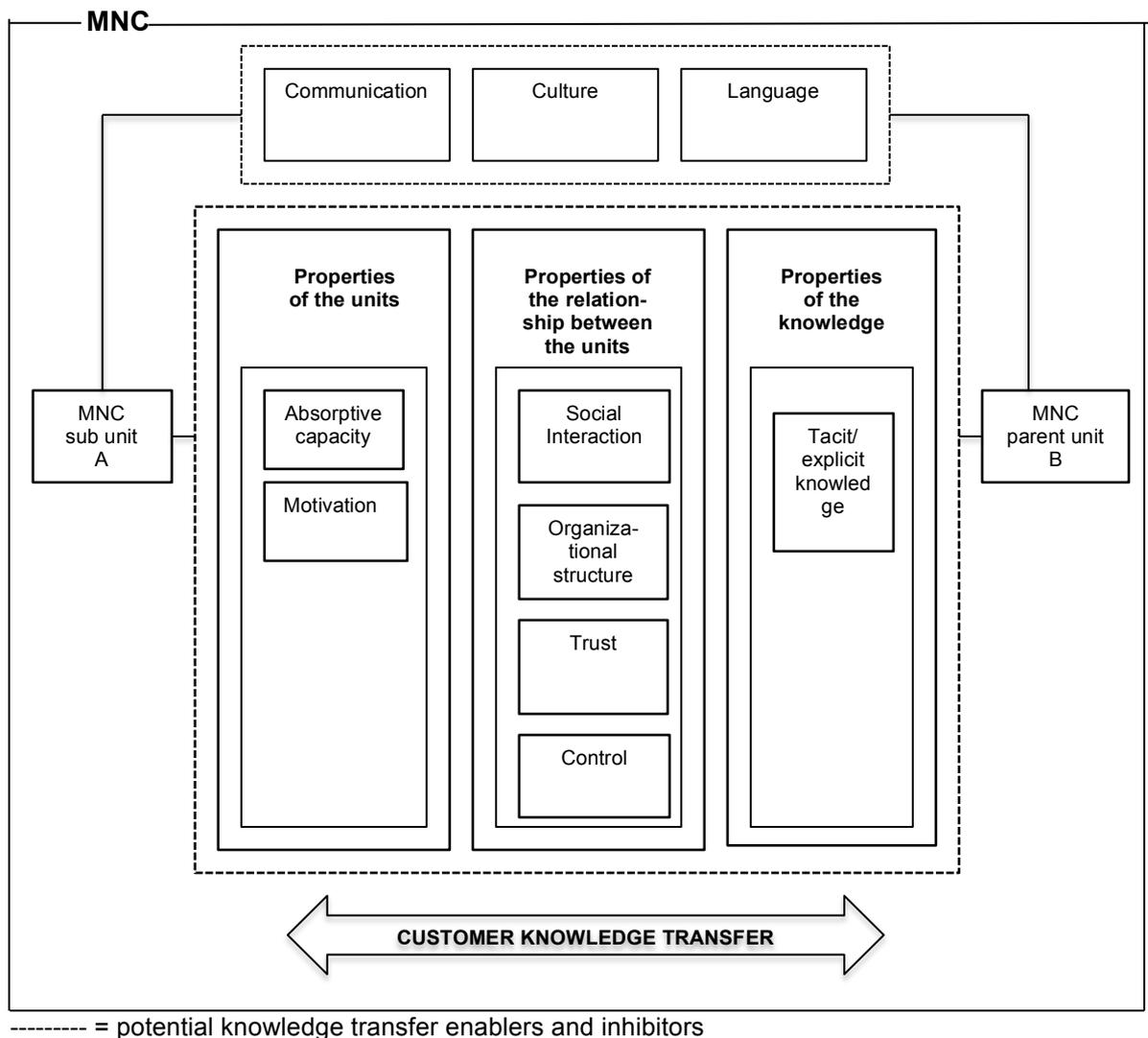


Figure 1. The theoretical framework of the study: Potential customer knowledge transfer enablers and inhibitors and their influence on the knowledge transfer processes in MNCs

1.4 Key concepts

This study examines customer knowledge transfer in multinational corporations, and what factors either enhance or inhibit the knowledge transfer process. Thus, the theoretical points of departure of this study are in customer knowledge management and knowledge transfer. The concepts are discussed in detail in chapter 2.

Knowledge

“Information is a flow of messages, while knowledge is created and organized by the very flow of information, anchored on the commitment and beliefs of its holder” (Nonaka 1994).

Market Knowledge

Market knowledge is the generation of market information about current and future needs of customers, and external factors, such as competition and governmental regulations that impact those needs, the dissemination of the information among all organizational functions, and finally the development and implementation of strategies in response to the information (Kohli & Jaworski 1990).

Customer Knowledge

The knowledge that the customer has about the product or service that he is interested in purchasing, and which the firm can use to assist the customer in making a purchase decision (García-Murillo & Annabi 2002).

Knowledge Transfer

Knowledge transfer is the process through which one unit is affected by the experience of another (Argote & Ingram 2000). Though intra-firm knowledge transfers are often laborious, time consuming and difficult, current conception is that they are costless and instantaneous (Szulanski 2000). Hence, it is argued that organizations able to transfer knowledge effectively from one unit to another are more productive than organizations that are less capable of knowledge transfer (Argote, Beckman & Epple 1995; Inkpen & Tsang 2005).

MNC

The dominant organizational structure globally (Cantwell & Mudambi 2011), which is generally conceptualized as a differentiated network where knowledge is created and diffused to several interrelated units (Minbaeva et al. 2013).

1.5 Research methodology

This research utilizes qualitative methods. Qualitative methods were considered suitable because the aim is to understand and describe the phenomenon under study in an organization where complex social processes form the core of the analysis. These social processes can be seen as extremely relevant in this context because knowledge processes in organizations are embedded in human as opposed to physical capital (Berger & Luckman 1966). MNCs are socially constructed communities that specialize in transferring knowledge across borders (Kogut & Zander 2003), which is why a qualitative, phenomenologically oriented in-depth case research agenda is well suited to this study.

A case study approach was chosen as it is particularly strong in providing a comprehensive view of a contemporary phenomenon in real-life context (Yin 2003), as well as providing new insights into a phenomenon of which little is known (Eisenhardt 1989). The case study approach is justified because it gives an opportunity for a holistic view on the process (Gummesson 2000) by utilizing in-depth insights of empirical phenomena and their context (Dubois & Gadde 2002). In this study, the single-case study approach is adopted in order to achieve a holistic view of the phenomenon (ibid. 2000).

This study can be defined as an abductive case study, which aims to discover new things, other variables and relationships (Dubois & Gadde 2002). The intention of the study is to describe and create new knowledge of the phenomenon under study by selecting cases in rich in information. From another perspective, it is also instrumental in the sense that the aim is to gain an insight into a particular situation and by understanding the case also help to develop theoretical ideas and concepts (Stake 1995).

1.6 Delimitations

This thesis remains subject to several general delimitations. Firstly, knowledge transfer within an MNC can be examined at least from three different levels of analysis: nodal, dyadic and systemic (Gupta & Govindarajan 2000). According to Szulanski's (1996) definition, knowledge transfer is seen as dyadic exchanges of organizational knowledge between a source and a recipient unit. This definition can also be applied to this study where knowledge transfer is examined as a continuous, two-way flow of intra-organizational knowledge between a subsidiary company and MNC parent company, which is based on interaction. Thus, this study is examined from the dyadic perspective and does not con-

cern any other levels of analysis of knowledge transfer. Hence, it is also context bound, meaning that the analytical generalizations are prevalent only in the specific context of multinational corporations.

Secondly, although in this study the focus is on organizational level knowledge processes, it is important to also take into account the individual level. Nonetheless, organizational knowledge creation is to a large extent based on the knowledge of individuals (Empson 2001), meaning that an organization cannot create knowledge itself. In practice, this means that individuals within the organization may possess high learning capabilities and large amount of relevant knowledge, but the organization itself may still lack the knowledge base needed (Bhatt 2000). Hence, in order to benefit from knowledge collectively, an organization has to mobilize the knowledge that has been created and accumulated on the individual level for organizational purposes (Nonaka & Takeuchi 1995). In this study, the primary intention is to describe organizational level customer knowledge processes, and knowledge transfer enablers and inhibitors but it has to be taken into account that many of those can be individually bound.

Thirdly, this study focuses on understanding the ways in which a firm organizes and benefits from knowledge transfer, and thus examines the enablers and inhibitors of knowledge transfer. Prior research on the factors and determinants that either enhance or inhibit knowledge transfer has primarily investigated the role of knowledge characteristics (Nonaka 1994), organizational characteristics (Gupta & Govindarajan 2000), or attributes that typically operate at the dyad- or network-level (Lane, Salk & Lyles 2001). Because many studies analyze several factors influencing knowledge transfer, this study rather examines the significant factors from the customer knowledge management point-of-view.

Lastly, keeping the research goal in mind of this study, the case Packorr was chosen based on the extensive experience of working with long-term customers in a multinational environment. Moreover, the researcher already had a contact person in the organization. Due to preliminary knowledge acquired, the organization appeared to be very promising in terms of the goal mentioned. Thus, the assumption was that it could help in providing answers to both the enablers and inhibitors related to customer knowledge transfer. However, because of the nature of the access, it was not possible to interview customers of Packorr, which naturally created some limitations for the analysis.

Thus, selecting a case study research strategy inevitably brings forth limitations when it comes to statistical generalization of the results. However, by understanding these in-depth cases give an opportunity to learn about the phenomenon in a wider sense.

1.7 Structure of the study

This thesis started with an introduction, which defined the research area, research questions and the meaning of the study. In addition, the research approach of the study and delimitations was described.

The second chapter is a literature review of the two theoretical backgrounds of this study: customer knowledge management and knowledge transfer. Based on this review, a categorization was established according to what influences the transfer of customer knowledge: properties of the units, properties of the relationships between the units, and properties of the knowledge. The aim of this study was to examine the relevant findings of each property from the customer knowledge viewpoint. Moreover, this chapter reviews multinational corporations as the context of customer knowledge transfer. The objective is to offer an analysis concerning customer knowledge transfer in multinational corporations. In order to do that, it is essential to understand the potential characteristics of the context in focus.

Chapter three is dedicated to the introduction of the research strategy; the research approach and the method of conducting the case study. Moreover, the reliability and validity of the results are presented. The empirical aspects of this study are detailed in chapter four, which describes and analyzes the case Packorr. In the discussion part that follows chapter four the attempt is to link the main findings and to draw empirical conclusions. The last chapter is dedicated to conclusions, managerial implications and limitations of the research as well as suggestions for further research.

2 CUSTOMER KNOWLEDGE TRANSFER IN MNC'S

Recently, interest towards customer knowledge and its management has grown among scholars due to the argument that customer knowledge can be seen as a source of competitive advantage (García-Murillo & Annabi 2002; Gibbert et al. 2002). In customer knowledge management (CKM), customers are no longer seen as a passive source of knowledge but rather as partners co-creating the knowledge (Gibbert et al. 2002). Thus, relationship marketing has shifted the focus of marketing from transaction-based to long-term partnership, where the main task is to develop and manage relationship with customers and stakeholders (Rowley 2002). In principle, customer knowledge management in a professional firm includes several knowledge processes: according to Kerkhof, van den Ende and Bogenrieder (2003), the four most essential processes are absorption, diffusion, generation and exploitation. The focus of this study is on customer knowledge transfer, hence the diffusion of knowledge. Diffusion of customer knowledge concerns the distribution of knowledge among the members of the organization (Kerkhof et al. 2003), which is the cornerstone of both production of customer-specific products and services, and successful customer relationship management (Nätti et al. 2006).

However, it seems that organizations face clear challenges in the management of customer knowledge (Nätti et al. 2006). In the theoretical framework by Argote and al. (2003), knowledge management literature is divided into two dimensions: knowledge management outcomes and knowledge management contexts. The properties, which affect knowledge management outcomes, are divided to properties of units, properties of the relationships between the units, and properties of knowledge within which knowledge management occurs (ibid. 2003). The objective of this study is to examine the variables of properties of contexts that influence the customer knowledge transfer process, in a multi-national context.

This chapter first reviews the key definitions of knowledge, customer-related knowledge and its management, and knowledge transfer, which determine a firm's way to create, retain and further transfer knowledge. Then, the factors that either enhance or inhibit the customer knowledge transfer process are examined. In the end, the concept of the study is discussed from the point-of-view of knowledge transfer literature.

2.1 Knowledge

Data, information, and knowledge have often been separated in the organizational learning literature (Boisot 1995; Davenport & Prusak 1998; Nonaka & Takeuchi 1995). According to scholars (ibid. 1998; Tsoukas & Vladimirou 2001; Spender 2006), data consists of separate facts that in themselves have no meaning or objectives. In organizations, data is stored in electronic form or written documents, thus it only becomes information after it is communicated between people through various media in social interaction (ibid. 1998).

The definition of knowledge can be described as broader, deeper and richer than data and information (Davenport & Prusak 1998). Knowledge includes experiences, values, and contextual information that provide a framework to evaluate and incorporate new experiences and information. Knowledge originates and is applied by individuals, whereas organizational knowledge often becomes embedded not only in the documents or repositories but also in organizational routines, processes, practices, and norms. (ibid. 1998) According to Bollinger and Smith (2001), knowledge can be defined as understanding, awareness, or familiarity, which is acquired through study, investigation, observation or experience over a course of time. It is an individual's interpretation of information based on personal experiences, skills and competences (Kogut & Zander 2003).

Kogut and Zander (1992) categorize knowledge of the firm as information and know-how. Know-how is the accumulated practical skill or expertise that allows one to do something smoothly and efficiently (von Hippel 1998), while information is referred to objective, task-related knowledge (ibid. 1992). The way organizations gain new knowledge is through the transformation of collective experiences and expertise (Bollinger & Smith 2001), which may come rooted in the routines and processes of the organization (Davenport & Prusak 1998). Thus, organizational knowledge can be defined as what people in the organizations know collectively about the customers, products, processes, mistakes and success (O'Dell & Grayson 1998).

Hence, information creates meaning and turns to knowledge when it is applied in social contexts (Tsoukas & Mylonopoulos 2004). One of the experts of organizational knowledge (Nonaka 1994) has defined that: *"Information is a flow of messages, while knowledge is created and organized by the very flow of information, anchored on the commitment and beliefs of its holder."* This furthermore emphasizes that knowledge is essentially related to

human action. This study will adopt the generally accepted definition: when data is given a meaning, it becomes information, and when information is used, it becomes knowledge.

2.2 Two dimensions of knowledge

The traditional categorization of human knowledge by Polanyi (1966) divides the knowledge dimensions into two categories: *'explicit knowledge'*, which refers to knowledge that is transmittable in formal, systematic language, and *'tacit knowledge'*, which is personal, context-specific and therefore difficult to formalize and communicate. Polanyi (1966) explains tacit knowledge by saying: *"We can know more than we can tell."*

Tacit knowledge is tied to senses, movement skills, intuition and unarticulated mental models (Nonaka & von Krogh 2009) that is produced through recreation and experiences of people (Rollins & Halinen 2005). Moreover, tacit knowledge is tightly related to action, commitment and involvement in a specific context (Nonaka 1994). According to Nonaka and von Krogh (2009), tacit knowledge can be accessed only through a continuum created in interaction between tacit and explicit knowledge.

In contrast, explicit knowledge or *'codified'* knowledge has a universal character, thus making it accessible through consciousness (Nonaka & von Krogh 2009). It deals with more objective, rational and technical knowledge (Gupta, Iyer & Aronson 2000), that can be expressed by words and numbers, and be shared by IT-systems (Rollins & Halinen 2005). Explicit knowledge can be easily acquired through education, repositories and work context (Kakabadse, Kouzmin & Kakabadse 2001), thus making it easier for competitors to imitate.

According to Grant (1996), the difference between the two dimensions of knowledge is that tacit knowledge is identified with *'knowing how'* and explicit knowledge with *'knowing about'*. Moreover, both categories are strongly related to the transferability of knowledge; explicit knowledge can be articulated through its communication and tacit knowledge is revealed through its application (Gupta et al. 2000). Nonaka and Takeuchi (1995) describe knowledge creation as a spiral that ranges from tacit to explicit knowledge moving from individual, to the group level and then to the organizational level. Thus, tacit and explicit knowledge are not separate but *'mutually complementary'* in that they dynamically interact with each other in creative activities by individuals and groups to create new knowledge (Nonaka 1994; Nonaka & von Krogh 2009).

This theory, however, is widely criticized by scholars (Tsoukas 2003; Spender 2006; Spender & Scherer 2007), since it assumes that interaction and use of knowledge is automatic between individuals and that they automatically distribute their knowledge in the organization. Eraut (2000) questions whether tacit knowledge is knowledge that has not been communicated or that cannot be communicated. Thus, it seems that making knowledge explicit requires both awareness of the existence of the knowledge and ability to present it. Moreover, the barriers to describe tacit knowledge explicitly are immense, however according to Eraut (2000) some degree of explicit description is possible.

2.3 Customer knowledge as a fraction of market knowledge

In the marketing stream of research, customer knowledge has traditionally been studied under the wider concept of market knowledge, which includes knowledge about the needs, and preferences of customers, and also an analysis of the competitors and their strategy. The market knowledge harnessed by firms in order to gain competitive advantage is a well-established determinant in new product success (see e.g. Atuahene-Gima 1995; Li & Calantone 1995), sales growth (Atuahene-Gima 1995) and organizational performance (Jaworski & Kohli 1993; Narver & Slater 1990).

The concept market knowledge has gained wider recognition among scholars and practitioners especially in the research on market orientation, which was first boosted by the work by Kohli and Jaworski (1990) and Narver and Slater (1990) that investigated the antecedents and outcomes of a business increasing its market orientation. According to Kohli and Jaworski (1990), there are three basic components that form market orientation: the generation and dissemination of intelligence and responsiveness. Thus, market orientation can be summarized as the generation of market intelligence about current and future needs of customers, dissemination of the intelligence among all organizational functions, and finally the development and implementation of strategies in response to the intelligence (Kohli & Jaworski 1990). Also, Narver and Slater (1990) make similar conclusions by acknowledging that the acquisition and dissemination of knowledge about customers and competitors are included in both customer and competitor orientation. Another approach to market knowledge is to investigate it as market-based learning. According to Sinkula (1994), processing market knowledge in order to learn is more about sense making than decision-making. It is argued that organizations learn about their market through acquisition, distribution and interpretation of market knowledge after which a range of po-

tential behaviors in the organization can be changed (ibid. 1994). Thus, the definition of market knowledge can be seen as the way organizations' process knowledge rather than their stock of knowledge.

In recent years, however, the extensive attention that CRM and KM have gained, have brought the dynamics between customer knowledge and customer relationship into a focus in a new way (Rollins & Halinen 2005). Rollins and Halinen (2005) argue "*Market orientation should not be viewed as a measurable characteristic of a company – a state of being market-oriented – but something that has to be created and recreated continuously in customer interface*". According to Helfert, Ritter and Walter (2002) the market orientation philosophy is severely limited when observed from a relationship marketing perspective. When it comes to business-to-business markets in particular, there are no general markets towards which a firm can be oriented, but only individual customers with their own characteristics. Therefore, it is essential to continuously update customer information and knowledge at the different levels and functions of a firm in managing these business relationships (ibid. 2002; Gebert et al. 2003). Although, research on market knowledge has provided a solid understanding of how firms process market knowledge in general, it is evident that the studies do not investigate why some firms are better at acquiring knowledge from their customers than disseminating and utilizing it (Campbell 2003). The following sub-chapter examines the specific features of customer knowledge and its management in detail.

2.4 Customer knowledge and its management

Scholars have recognized customer knowledge as a key strategic source in any company's success (Rollins & Halinen 2005; Rowley 2002), however to understand the concept it is best to start exploring it from its roots. Knowledge management (KM) became an emerging discipline in the end of the 1990s when companies needed to manage their knowledge resources more efficiently (ibid. 2005). KM is the process that helps organizations find, select, organize, disseminate, and transfer important information and expertise necessary for activities such as problem solving, effective learning, strategic planning and decision making (Gupta et al. 2000). The most frequently cited typology of the characteristics of knowledge has been presented by the philosopher Polanyi (1966). According to Polanyi, knowledge can be categorized as tacit and explicit knowledge. Tacit knowledge refers to the knowledge that is highly personal, context-specific and hard to formalize, making it difficult to communicate to others, whereas explicit knowledge is formal and can

be easily communicated (ibid. 1966). Thus, the focus of KM is on understanding through employees of the company what knowledge is and how it can be created (ibid. 2002).

This study investigates particularly customer knowledge and its management (CKM), which has its roots both in CRM and KM (e.g. Gebert et al. 2002; Gibbert et al. 2002; Rollins & Halinen 2005), and organizational learning also provides some theoretical base for it (Garcia-Murillo & Annabi 2002). Thus, it is essential for this study to examine also CRM, which is one of the most recognized management approaches of the past decade (ibid. 2005). The disciplinary roots of CRM come from relationship marketing (ibid. 2005), which concentrates on building, developing and maintaining long-term customer relationships with customers (Grönroos 2007). CRM, on the other hand, can be seen as a fusion of relationship marketing and management theories and approaches (Gummesson 2002). Although CRM originates from relationship marketing orientation, it has had a very technical connotation (Campbell 2003). According to Campbell (2003) by leveraging CRM technology to engage individual customers in a meaningful dialogue, firms can customize their products and services to attract, develop, and retain customers. Thus, as Rollins and Halinen (2005) state *“Key processes of CRM focus on creating and maintaining a loyal and stable customer base by improving and supporting excellent customer service, offering marketing plans for individual customers and customer groups, and measuring frequently customer relationship value and customer satisfaction.”*

In their article, García-Murillo and Annabi (2002) list factors that differentiate CRM from CKM. As mentioned earlier CRM tends to be very technology-oriented, while CKM concentrates on more personal interactions. The source of information in CRM is transactional data, which is useful in identifying the most profitable customers and their problems and preferences, and customizing marketing according to their needs. In CKM, customers' ideas are asked directly in personal interactions, which are used in identifying service improvement areas and new product development possibilities. (ibid. 2002) Thus, it can be said that CKM is interested more in the knowledge from customers than in the knowledge about customers (e.g., ibid. 2002; Gibbert et al. 2002; Campbell 2003; Davenport, Harris & Kohli 2001). Learning with customers has also raised a special interest among scholars (Gebert et al. 2003; Nätti 2005; Rollins & Halinen 2005). In CKM, the role of employees is emphasized since they are the main source of knowledge as they are the ones closest to the customers (Gibbert et al. 2002). In general, CKM can be described as an ongoing process of generating, disseminating and using customer knowledge within an organization and between an organization and its customers (Rollins & Halinen 2005). The relationship

between knowledge management, customer relationship management and customer knowledge management is summarized below in Table 1.

Table 1. CKM versus Knowledge Management and Customer Relationship Management (Gibbert et al. 2002; Rollins & Halinen 2005; Rowley 2004)

	KM	CRM	CKM
Disciplinary roots	Organizational behavior theory, cognitive sciences and information sciences	RM and management theories and approaches	KM and CRM approaches
Knowledge sought in	Employee, team, company and network of companies	Customer database	Customer experience, creativity and (dis)satisfaction with products/services
Perspective	Inside the organization	In customer interface	In customer interface and inside the organization
Key actors	Employees	Customers and employees	Employees and customers
Conceptual foci	What is knowledge?	What is customer relationship?	What is customer knowledge?
Key processes	Knowledge creation, sharing and exploitation	Creating loyal and stable customer base, improving customer service and maintaining customer relationships	Generating, dissemination and using knowledge within organization and between organization and its customers
The goal	Fuel organizational learning, efficiency gains and cost saving	Build and develop long-term customer relationships with profitable customers	Learning about, from and with customers
Axioms	"If we only knew what we know"	"Retention is cheaper than acquisition"	"If we only knew what our customers know"

Thus, this study is going to concentrate on the studying of customer knowledge, which is closely related to terms such as marketing intelligence (Kerkhof et al. 2003), marketing knowledge (Hanvanich, Dröge & Calantone 2003) and market knowledge (Li & Calantone 1998). Customer knowledge has been referred to structured information about customers (Li & Calantone 1998), knowledge about customers (Rowley 2002) and knowledge from

customers (García-Murillo & Annabi 2002; Gibbert et al. 2002) referring to the knowledge residing in customers. According to Nätti et al. (2006), customer knowledge refers to customer information, which entails both individual and organizational knowledge of specific customer needs, characteristics of the customer, and the history and future potential of the customer relationship. Thus, it is relationship-specific knowledge, and is primarily based on past relational experiences, and is constantly updated in interaction by new experiences (Ballantyne 2004).

Customer knowledge takes different forms: it can be explicit, structured information in databases, or tacit customer knowledge residing in the minds of employees and customers (Rollins & Halinen 2005). Explicit customer knowledge is more easily transferred and can be transmitted via an intermediary, i.e. an IT system. Conversely, tacit customer knowledge needs to be co-created through shared experience or converted into explicit knowledge in order to become an organizational possession. (Nätti et al. 2006) Thus, tacit customer knowledge can be referred to as *'human data or knowledge'*, because it is captured and used mainly by employees interacting with customers or observing and interpreting customer behavior (Davenport et al. 2001). In practice, the management of customer knowledge may entail major managerial challenges; it is one of the most complex types of knowledge because it is derived from multiple sources, it may have a contextual meaning, it is dynamic and it changes rapidly (Davenport & Klahr 1998). According to Nätti (2005), converting customer knowledge into explicit form to make it more transferable further increases the challenges. The low frequency of face-to-face interactions diminishes the possibility of sharing tacit knowledge (ibid. 2006) and codification of customer knowledge may deprive some of its richness and genuineness (Boisot 1995).

Customer knowledge is generated when data is transformed into information, and the information is further used and disseminated between people in a documented form or in interaction (Rollins & Halinen 2005). Knowledge flows play a vital role in the interaction between an organization and its customers and they can be classified into three categories: knowledge for, from and about customers (Salomann et al. 2005). Knowledge for customers comprises satisfying the customer's need for information about products, markets and suppliers (García-Murillo & Annabi 2002). Knowledge from customers means gathering knowledge of products, suppliers and markets, and thus gaining access to the knowledge residing in their minds (Gebert et al. 2003). Such kind of knowledge may however be difficult to acquire from surveys or formal interviews, but is more likely to evolve from interaction with the customer (Ballantyne 2004). One of the oldest forms of

knowledge elements is knowledge about customers; it encompasses the customer's present needs and requirements, future desires, connections, purchasing activity and financial capability (Salomann et al. 2005).

In this study, the management of customer knowledge is understood as the acquisition, dissemination and utilization of knowledge with accordance to Darroch's (2003) definition. Customer knowledge can be either acquired directly from the customer through face-to-face interaction, telephone conversations or websites, or indirectly through various interest groups, such as consultants and market-research agencies (Day 2000). According to García-Murillo and Annabi (2002), customer knowledge derived from personal interactions with customers leads to richer content and ultimately reveals the source of their problems, preferences and needs. Thus, the knowledge gained through these interactions is relationship-specific tacit knowledge that is needed to retain the customer relationship in the future (Ballantyne 2004).

Because of the tacit nature of customer knowledge, it is difficult to share and communicate (Day 2000). Thus, it creates pressure on supplier companies because if customer knowledge is not freely disseminated in the organization, the supplier's actions may seem fragmented in the eyes of the customer (Nätti et al. 2006). Moreover, once the knowledge is codified, there should be effective sharing mechanisms in place (García-Murillo & Annabi 2002), in order for companies to fully realize the true value of their knowledge assets (Gupta et al. 2000). However, customer knowledge may help in the creation of competitive advantage since its development will assist in product innovation and improvements. Furthermore, it facilitates the cultivation of customer relationships, which lead to increased sales and the acquisition of new customers (ibid. 2002).

Knowledge utilization is perhaps the most critical stage, since all the benefits of the earlier phases should accumulate in the utilization process and provide tangible benefits for the company (Salojärvi, Sainio & Tarkiainen 2010). Utilizing the new knowledge is both to learn about customer needs and behavior (knowledge-enhancing utilization), and to develop customer-specific products and services (action-oriented utilization) (Jayachandran, Sharma, Kaufman, & Raman 2005). Thus, action-oriented utilization leads to more concrete changes in activities, whereas knowledge-enhancing utilization leads to changes in the existing knowledge base (Menon & Varadarajan 1992). The following Figure 2 illustrates the outcomes of all three processes of the management of customer knowledge and expresses the model as a continuous process.

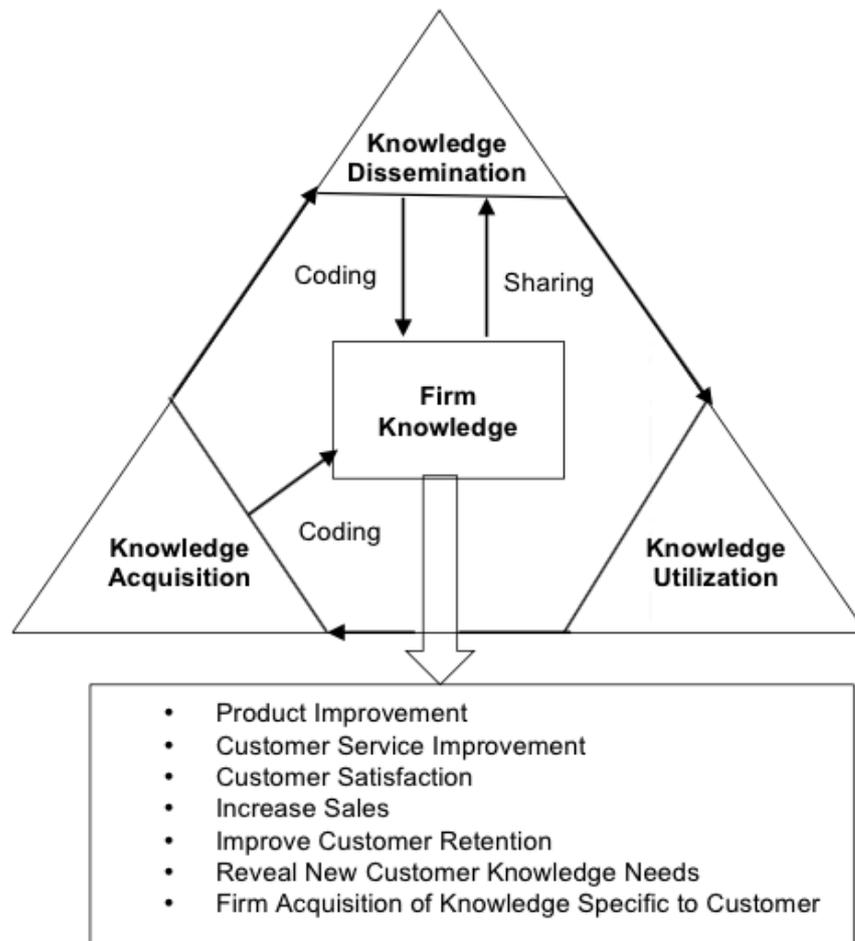


Figure 2. Customer knowledge outcomes (adapted from García-Murillo & Annabi 2002)

The literature on customer knowledge management (CKM) accentuates the importance of customer-specific knowledge in enhancing the customer-relating capability of a firm (Salomann et al. 2005) as well as emphasizes the importance of customer interaction as a source of customer knowledge (García-Murillo & Annabi 2002; Gebert et al. 2003). According to García-Murillo and Annabi (2002), the successful management of customer knowledge may be a source of competitive advantage as it helps firms to understand their customers better and to learn what they know. Thus, in order to achieve competitive advantage and provide added value to the customer, it is important for an organization to be able to leverage its customer-related knowledge assets; that is the knowledge about and from their customers (Salojärvi & Sainio 2010). As a consequence, the level of customer knowledge is improved and the organization is able to provide and develop customer-

specific products and services that include added value to the customer (Jayachandran et al. 2005).

This study concentrates specifically on the process of transferring customer knowledge, which describes the intra-organizational flow of knowledge. Because of the different theoretical backgrounds, many terms can be found to describe the process, such as knowledge transmission (Moorman 1995), knowledge sharing (Hansen 1999; Tsai 2001), knowledge flows (Gupta & Govindarajan 2000), knowledge acquisition (Lyles & Salk 1996) and knowledge transfer (Goh 2002; Nätti 2005). In general, these terms are used rather interchangeably, thus in this study the applied term is transfer, or more specifically organizational knowledge transfer referring to the process through which organizational actors – teams, units, or organizations – exchange, receive and are influenced by the experience and knowledge of others (van Wijk, Jansen & Lyles 2008). Knowledge transfer is an important phase in the processing of customer knowledge because it provides the basis for managing customer relationships on a long-term basis (Salojärvi, Saarenketo & Puumalainen 2013). In the following chapter, the process of transferring knowledge is discussed in detail.

2.5 Knowledge transfer

Knowledge transfer has been defined in several ways and is often used as a general term of organizational knowledge flow. In organizations, knowledge flow is the process through which one unit (e.g., group, department, or division) is affected by the experience of another. Thus, knowledge transfer can be measured through the changes that occur in the knowledge or performance in the recipient unit. (Argote & Ingram 2000) Moreover, Szulanski (2000), views knowledge transfer as a process in which organization recreates and maintains a complex, tacit set of routines in new settings. Knowledge transfer in the stream of literature focusing on the outcome of knowledge transfer suggests that the transfer results in the receiving unit accumulating and assimilating the new knowledge in its own operations (Cohen & Levinthal 1990; Szulanski 1996). Intra-organizational knowledge transfer has been widely researched in the international management literature and is generally viewed as the movement of knowledge within the organization. It is defined as the overall amount of know-how and information transmitted between units within the organization (Gupta & Govindarajan 2000; Tsai 2001). Inter-organizational knowledge transfer has been mainly examined in the context of international acquisitions, joint ventures and strategic alliances. Knowledge transfer from external constituents can be seen

as a learning process because it enables to identify various factors that influence the acquisitions of knowledge from external partners (Inkpen 2000).

Knowledge transfer in organizations can be examined from two different approaches; from resource-based view and knowledge-based view. The resource-based view addresses knowledge transfer as a mechanical activity the goal of which is to keep the existing knowledge immutable. The approach adopted in this study, the knowledge-based view, instead addresses that knowledge transfer inevitably entails some transformation in the knowledge (Orlikowski 2002). According to Szulanski (2003), the mutability of knowledge is, however, built-in in all uses of knowledge because knowledge is constantly subject to re-evaluation in interpersonal communication. Thus, the adopted term in this study 'transfer' is not quite the appropriate one because knowledge is not moved as goods.

Another essential difference when examining knowledge transfer from the resource-based and knowledge-based views is when knowledge has been considered complete or transferred. The resource-based view sees knowledge in the organization transferred when the flow of knowledge to the recipient has been made available (Spender 2006). On the contrary, the knowledge-based view sees knowledge transferred only when the recipient has received and taken the knowledge into use. Thus, making the knowledge available to the recipient doesn't mean that the knowledge has been transferred. (Davenport & Prusak 1998; Szulanski 2003) Accordingly, from a knowledge-based view, the knowledge transfer occurs only when the sender ensures that the knowledge is both understandable and usable as it reaches its destination.

This study adopts Szulanski's (1996) definition, where knowledge transfer is seen as dyadic exchanges of organizational knowledge between a source and a recipient unit. The transfer of knowledge of this study is a continuous, two-way flow of intra-organizational knowledge between the MNC subsidiary units that is based on interaction. In the following sub-chapters, knowledge transfer and customer-related knowledge transfer is discussed in detail and the measures of stickiness, which are developed for each stage of the transfer to explore the influence of different factors at different stages of the process, are introduced.

2.5.1 Knowledge transfer process

Argote and Ingram (2000) define knowledge transfer as an interactive process or sharing of knowledge through which one unit (group, department, or division) is affected by the experience another. When knowledge transfer is approached as an interactive and dynamic process, modifying of knowledge during the transfer process is fundamental. The nature of tacit knowledge becomes emphasized since it cannot be transferred without interaction, unlike explicit knowledge (Polanyi 1966; Tsoukas 2003). The transfer of tacit knowledge always involves some sort of transfer relationship based on individuals' joint work processes (Davenport & Prusak 1998: 95). Hence, interaction enables more difficult and complex knowledge to be transferred, than a situation where knowledge is absorbed alone and independently. According to Davenport and Prusak (1998), even though the velocity, that is, the speed with which the knowledge moves in the organization, slows down with interaction, the viscosity, that is, the richness or thickness of knowledge, grows in interaction. Although, the process of transferring tacit knowledge is difficult, depending on individual capabilities and context the value of a successful transfer process in organization is very high (Shariq 1999).

Szulanski (1996) emphasizes, "*The movement of knowledge within the organization is a distinct experience, not a gradual process of dissemination*". Szulanski (2003) adapts the concept 'knowledge transfer' because he sees that it implies the notion on the transferred knowledge between the sender and the recipient, and their influence on the knowledge. In his view, knowledge transfer is a process of dyadic exchanges of organizational knowledge between a source and a recipient unit consisting of four stages: initiation, implementation, ramp-up and integration. Although all of four stages are vital for knowledge transfer, only during the latter two stages the recipient starts utilizing the transferred knowledge (ibid. 1996). Thus, the process of transferring of knowledge from the source to the recipient has no useful value if the recipient does not use the new knowledge. In his studies on organizational knowledge, Szulanski describes the factors of knowledge transfer; the source, the recipient, the channel and the message, of which he sees interaction between the sender and receiver as the channel of knowledge transfer.

There are many descriptions of '*best possible practices*' given in relation to inter-organizational knowledge transfer. For example, Goh (2002) identifies following organizational practices and characteristics, which may either, enhance or inhibit knowledge transfer:

- Information technology as a facilitator for knowledge transfer?
- Organizational culture as a promoter for knowledge sharing?
- Trust and openness fosters communication and willingness to share information?
- Corporate culture: what are the attitudes and willingness to share knowledge?
- Organization's infrastructure: what is an appropriate infrastructure to reinforce and support knowledge transfer?
- Characteristics of the knowledge recipient: is there lack of motivation or absorptive capacity?
- The nature of the relationship between the source and the recipient: is it close or distant?
- Characteristics of the knowledge: is it tacit or explicit? (Goh 2002).

This study particularly explores the factors discussed in the current literature that either enhance or inhibit knowledge transfer in the context of a multinational corporation. Furthermore, it proposes an integrative conceptual framework that combines the key factors and discusses some lessons learned about how these factors can encourage and improve knowledge transfer. The factors influencing knowledge transfer will be discussed in detail in chapter 2.6.

2.5.2 The impact of stickiness

Although knowledge transfers are often laborious, time-consuming, and difficult, the basic conception of them is that they are costless and instantaneous. Thus, during the process of knowledge transfer, difficulty is considered as abnormality. (Szulanski 2000) According to von Hippel (1994), '*stickiness*' represents the difficulty experienced in that process. In the literature, stickiness has various synonyms such as immobility, inertness and inimitability. Foss and Pedersen (2002) has defined internal stickiness as knowledge, which is hard to imitate by rivals, while Porter (1994) has used the word inert. Stickiness considers the entire knowledge transfer process and it can be predicted by examining a number of conditions related to knowledge, sources, context and characteristics of the recipients (Elwyn, Taubert & Kowalczyk 2007).

Von Hippel (1994), states that stickiness does not only involve attributes of the knowledge itself, but attributes of and choices made by knowledge seekers and knowledge providers. Above all, it reflects the characteristics of the transfer process (Szulanski 2003). The

transfer problems can be predicted to some extent by analyzing the properties of the transfer. According to Szulanski (2000), a useful starting point is to specify the basic elements of a transfer: source, channel, message, recipient, and context. Based on his findings, the problems with stickiness often escalate from language barriers, lack of absorptive capacity, causal ambiguity and problems with the relationship between the sender and the recipient (Szulanski 1996).

The current conception of an intra-firm transfer is seen as an ongoing process consisting of stages in which characteristic factors appear in a certain order of occurrence. These four stages are initiation, implementation, ramp-up, and integration. (Szulanski 2000) According to Szulanski (2000), a general expectation is that factors that affect the opportunity to transfer are more likely to predict difficulty during the initiation phase, whereas factors that affect the execution of the transfer are more like to predict difficulty during the implementation phases. The four-phase knowledge transfer process by Szulanski (2000) is depicted in Figure 3.

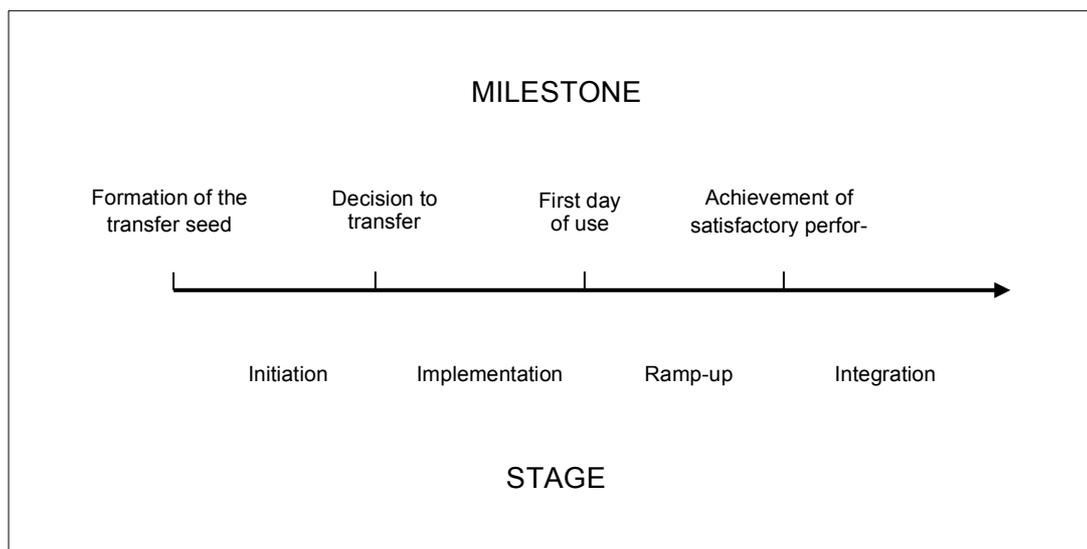


Figure 3. The process of knowledge transfer (Szulanski 2000)

- *'Initiation stickiness'* is the difficulty to recognize opportunities to transfer and act on them. The search for opportunities and the decision to proceed with a transfer often may occur with uncertainty or causal ambiguity.
- *'Implementation stickiness'* is the follow-up of the decision to transfer knowledge, after which attention shifts to the exchange of information and resources between the source and recipient. Challenges arise from the communication gap between the source and the recipient and the technical gap of the recipient. Further difficul-

ties may result from poor coordination and motivational reasons of the source and the recipient.

- '*Ramp-up stickiness*' occurs when the recipient begins using acquired knowledge. Difficulties that may surface during ramp-up are mainly related to unexpected problems, which correspond to the degree of causal ambiguity of the practice.
- '*Integration stickiness*' occurs when satisfactory results are obtained and the use of knowledge becomes gradually routinized.

The difficulty of the knowledge transfer process is likely to be influenced by four set of factors suggested by scholars: characteristics of the knowledge transferred, of the source, of the recipient, and of the context in which the transfer takes place (Szulanski 2000). Each factor affects the knowledge transfer process, the source and the recipient in different ways. Despite the diversity of research on knowledge management and factors influencing the knowledge transfer process, this study organizes the theoretical explanations according to three properties of context within which knowledge management occurs: properties of the units, properties of the relationship between the units, and properties of the knowledge itself (Argote et al. 2003). The following chapter discusses the most critical factors related to knowledge transfer process in detail.

2.6 Factors influencing knowledge transfer

Although the benefits and importance of knowledge transfer as the main competitive advantage in organizations has long been realized, the effectiveness of knowledge transfer varies significantly among different firms (Argote 1999; Szulanski 1996). A growing area of research examines how to create knowledge in an organization, however those studies deal only with the transfer of knowledge from one organization to another (Goh 2002). Thus, what is lacking is a comprehensive understanding of intra-organizational transfer of knowledge (ibid. 2002) and the enablers or inhibitors of the knowledge transfer process. This study adapts the conceptual framework by Argote and al. (2003), where the factors and determinants influencing knowledge transfer process can be organized according to three properties of the context within which knowledge management occurs: properties of the units, properties of the relationships between the units, and properties of the knowledge itself. Figure 4 illustrates the framework that can be used to characterize research in the knowledge management literature.

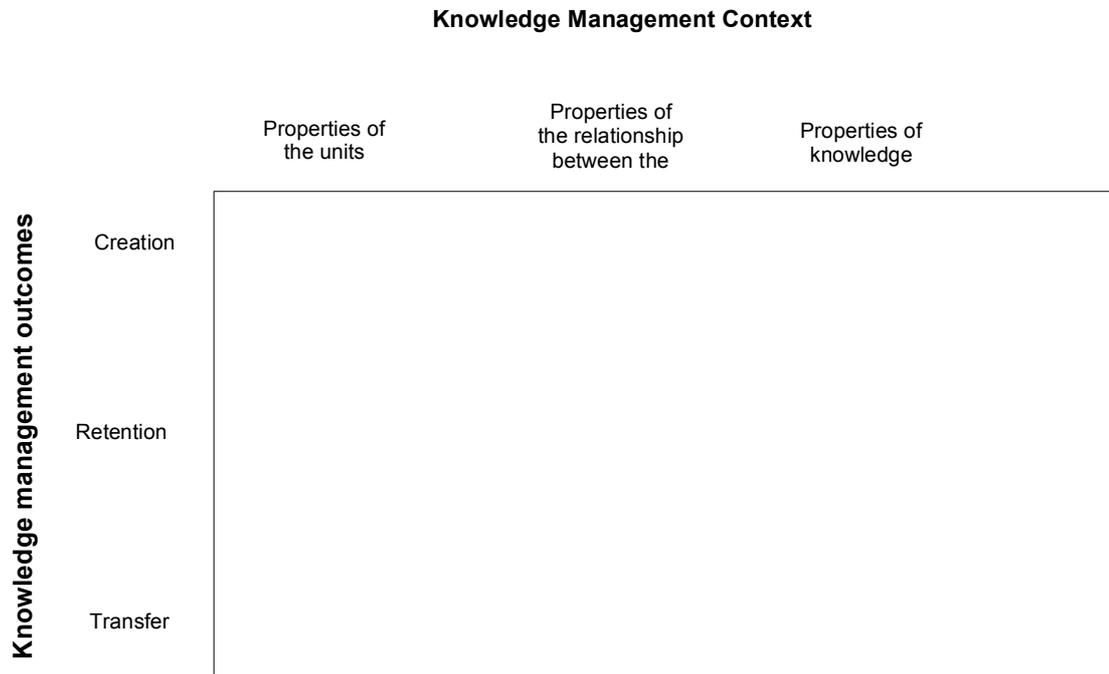


Figure 4. The conceptual framework in organizing research on organizational learning and knowledge management (Argote et al. 2003)

Because of the diversity of research on knowledge management and the theoretical explanations on the contextual variables, all factors and determinants influencing knowledge transfer process are not placed in the theoretical framework of this study (see Figure 1). Rather, the most relevant findings are discussed from the recent literature while elaborating the theoretical framework. In the following sub-chapters, the factors and determinants in properties of the context influencing the knowledge transfer process are discussed in detail.

2.6.1 Properties of the units

Literature on explanations of effective knowledge management often focuses on properties of a particular unit, which could be an organization, an individual inside the organization, or a population of organizations. The key driver of effective knowledge management is some characteristics of the unit itself, such as their absorptive capacity. (Argote et al. 2003) Regarding properties of units, it is emphasized that characteristics of both the source and the recipient unit affect the process of knowledge transfer. Based on the literature, the most critical characteristics of the units involved in the transfer of knowledge are related to absorptive capacity, motivational dispositions, value of source unit's knowledge

stock, and the existence and richness between the units. This study examines two relevant properties of the units: absorptive capacity and motivation.

Absorptive capacity

Scholars of knowledge transfer literature have recognized absorptive capacity of the receiving unit as the most significant determinant of internal knowledge transfer in organizations (Gupta & Govindarajan 2000; Minbaeva et al. 2013). Absorptive capacity is the firm's ability to recognize the value of new, external information, assimilate it, and apply it to commercial ends (Cohen & Levinthal 1990; Szulanski 1996). Cohen and Levinthal (1990) argue that a firm's absorptive capacity tends to develop cumulatively, is path dependent and builds on existing knowledge. Prior knowledge is important since the notion of absorptive capacity is that the organization needs prior knowledge to assimilate and use new knowledge (ibid. 1990; ibid. 2000). Organizational units that possess valuable prior knowledge are more likely to have a better understanding of new technology that can generate new ideas and develop new products. Consequently, these organizational units with a high level of absorptive capacity are more likely to harness new knowledge from other units to help their innovative activities. Thus, without absorptive capacity, knowledge cannot be transferred from one unit to another. (Tsai 2001)

In his study, Szulanski (1996) found that the lack of absorptive capacity was a major impediment to internal knowledge transfer within organizations. R&D spending is traditionally used as a measure of absolute absorptive capacity on a relative firm-level construct (Minbaeva et al. 2013). Absorptive capacity is an outcome of a prolonged process of investment and knowledge accumulation. Thus, for companies to survive in the turbulent business environments, R&D investment is a necessary condition for the creation of absorptive capacity. (Tsai 2001) Cohen and Levinthal (1990) argue that the ability to utilize external knowledge is often a by-product of R&D investment. As a result, organizational units with a high level of absorptive capacity also invest more in their own R&D, and consequently produce more innovations (ibid. 2001). As mentioned before, absorptive capacity involves not only the ability to assimilate new external knowledge, but also the ability to apply such knowledge to commercial ends (ibid. 1990). Thus, organizational units have the opportunity to create profits, and consequently affect its business performance (ibid. 2001).

Motivation

Szulanski (1996) suggests that *“the movement of knowledge within the organization is a distinct experience, not a gradual process of dissemination”*. It is argued that the transfer of knowledge is likely to depend on the motivational dispositions and abilities of both, the source and the recipient (Gupta & Govindarajan 2000; Szulanski 1996, 2000). According to Szulanski (2000), the recipient’s lack of motivation may be more or less a general reluctance to accept knowledge from the outside. Lack of motivation in recipients may result in foot dragging, passivity, feigned acceptance, sabotage, or outright rejection in the implementation and use of new knowledge (Szulanski 1996, 2000). In contrast, in their study, Gupta and Govindarajan (2000) found that knowledge transfer from the source to the recipient is higher when the recipients’ motivational dispositions to acquire knowledge are high. Thus, empirical studies on the role of employees’ motivation in knowledge transfer have reported mixed results, which may be explained by two types of motivation: ‘*extrinsic*’ and ‘*intrinsic*’.

In organizations, extrinsic motivation is achieved when employee’s monetary motives are linked to the goals of the organization (Osterloh & Frey 2000). According to Minbaeva (2008), the main characteristic of employees who are externally motivated towards knowledge sharing are those who are open and ready for their own involvement in knowledge sharing. In contrast, intrinsic motivation is referred to the activity itself (Deci 1975). Employees that are intrinsically motivated engage in activities to feel competent and self-determined in relation to the environment (ibid. 2008). In the literature, the behavioral view of organization emphasizes intrinsic motivation because it identifies with the firm’s strategic goals, shared purposes, and the fulfillment of norms for its own sake. Furthermore, it is emphasized that intrinsic motivation has a positive effect on knowledge sharing, but that both kinds of motivation are crucial for transferring knowledge. (ibid. 2000)

2.6.2 Properties of the relationship between the units

While fully recognizing the importance of the properties of the units, another tradition gives priority to how units are connected to each other. According to Argote and al. (2003) this tradition can be characterized by two approaches: dyadic relationship between social units and connections between multiple units. In this study, knowledge transfer is seen as dyadic exchanges of organizational knowledge between a source and a recipient unit (Szulan-

ski 1996). Because of the diversity of research, this study is particularly going to focus on the factors and determinants that have an influence on the customer knowledge transfer, and hence customer knowledge management. The most notable properties of the relationship between the units influencing customer knowledge transfer are: social interaction, organizational culture, trust and control.

Social interaction

Knowledge transfer in a multiunit organization provides opportunities for mutual learning and inter-unit cooperation that stimulates the creation of new knowledge contributing to organizational units' ability to innovate (Kogut & Zander 1992; Tsai & Ghoshal 1998). However, the process of transferring knowledge requires extensive inter-unit communication and integration and, thus knowledge sharing among subunits. In their study, Ghoshal and Bartlett (1988) find considerable amount of evidence of positive associations between creation and transfer of innovations by a subsidiary and the extent to which the subsidiary is normatively integrated with the parent company. These positive associations were typically the result of a high degree of organizational socialization and are achieved through extensive social interactions between the headquarters and the subsidiary, such as mutual visits, joint-work in teams, task forces and committees (ibid. 1988).

According to Argote and al. (2003) the key set of dimensions of the dyadic relationship between the units includes intensity of connection, communication or contact frequency and social similarity. Each of these relationship dimensions can have a crucial impact on the knowledge management process. Håkanson and Nobel (2001) suggest that to cultivate a cooperative relationship and to generate relational rents from relationship of ties, frequent contacts and ongoing interactions are required. Thus, the success is dependent on the ease of communication (Arrow 1974) and on the intimacy of the overall relationship between the source and the recipient (Marsden 1990). Hence, organizations should pay attention to the relationship between the knowledge source and the recipient. Goh (2002) suggests, that in order to ensure the building of close relationships with equivalent skills and knowledge capacities, time and resources need to be invested in training. This way knowledge can be transferred effectively from the source to the recipient. In contrast, the nature of the relationship can sometimes be a barrier to effective knowledge transfer. An arduous (i.e. laborious and distant) relationship might increase the effort to resolve transfer-related problems (Szulanski 1996), and thus impede the knowledge transfer to occur (ibid. 2002).

Organizational culture

Organizational culture is a frequently mentioned factor, which may affect to the eventfulness of knowledge transfer. In their study, Tsai and Ghoshal (1998) use the term '*shared vision*', which embodies the collective goals and aspirations of the members of an intra-corporate network. When present, shared vision can promote mutual understanding and exchanges of ideas and resources between the members in the network (Inkpen & Tsang 2005). It is crucial for organizations to willingly share knowledge, and to acknowledge that cooperation and knowledge sharing can enhance their competitive position (Goh 2002; *ibid.* 2005). Thus, knowledge transfer will not occur in an organization unless its employees display a high level of cooperative behaviors (*ibid.* 2002).

Culture is a broad concept, which influence occurs through norm and value setting (Kostova 1999), through fiat or incentives (Leonard-Barton & Deschamps 1988), and through counsel and support (Attewell 1992). A collaborative and cooperative climate in an organization will not always improve knowledge transfer. Conflicts tend to arise among parties, which result in frustration and dissatisfaction (Anderson 1990). The establishment of common goals between partners reduces conflicts by facilitating negotiations (Inkpen & Tsang 2005). There is a need to foster an experimenting and innovative culture, which encourages employees and leaders to look for problems as a way to improve the organization (Goh 2002). Thus, the belief is that value in an organization can be created through cooperation and knowledge sharing. In addition, joint problem-solving arrangement enhances the network, because working through problems promotes innovation. (*ibid.* 2005)

Trust

A positive relationship between trust and cooperative relationship has been well documented in the literature of organizational studies. Smith, Carroll and Ashford (1995) have specifically studied the prerequisites of cooperative relationships, and have noted that trust is an important factor in predicting intra- and inter- organizational cooperation. More recent studies have examined the effects of trust in organizations. In dyadic relationships, trust is argued to enhance the effectiveness of knowledge transfer and to strengthen the tie between the source and the recipient (Hansen 1999). Thus, trust is considered as a determining factor for efficient knowledge transfer. It affects knowledge exchange and

combination by creating and enhancing a number of conditions, such as openness in communication and fairness in judgment (Li, Barner-Rasmussen & Björkman 2007).

In intra- and inter-organizational literature, trust is conceptualized as confidence in an exchange partner's reliability and integrity (Morgan & Hunt 1994). Goh (2002) emphasizes that the level of trust is the fundamental variable in cooperation between groups or individuals. Therefore, it can be said that trust is an essential condition for willingness to cooperate (ibid. 2002). In workplace relations, trust promotes cooperation, reduces conflict, increases commitment to organization, and reduces intentions to withdraw from the organization and the company (ibid. 1994). However, certain management practices can influence the level of trust in organizations. Goh (2002) emphasizes that the level of trust will increase in an organization only when employees are treated fairly and rewards are given to all who contribute. On the contrary, unilateral decision-making, a secretive environment and a lack of information will inhibit trust. This will result in poor cooperation, which in turn will reduce the frequency of communications and the degree of willingness to share information. (ibid. 2002) This kind of an *'arduous'* relationship often creates additional hardship in the transfer, however might increase the effort needed to resolve transfer-related problems (Szulanski 1996, 2000)

Control

Recently, the study of multinational corporations has focused on the core issues of how to structure and manage the relationship between the headquarters and its foreign subsidiaries (Birkinshaw, Holm, Thilenius & Arvidsson 2000). The MNC has become more and more prevalent to talk about as an inter-organizational network (Goshal & Bartlett 1990) within which resources and competencies are distributed among foreign subsidiaries. Thus, the headquarter-subsidary relationship remains a crucial topic as subsidiaries are organized through interdependent exchange (ibid. 2000). This furthermore highlights the importance of the co-ordination and consequently the elements like control and cooperation in the headquarter-subsidary relationship (ibid. 1990).

The use of headquarters control mechanism in MNC knowledge transfer is well studied from the resource-dependence and agency perspectives. From the resource-dependence perspective, Ghoshal and Nohria (1989) examine the relationship as *'mixed motive dyad'* in which the interest and perceptions of the two parties are frequently not aligned with one another. According to their study, as the headquarters' dependence on the resources con-

trolled by the subsidiary grows, and the consequential resource flows between the subsidiary and headquarters increase, the headquarters will want to practice control over the subsidiary (ibid. 1989). Thus, it can be said that the flow of information within the MNC is far from perfect.

The agency perspective examines the principal-agent relationship. Recently, the agency theory (Eisenhardt 1989) has found increasing use in MNC research (Roth & O'Donnell 1996; Björkman, et al. 2004), and thus the headquarter-subsidary relationship can be viewed as a principal-agent relationship. According to Jensen and Meckling (1976) agency theory can be described as a contract, in which one party (the principal) delegates work to another (the agent), who performs that work. The agency problems that are likely to occur in the headquarter-subsidary relationship are related to differing goals and potentially divergent interest between the principal and the agent (ibid. 1976). Furthermore, difficulties may arise because of the agent's behavioral causes (ibid. 1989; ibid. 1996). A basic organizational problem in knowledge transfer is to motivate the subsidiary to actually transfer knowledge that may be useful to other subsidiaries (Foss & Pedersen 2002). Thus, it is important for the headquarters to design an optimal control mechanism so that subsidiaries behave in the headquarters' interest and are willing to transfer the valuable knowledge residing in them (ibid. 1989).

2.6.3 Properties of the knowledge

Many scholars emphasize the different properties of knowledge, such as tacitness and explicitness that promote or inhibit knowledge transfer. According to Argote and al. (2003) different properties of knowledge affect the rate, which knowledge accumulates, how much of it is retained, where it is retained, and how easily it diffuses within and across firm boundaries. In this study, the type of knowledge studied is customer knowledge, thus based on the literature, the most important properties of knowledge influencing knowledge transfer are: tacit and explicit knowledge.

Tacit

Customer-related knowledge, which is mostly tacit in nature, is personal and difficult to articulate, and thus challenging to formalize and communicate to others (Nonaka 1991). It is generally more complex, and exists in the mental models and expertise gained over time and through personal insights (Nonaka & von Krogh 2009). Tacit knowledge is tightly

related to action, commitment and involvement in a specific context (Nonaka 1994). It is best transferred through more interpersonal means and using processes that are less structured. Examples of such are mentoring, teamwork, chat rooms, personal intranets, and opportunities for face-to-face conversations such as group dialogue or personal reflections on experiences and lessons learned. (Goh 2002)

The management of customer knowledge, however, may entail major managerial challenges; it is one of the most complex types of knowledge because it is derived from multiple sources, it may have a contextual meaning, it is dynamic and it changes rapidly (Dav- enport & Klahr 1998). According to Nätti (2005), converting customer knowledge into explicit form to make it more transferable further increases the challenges. The low frequency of face-to-face interactions diminishes the possibility of sharing tacit knowledge (Nätti et al. 2006) and codification of customer knowledge may deprive some of its richness and genuineness (Boisot 1995).

Explicit

Customer knowledge can also be explicit, thus transmittable in formal, systematic language (Nätti et al. 2006). Explicit or codified knowledge is what is written or recorded in manuals, patents, reports, documents, assessments, and databases (Goh 2002) which makes it easier to transfer. These kind of explicit mechanisms may be more relevant and effective in the case of high task heterogeneity and causal ambiguity, where the providing of products and services for customers' needs require explicit mechanisms of knowledge transfer (ibid. 2006).

It has been argued that the codification of knowledge in an explicit form may deprive some of its genuineness and richness (Boisot 1995). Moreover, as soon as knowledge is codified it becomes static, which requires the knowledge to be constantly updated. This is because clients and their needs, contact persons and strategies change over the course of time. Thus, the advantages of knowledge codification are not self-evident. (Nätti et al. 2006)

2.7 MNC as a context for customer knowledge transfer

An increasing body of literature has conceptualized the MNC as consisting of semi-autonomous entities (Bartlett & Ghoshal 1989; Gupta & Govindarajan 1991; Nohria &

Ghoshal 1997), in which units of dispersed locations take on various missions and control heterogeneous stocks of knowledge (Foss & Pedersen 2002). This logic is also followed by Kogut and Zander (1993) who have come to a similar conclusion that MNC is a knowledge integrating institution. Following the evolutionary theory of the firm, they state that knowledge exist in social relations among cooperating members of a community without fixed boundaries. According to scholars of this school, MNC is seen as a social community, whose productive knowledge defines a competitive advantage. Thus, it is a well-accepted view that the reason why MNCs exist is their superior efficiency as an organizational vehicle to create and transfer knowledge across borders (ibid. 1993). However, it is emphasized that the competitive factor that MNCs enjoy is contingent upon their ability to facilitate and manage their inter-subsidary transfer of knowledge (Minbaeva et al. 2013).

This study investigates specifically the transfer of customer knowledge, which is mostly tacit in its nature (Nätti et al. 2006). According to Pedersen, Petersen and Sharma (2003) particularly MNCs that are more capable of transferring tacit knowledge across borders distinguishes them from purely domestic firms. Tacit knowledge is appreciated as the most unique and inimitable resource that can lead to a firm's sustained competitive advantage (Grant 1996; Spender 1996). It can be codified to a certain extent, which facilitates the transfer process (ibid. 2003), however at the same time increases the risk of uncontrolled dissemination of knowledge, thus making it easier for competitors for imitate (Kogut & Zander 1992). Scholars have argued however, that it is not the knowledge itself but the ability to acquire, store, share and apply knowledge that is one of the most critical capabilities for building and sustaining competitive advantage (Barney 1991). According to Kogut and Zander (1993) the competitive advantage of MNCs is in their ability to exploit locally created knowledge worldwide, and in their capabilities to transfer knowledge within organizational networks characterized by separation through time, space, culture and language.

In addition to the previously defined characteristics of customer-related knowledge, different characteristics of the context can impact an individual's ability to retain or transfer knowledge (Argote et al. 2003). Because knowledge is embedded in individual members and in the organization's rules, routines, cultures, structures and technologies (Argote et al. 2003; Levitt & March 1988), after it is transferred and retained, it contains decision rules for accepting or rejecting information, shared mental models for making sense of that information, and making decisions on how to act on the information in light of ex-

pected results (Day 1991). All these aspects can be seen as a result of knowledge transfer, and which may also enable or inhibit knowledge transfer (Nätti 2005).

Thus, many different aspects of the organization are important both as prerequisites for the effective knowledge transfer and as a consequence of knowledge transfer (Nätti 2005). While examining the external environment of an organization, national culture is regarded as one of the most important contextual variables, that has an impact on the knowledge transfer process in MNCs (Bhagat, Kedia, & Triandis 2002; Li & Scullion 2006). Focusing on the internal environment within organizations, scholars have found organizational factors, such as organizational structure (Ghoshal & Nohria 1989), subsidiary management compensation (Björkman et al. 2004) and subsidiary roles (Qin, Ramburuth & Wang 2008), that affect the knowledge transfer process.

Some researchers perceive that transfer of knowledge in MNCs is influenced by the socio-cultural environment of the firms (Hofstede 1984). According to Bhagat et al. (2002) cross-border knowledge transfer between companies or units located in dissimilar cultural contexts is more difficult than that between companies or units located in similar cultures. Scholars argue that cultural distance i.e., the extent to which the shared norms and values in one country differ from those in another (Hofstede 2001; Kogut & Singh 1988), increases the causal ambiguity and stickiness of knowledge (Simonin 1999). This is because knowledge is created by individuals and embedded in a certain cognitive and behavioral context (Grant 1996), and then transferred by the commitment and belief patterns of its holders and its recipients, who transmit their culture-specific sets of values and frames of reference (Nonaka 1994; Polanyi 1966). It is also argued, that organizations that are culturally open for change are likely to obtain higher returns for learning at any knowledge transfer investment e.g., codification, because they are more effective in shifting behavior to exploit the novel understanding (Zollo & Winter 2002).

Scholars of international strategy management have examined a resource and capability approach to understand MNC strategy and subsidiary roles (Bartlett & Ghoshal 1986; Birkinshaw 1997), which is concerned about how subsidiaries are able to contribute to the firm-specific advantages of the MNC (Qin et al. 2008). It is argued that subsidiary roles are determined by a reciprocal and non-linear relationship, i.e., the combination of headquarters assignment and subsidiary initiative (Birkinshaw & Morrison 1995; Hedlund & Rolander 1990). Thus, it can be assumed that headquarters' benefit from local knowledge will depend on the role of the subsidiary (Ambos, Ambos & Schlegelmilch 2006). Gupta

and Govindarajan's (1991) study proposes four strategic roles of subsidiaries: Integrated Players, Global Innovators, Implementers and Local Innovators. Viewed from the network perspective, integrated players and global innovators serve as the foundation of head knowledge for the other units, while heavily engaging in intra-firm knowledge transfers. In contrast, implementers take the responsibility of implementing corporate strategy and seldom transfer knowledge back to the headquarters. Local innovators deal with idiosyncratic knowledge resources, which have no value for the headquarters. (ibid. 1991) Thus, as knowledge creation gets more dispersed, subsidiaries' domestic sources need to be diffused and exploited within the MNC (Foss & Pedersen 2002; Håkanson & Nobel 2001) in order for organizations to sustain a competitive advantage.

Thus, it can be said "*effectively transferred knowledge is more than movement from one location to another*" (Riege 2007). If knowledge transfer is managed successfully, it can create significant learning benefits and is a "*powerful mechanism for improving organization's productivity and increasing its survival prospects*". Although organizations are aware of the performance benefits brought by transferring knowledge from one unit to another, successful knowledge transfer can be difficult to achieve. (Argote 1999).

3 RESEARCH METHODOLOGY

This research seeks to answer how customer knowledge is transferred in multinational corporations, and what kind of factors enhance or inhibit the knowledge transfer process. The purpose of this chapter is to discuss the research methods and to outline how the study was conducted. It will start by explaining of the research approach, the method and continue with the data collection and analysis. Lastly, the reliability and validity of the research are analyzed.

3.1 Research approach

Research methods guide and supervise the researcher in conducting the research (Järvinen & Järvinen 2000). According to Yin (2003) they can be viewed as tools used to find the type of research question being asked or as Arbnor and Bjerke (1997) state the guiding principles for the creating of knowledge. They proceed that, in order for these *“principles to be effective, they must fit both the problem under consideration, and the ultimate presumptions held by a creator of knowledge.”*

Issues around knowledge transfer and managing of customer knowledge are such multi-layered and complex issues that considering the goal of this study, selecting qualitative research methodology is well-argued. Qualitative research methodology is useful, for example, when a complex problem or issue needs to be explored and understood in a deeper lever, there is a need to identify variables that cannot be easily measured, or the researcher wants to empower individuals to share their knowledge (Creswell 2013). In this study, the aim is to understand and describe the phenomenon under study in an organization where complex social processes form the core of the analysis. These social processes can be seen as extremely relevant in this context because knowledge processes in organizations are embedded in human as opposed to physical capital (Berger & Luckman 1966). Thus, the use of qualitative approach is justified when conducting a research in a field where there is a little or no previous understanding of the phenomenon.

By nature, this research is abductive. Although the concepts used in this study are influenced by previous theoretical knowledge and that theoretical background is used to analyze the results from the empirical research, the purpose is to understand and describe the phenomenon of customer knowledge transfer in MNCs. Thus, this research does not

follow the traditional deductive methodology, where hypothesis are based on theory and answers are sought from the empirical research.

3.2 Research method

The case study method was considered as a suitable research method to provide new insights into customer knowledge transfer. Case study method can be defined as *“an empirical enquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”* (Yin 2003). Moreover, case studies can be describing, theory testing or theory developing (Järvinen & Järvinen 2000). Case study is particularly welcome in new situations where little is known about the phenomenon and where current theories seem inadequate (Easton 1995; Eisenhardt 1989), such as customer knowledge transfer in multinational corporations.

Although, case study is the most common research approach used in academic business research (Koskinen, Alasuutari & Peltonen 2005), it is often criticized for providing little basis for scientific generalization (Yin 2003). Literature on case study research typically differentiates between single and multiple case studies. It is somewhat a general opinion that multiple cases provide better explanation than single cases (Eisenhardt 1989), however it is argued that some researchers tend to employ multiple case studies to rely on statistical significance (Easton 1995). The overall advantage of learning from a particular case is generally seen as strength rather than a weakness (Dubois & Gadde 2002) because it offers a more profound insight of the specific phenomenon (ibid. 1995). Although studying a single-case is challenging, versatile questions and a broad material can also be very rewarding (Eriksson & Koistinen 2005). In this study, the single-case study approach is adopted in order to achieve a holistic view of the phenomenon (Gummesson 2000).

Literature on case study research distinguishes between three types of uses of case study approach: exploratory, descriptive and explanatory (Yin 2003). This research can be described as an exploratory case study. This type of case study is used to explore those situations where intervention being evaluated has no clear, single set of outcomes (ibid. 2003). It is also instrumental in the sense that the aim is to gain an insight into a particular situation and by understanding the case also help to develop theoretical ideas and concepts (Stake 1995).

There are two systematic ways to approach a research. In the traditional deductive reasoning, theoretical model and research questions or hypothesis drawn from it are tested against the empirical evidence (Flick 2005). When following the inductive logic, the researcher forms hypothesis that are tested and the aim is at revealing unexpected things. According to Dubois and Gadde (2002) case studies should not be treated as systematic processes but more as the continuous interplay between theory and empirical observation. This is particularly the interest in the abductive approach where the original framework can be successfully modified by the abduction of theoretical insights gained during the process (ibid. 2002). The intention of this study is to describe and create new knowledge of the phenomenon under study, thus it adopts the abductive reasoning, the goal of which is to discover new things, other variables and relationships (ibid. 2002).

3.3 Data collection

Semi-structured interviews were the primary method used to collect data. The interviewees were selected based on the idea of purposive sampling, in which cases are selected to represent the problem of the study. Thus, informants were chosen based on whom information could be best gained; people involved in the phenomenon studied. For example, in case Packorr people from the sales organization, key people from the production as well as from the customer organization were considered to be important informants. This selection was purposive instead of random, as the aim was to select critical cases meaning experts in the field (Patton 2002), because interviewing people in different roles adds richness to data needed in studying a complex phenomenon as customer knowledge transfer.

The initial sample size of this thesis was 16 relevant respondents. The interview date was arranged by email with each interviewee beforehand. Also, an email informing them of the study had been sent (see Appendix 1), since it was important that the interviewees knew in what kind of research they are participating and why. The email was sent on the behalf of the sales directors with their encouragement to participate. The purpose was to ensure that all those involved in customer knowledge transfer take part in the study. In the end, a total of 12 interviews were carried out at Packorr during July-August 2015.

It was agreed that the informants involved in this thesis were to remain confidential. In spite of this, those acquainted with the informants may recognize their quotations from the research. Naturally, the informants themselves recognize their own words when reading

them. In this study, the interviewees will not be cited in order to avoid the interviewees possibly not only recognizing their own quotations, but also those of others from the report because all of the interviewees know each other. However, the order of the interviews, information about the informant's background, the date and duration of the interview and the interview method are provided in Table 2. The interviewees have varying educational backgrounds: eight of the informants have Master's degrees either in technical sciences or economics, three informants have Bachelor's degrees either in engineering or business administration and one is a graduate from vocational institute. Ten of the interviewees have been employed by the company relatively long time, 10-30 years, whereas the other two have been with the company approximately 2 years. Eleven of the informants were men and one was a woman: they are employed in expert duties in R&D and production, as well as in management duties in sales and manufacturing. Moreover, two of the interviewees work outside Finland, more specifically in Spain and Italy.

Table 2. List of the interviewed experts

Interviewee	Years working at Packorr	Current role in Packorr	Date and duration of the interview	Interview method
Interviewee 1	12 years	TCS engineer	8/7/2015 1h 2min 32sec	Face-to-face
Interviewee 2	2 years	Production manager	9/7/2015 29min 10sec	Face-to-face
Interviewee 3	15 years	Sales manager	15/7/2015 37min 18sec	Face-to-face
Interviewee 4	29 years	TCS engineer	12/8/2015 38min 45sec	via Lync
Interviewee 5	2 years	Project engineer	13/8/2015 1h 5min 48sec	via Lync
Interviewee 6	20 years	Production manager	14/8/2015 37min 7sec	via Lync
Interviewee 7	25 years	R&D manager	19/8/2015 38min 44sec	via Lync
Interviewee 8	30 years	R&D director	24/8/2015 42min 40sec	via Lync
Interviewee 9	15 years	Sales manager	25/8/2015 20min 20sec	via Lync
Interviewee 10	10 years	Sales director	26/8/2015 46min 6sec	via Lync
Interviewee 11	13 years	Sales director	27/8/2015 1h 3min 5sec	via Lync
Interviewee 12	11 years	Development manager	28/8/2015 55min 20sec	Face-to-face

TCS= Technical customer service

The primary research data was collected through semi-structured interviews, which typically have several key questions that help gaining the needed information but also allow the interviewer the flexibility to pursue an idea or response in more detail (Gill, Stewart, Treasure & Chadwick 2008). Flexibility in this context means that direct questions are not posed to the interviewees, but rather encourage conversation in which they can tell about the subject phenomenon in their own words (Hirsjärvi & Hurme 2004). In this approach, the researcher participates in generating and creating material for the study by steering

the interview to the desired direction (Hammersley & Atkinson 2003). In order to have all the interviews following the same standards, an interview guide was created (see Appendix 2).

The interviews were held face-to-face (4 interviews) and via Lync (8 interviews) because of convenience. Face-to-face interviews generally provide a more reliable source of information, as the interaction between the interviewer and the interviewee would be greater and the concepts can be explained if necessary. Also, interviews tend to take longer than i.e. self-completion techniques, as interviewees are less likely to be put off by the length or to give up halfway through. However, there are some problems with face-to-face interviews such as interview's introducing bias, which might affect the reliability of the results. (Phellas, Bloch & Seale 2011) The interviews held via Lync were particularly convenient in this study because there was no time for travelling, thus the interviews could take over a wider geographical area, including Spain and Italy. Moreover, personal characteristics of the interviewer will be less obvious than face-to-face and is therefore less intrusive. The downside of interviewing via Lync is that questions have to be simple and interviews need to be kept short because they tend to have higher break-off rates than face-to-face interviews. (idid. 2011)

The interview questions in this study were drawn from the theoretical background in customer-related knowledge and knowledge transfer (see Appendix 3). The interviews were kept both in Finnish and in English, however in the end only one interview was held in English (see Appendix 4). The interview started with the introductory questions about the interviewee's background after which the interview proceeded to the topic itself, customer knowledge transfer. In this first theme, questions related to customer knowledge transfer were asked in order to get a better understanding about the topic. As the main purpose of the interviews was to get experts' insights about key factors that affect customer knowledge transfer, the next theme concentrated on finding the critical issues that might enhance or inhibit customer knowledge transfer.

All interviews were recorded and transcribed into text files, as this protects the interviewer against bias and provides a permanent record for the discussion, which can be later visited (Flick 2005). In the beginning, the interviewees were informed that the interview will be recorded. Moreover, the interviewees were informed that the interviews are related to a Master's thesis and that the thesis will end up being a public document. In this study, the

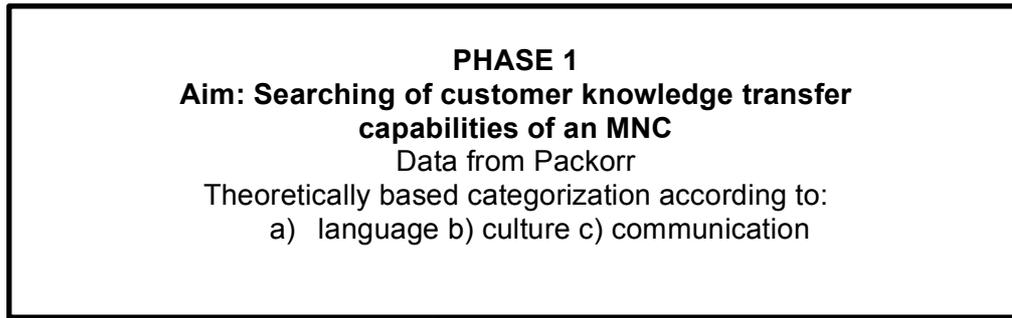
names of the interviewees are not revealed and the interviewees are informed about the anonymity and confidentiality.

3.4 Data analysis

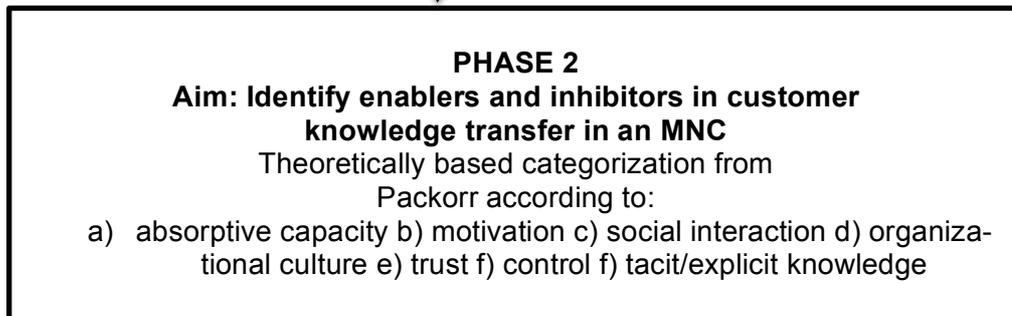
According to Yin (2003) analyzing qualitative data is about examining, categorizing, tabulating and recombining the empirical evidence in order to give answers to research questions. The researcher's task is to find significant themes in order to answer the research questions posed, which requires interaction between theoretical and empirical aspects. The analysis of case study material is an integral part of the study, a closely intertwined process of planning of the study, gathering and interpreting the empirical evidence (Stake 1995), which was also the case in this study. As mentioned before, this thesis follows abductive logic in which theory development and gathering of empirical evidence occurs simultaneously.

The research material, including interviews, other documentation, and notes of observations was analyzed with the help of theme-based categorization and mind mapping. The analysis began by reading the material thoroughly several times. During that process, I picked up key words, which gave me the possibility to proceed with categorization of different themes brought up related to potential inhibitors of customer-related knowledge transfer, for example. Mind mapping was also found helpful when developing connections between theoretical concepts and empirical phenomena.

Because of the abductive process of the study, it is not easy to define the process of theory development linearly. However, Figure 5 gives an illustration of the theory development, from the empirical data to final theory, and how empirical data was categorized at different phases of the process. The analysis proceeded from a more general idea of customer knowledge transfer capability development to more focused efforts of finding out the customer knowledge transfer enablers and inhibitors, and link them with the underlying context of the MNC. Lastly, the determinants of customer knowledge transfer in an MNC were examined. This all happened in a very iterative manner, and as the work progressed, the final focus of the study was found (see Figure 5).



Understanding gained of the importance of customer knowledge transfer capabilities on an MNC



Understanding gained of the symptoms of knowledge transfer enablers and inhibitors

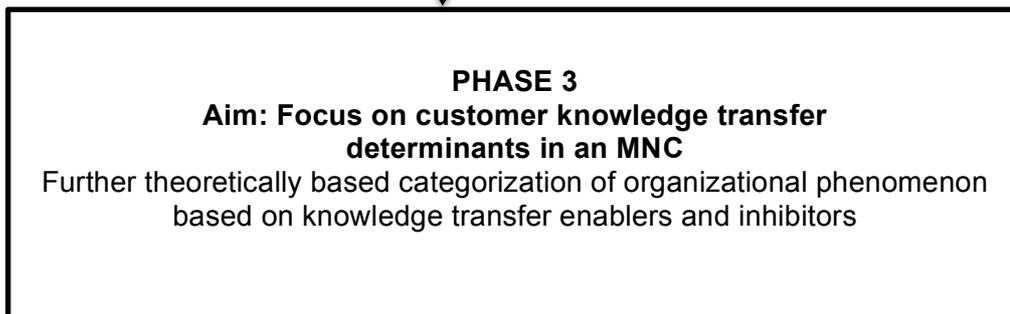


Figure 5. Data analysis

3.5 Reliability and validity

When it comes to evaluating a qualitative paradigm, a variety of views can be presented about the relevance of using such kind of criteria (Stake 1995). It has been claimed that validity cannot be evaluated in qualitative research because it depends on the researcher's ability, meaning that evaluation should be closely intertwined with the research process itself. Thus, it is important to consider which criteria is suitable for evaluating a study based on phenomenological paradigm, when the aim of the criteria of validity and liability is to meet the needs of the study based on a positivist world view (Lincoln & Cuba 1985).

According to Yin (2003), in the positivist tradition, the term '*construct validity*' has referred to correct operational measures for the concepts being studied. In qualitative research this means carefully defining the focus of the study, choosing suitable concepts for the study, and demonstrating that the selected concepts actually reflect the phenomenon studied. There are three ways to increase the construct validity in case research: using multiple sources of evidence in data collection, focusing on building a chain of evidence, and having the draft case study reviewed by key informants (ibid. 2003).

In this study, the attempt was to provide a functional theoretical framework by combining different theories, which offered the tools for in-depth analysis. Case Packorr was chosen in order to gain a holistic understanding of the phenomenon, and my previous knowledge helped in this sense. The research environment in the case company was rich in source of data, including interviews but it also offered other types of data such as observation (at various meetings and trainings). This two-method application called triangulation was not, however purposeful in this study, but rather a second method of analysis to complement the findings made with the first one, and not to increase the credibility of the study (Flick 2005).

It is also suggested that to increase the credibility of the data used is to get familiar with the empirical context studied, and stay there long enough in order to be able to build a trusting relationship with the informants, and also to be able to test for potential misinformation gained (Lincoln & Cuba 1985). In this study, access to the data was quite easy because of the personal contacts created with the people in the organization. Thus, it can be assumed that it also brought more critical issues into light that would have otherwise remained hidden if the interviewer had been previously unknown.

The interviewees of case Packorr were carefully chosen in order to obtain a view of the phenomenon studied that was as rich and multifaceted as possible. The interviewees included people from different positions in sales and engineering. These were people who deal with customer knowledge at Packorr, although from very different viewpoints. Interviewing only sales people, for example, would have given a narrower view that was actually received.

Construct validity can also be increased through having the key informants review the case study report (Lincoln & Guba 1985). The results of this study were shared with the sales director of Packorr to elicit his view of their validity and functionality before its publication. In the comments, it was acknowledged that the findings give a comprehensible and functional picture of the customer knowledge transfer that occurs in the company. However, the truthfulness and believability of the findings should be assessed based on the whole research and its goals and not from the personal views of the individual taking part in the study (Hammersley & Atkinson 2003).

With regards to reliability, it demonstrates that the research operations, such as data collection, can be repeated with the same results (Yin 2003). In this study, the aim to increase the reliability was to make linkages between the data and the related classifications transparent through examples from the interviewees' speech or direct quotations. The interviews were carried out in a free manner to give the interviewees the opportunity to provide rich insights and list critical issues influencing the phenomena. These issues might have been overlooked in more structured interviews.

It is difficult to say if the research could be repeated with the exact same results as a qualitative research like this entails a lot of researcher's own interpretation. However, research has been designed in a way that the reader would have the possibility to follow the conduction of the study and evaluate the trustworthiness from his/her point of view.

4 CASE PACKORR

This chapter reviews the empirical part of the study. First, the case company Packorr is presented. Second, an analysis of the context of this study, the MNC, and its characteristics (communication, language, culture) potentially influencing customer knowledge transfer is carried out. After that, the study moves on to analyze the potential customer knowledge transfer enablers and inhibitors of the case company Packorr. In the end, these properties are gathered and related to the theoretical framework presented in Chapter 1.

4.1 Packorr

Packorr is a multinational corporation (MNC) operating in the paper and board industry providing products and services in the B2B sector. It was established in 1998 from the merger of two big industrial companies from Finland and Sweden. At the time of the merger, the core mission of the company was to develop operations in the paper and board industry. However, during the following years a customer-focused renewable materials saw growth while paper business was declining, thus the basis for the company in its present form as a leading provider of renewable solutions in packaging, biomaterials, wood and paper was established.

At present, the focus of Packorr is on fiber-based packaging, plantation-based pulp, innovation in biomaterials and sustainable building solutions. A lion's share of sales in 2014 came from these growth businesses, which will be strengthened further by investments in a mill machine conversion, a new pulp mill and a new packaging board mill. This study concentrates namely on the division that is undergoing an important future-oriented investment by the conversion of a fine paper mill into a kraftliner production plant and investigates the customer knowledge transfer processes undergone between the MNC units during the conversion. This was considered important because the division will be mainly serving products for the same customers, thus sharing knowledge of the customers among the MNC units was essential for future value creation.

In addition to containerboard production and converting services, Packorr focuses on building direct relationships with brand owners and retailers to create value, insight and new business opportunities. It aims to help customers to optimize their performance, reduce their total costs and enhance sales. Based on this expertise of Packorr is moving

more towards a relationship-oriented approach to the customer by integrating customers' needs into the product and service offerings. Thus, it can be assumed that in order to handle customer relationships, an access to a wider range of customer's knowledge resources is required. Knowledge transfer can be seen as an important prerequisite for the ability to utilize a wide range of knowledge resources to benefit the customer. Describing knowledge transfer processes will also reveal many obstacles that are on the way of developing customer relationships and in the end expose important organizational characteristics in a deeper sense.

Packorr has concrete guidelines about how to implement knowledge transfer, which in practical terms means morning meetings and weekly department meetings at the mills, department conference calls via Lync, through customer satisfaction and loyalty program, and visit reports and blogs uploaded in the firm's intranet. Thus, the means to transfer knowledge seemed abundant but acquiring knowledge from the common systems was considered burdensome. An expert stated, *"What is challenging is that how active employees themselves are when it comes to ask after customer knowledge, follow-up and request for clarifications"*. Consequently, each employee can freely effect the processes of customer knowledge transfer and define what knowledge of the customer is transferred and how.

4.2 Analysis on the capabilities of the MNC influencing customer knowledge transfer

Because of the abductive nature of this study, it was decided that to elaborate the anomalous empirical findings, examples from the theory was taken already to the analysis of each property, which later were examined in detail in the discussion part of the properties.

It was essential to analyze the context of this study, the MNC, and its effects on the customer knowledge transfer processes conducted at Packorr. Many of the experts had experience in either working abroad or travelling frequently, which gave richness to the data. The experts particularly emphasized how communication differed between cultures and how open communication had a positive effect on customer knowledge transfer. It seemed that communication was a prerequisite for the creation of long-term relationship with the customers. Once a relationship of ties had been created, it gave an opportunity to proceed to development discussions.

“There is more communication in other cultures than in Finland.”

“In Sweden communication is more open; in Finland things are said as they are; in Asia it feels like a lot is left unsaid because of the fear of losing face.”

“It is important that one knows the customer well in order to interpret the customer in the right way. When the customer is well-known enough, they also dare to take part in the development discussion.”

The experts also emphasized that the working methods vary significantly between cultures. These cultural differences may have an impact on decision-making. Thus, it was essential to familiarize with the cultural peculiarities before visiting certain countries.

“In Finland decisions are made fast, on the other hand in Sweden you have to come to an understanding before decision-making. In Asia, the fear of losing face is so great that correct behavior is extremely important, also from behalf of Packorr.”

“In terms of culture, one has to know what is appropriate to ask and what is not.”

In addition to communication and culture, language is another multinational factor influencing Packaging Solution’s customer knowledge transfer processes. The corporate language of Packorr is English. It was however remarked by the experts that most markets were not fluent in the corporate language, and thus interpreters were used frequently. This caused challenges particularly in receiving the exact knowledge from the customer.

“All European markets are not that fluent with English, sometimes in meetings you need to get involved in other tasks than in selling such as translating.”

“The corporate language is English with which you can manage. However, while visiting the customer one senses like it would be best to know the local language because it feels like with the help of the interpreter the smallest things are left unsaid.”

In the previous section, I looked at the challenges that Packorr faced in its customer knowledge transfer processes in a multinational environment. The results were narrowed to three factors; communication, culture and language. Referring to the analysis, it was evident that the transfer of customer knowledge at Packorr was strongly influenced by the socio-cultural environment of the firms (Hofstede 1984). This means that knowledge transfer between companies located in dissimilar cultural contexts is more difficult than that between companies located in similar cultures (Bhagat et al. 2002), which in turn increases the stickiness of knowledge (Simonin 1999). The challenges that the experts faced came often from the cultural context that they entered into. It seemed that many were keen on holding on their own cultural norms and values when there was an opportunity to learn something new, and consequently facilitate customer knowledge transfer. As stated by an expert: *“In Finland one does not often understand the approach of other cultures or be open to communication.”* It is crucial to be culturally open because such organizations are likely to obtain higher returns for learning at any knowledge transfer investment e.g., codification, because they are more effective in shifting behavior to exploit the novel understanding (Zollo & Winter 2002).

As a conclusion to the analysis of the MNC, it can be claimed that it has a significant role, and it is an important potential enabler or inhibitor of knowledge. It was evident that open communication fostered relationship of ties, which also gave the opportunity for development discussions. However, many cultural factors, such as lack of communication and fear of losing face, created obstacles for efficient customer knowledge transfer. Moreover, it seemed that language was considered as a filter for knowledge transfer. Thus, it can be concluded that the MNC is more of an inhibitive than facilitative condition for customer knowledge transfer.

In the following sub-chapters, the properties of the contexts influencing customer knowledge transfer will be examined in detail based on the categorization according to the theoretical framework presented previously.

4.2.1 Absorptive capacity

This study gave an opportunity to question the ability of an MNC, a complex organizational structure, to take advantage of customer knowledge. At Packorr, the experts with frequent customer contacts were the sales people and TCS (technical customer service) engineers. Moreover, sales offices were responsible for managing the daily customer rela-

tionship between the mill and the customer. It was evident that the most valuable customer insights were gathered through direct customer contact.

“The goal is to get as near as possible to the customer and to solve all the problems, possibly also the ones that are not relevant with the product.”

“Customer knowledge is generally more valuable when it comes directly from the customer, not through the sales office.”

The flow of customer knowledge inside experts' own units was generally considered easy, however acquiring customer knowledge from the customer interface was often regarded difficult and burdensome. It seemed that employees in the working in the customer interface were unequipped or unmotivated to gather the needed customer knowledge in order to make improvements. Moreover, acquiring critical feedback straight from the customer was often considered insufficient due to the lack of technical capabilities of the customer contact. Many experts identified these difficulties.

“It depends a lot of the employees in the network...they don't squeeze all the required information out of the customer in order to make progress.”

“Getting the needed customer knowledge is difficult because employees at sales offices rarely have the sufficient technical know-how when it comes to fluting.”

“Customer also very rarely understands the technicalities of papermaking, although they know everything about corrugated cardboard. They don't know how to convert the problem with the corrugator so that we understand it here at the fluting mill.”

From customer knowledge transfer point-of-view, it is important to question how new knowledge born in the customer interface is noticed and integrated to the conscious strategic view, and finally how it is used as a fuel for the development process (Cohen & Levinthal 1990). In other words, absorptive capacity of a firm can be explained in this study as an information filter, where only relevant knowledge is being transferred while other kind of knowledge is ignored. Referring to the analysis, the challenges regards to absorptive capacity were related to motivational dispositions and the lack of technical interpretation

among employees and customers. This meant that for example, an emphasis for a situation *'everything is okay'* was given, when really the situation was that *'customer may have some technical problems with the product'*. At Packorr, the lack of motivation and technical interpretation may have its roots in limited resources and also in the lack of technical training of the employees in the sales offices. However, to compensate this situation, Packorr had dedicated TCS (technical customer service) engineers, who resolved technical problems on the spot swiftly and efficiently. These so called *'gatekeepers'* are beneficial when expertise differs considerably among employees and the translation of technical information into a form understandable to the employees is essential (Cohen & Levinthal 1990). Because the TCS engineers were operating from the Finnish mills, it seemed that customer knowledge was transferred and utilized more efficiently on the collective level.

As a conclusion, if we think about the core question of potential customer knowledge transfer enablers and inhibitors, it can be claimed that absorptive capacity as an information filter has a significant role, and it is an important potential enabler or inhibitor of knowledge. It was evident that great efforts had been made in the organization in order to get as close to the customer, which proved to enhance the acquisition, transfer and utilization of customer knowledge at Packorr. However, the type of customer knowledge is often complex and its articulation, both by the customer and the division, caused difficulties in creating a common understanding of the needs of the customer. When collective understanding is lacking, development activities are often ignored. Thus, considering absorptive capacity in this case, it can be claimed that it has both inhibitive and facilitative conditions for customer knowledge transfer.

4.2.2 Motivation

In this case, motivation is strongly intertwined with the concept absorptive capacity, although absorptive capacity is more 'fixed' and organization bound concept compared with motivation. Among the experts, motivation was considered one of the most important prerequisites for efficient customer knowledge transfer. Highly motivated employees are an important asset for an organization since they are the ones able to contribute to organizational effectiveness. At Packorr experts were generally considered motivated to transfer customer knowledge, which was fuelled by communicating with other experts. Overall communication in each unit, with other experts, or with customers were seen as important prerequisites for motivation and, thus acquiring and transfer of customer knowledge.

“If motivation is low, customer knowledge is left without transferred, but if motivation is high, customer knowledge is to be transferred which further increases motivation.”

The experts also emphasized the importance of motivational dispositions related to firm and its values, which often had a positive effect on customer knowledge transfer. To ensure this kind of motivation among all employees, it was considered important to transfer knowledge of the company and its customers in all organizational levels from management to production.

“Pride of the product and the company helps to get motivated...the stories about customers, mills and employees around the world is a great motivational factor.”

“Assumption is that one does things better and tries a little bit more when there is a name, a face, a need or information for whom things are done.”

“When customer knowledge is transferred until production, the motivation of employees (in production) rises.”

However, the biggest challenge remarked by few experts was that customer knowledge does not reach all levels of the organization, particularly inside the units. It seemed that some individuals in the organization were reluctant to transfer knowledge. At Packorr, this may have been rather a symptom of lack of time particularly among sales people, than intentional reluctance to transfer valuable customer knowledge. Moreover, it seemed that simply majority of the customer knowledge possessed by the sales people was confidential, and thus only to be transferred on a certain level of the organization. However, these factors may have had an impact on the motivational dispositions of the receivers, if they became aware that valuable customer knowledge has actually not been transferred.

“Sometimes sales people keep customers to themselves, they are in very close association with them, and it somehow feels that they are withholding information although that is not the intention.”

“There is not always enough time to transfer customer knowledge further or customer knowledge is transferred only to certain levels...one could imagine that because supply chain coordinators do not receive all customer knowledge it may have an effect on their motivation.”

In addition, sales offices in the markets were sometimes considered to lack motivation to accept knowledge from the mills. The causes analyzed by the experts entailed delay in receiving information, and both passivity and rejection in transferring knowledge to other mills.

“The time in the sales offices is not equally divided among the mills which has an effect on the motivation to transfer knowledge...in general, flow of information is slow.”

“In order for customer knowledge transfer to be effective as possible...it is essential that Packorr has its dedicated supply chain coordinators who know well the customers, products and quality.”

Thus referring to the analysis, it can be claimed that efficient customer knowledge transfer depends on the motivational dispositions and abilities of both, the source and the recipient (Gupta & Govindarajan 2000). The experts' views of the challenges related to motivation at Packorr were grounded in reluctance to accept knowledge and knowledge appropriation. This meant that for example the knowledge receivers received only general knowledge, and because it was not considered important and/or due to scheduling problems, it was ignored. The recipient's lack of motivation may be more or less a general reluctance to accept knowledge from the outside (Szulanski 2000) but in this case the roots were found in the organizational bureaucracy rather than in the true motivational dispositions of the employees. When it comes to knowledge appropriation, at Packorr it may be grounded in limited resources but first and foremost on the headquarter control mechanism, which restricted the transfer of customer knowledge only to certain level of the organization. Knowledge appropriation, or in other words, knowledge-hoarding behavior could be peculiar to specific organizational or professional culture norms, for example knowledge sharing could be limited among members of highly competitive professional groups, like sales people working on commission (Scarbrough 2003). At Packorr, this kind of behavior was specifically considered to be practiced by the sales people, thus creating obstacles for efficient customer knowledge transfer. Because sales people had the big-

gest customer contact, overall concern was that how much customer knowledge was actually transferred on the collective level. To lose the image of knowledge-hoarding behavior, it is important to implement new tools in order to ease knowledge flow in the organization. As stated by an expert: *“...some kind of tool would be in need because one is not present at the mill that often.”*

However, the overall motivation of the employees was considered to have a positive effect on efficient customer knowledge transfer, which was furthermore fuelled by communication in the organization, between the units, with other experts and the customers. The experts' views of the facilitators related to motivation at Packorr were grounded in identifying and sharing the firm's goals and purposes. These intrinsically motivated employees engage in activities to feel competent and self-determined in relation to the environment (Minbaeva 2008), which has a positive effect on knowledge transfer (Osterloh & Frey 2000).

As a conclusion to the analysis of motivation at Packorr, it can be claimed that motivation is an important potential facilitator or inhibitor of customer knowledge transfer. It was evident, that the experts considered the overall motivation of the employees to acquire and transfer knowledge as a facilitator, which was moreover strengthened by intrinsic motivation. Although evidence of motivational facilitators was solid, the experts' motivational dispositions were affected by two relevant customer knowledge transfer inhibitors; reluctance to accept knowledge and knowledge-hoarding behavior. The latter created obstacles particularly for internal customer knowledge transfer because customer knowledge was often tacit in its nature and could not be transferred by other means than interaction. In addition, the reluctance to accept knowledge may have caused a situation where customer knowledge was ignored completely. Thus, the gains of individual knowledge may be substantial but gains in the organizational level may remain insignificant. To conclude, considering motivation in this case, it can be claimed that both facilitative and inhibitive conditions for customer knowledge transfer are found.

4.2.3 Social interaction

Social interaction is an integral part of customer knowledge transfer processes at Packorr because customer knowledge is often tacit in its nature and its articulation causes difficulties in creating a common understanding, and thus for customer knowledge transfer. Moreover, written knowledge or documented knowledge is not enough to absorb the

transferred knowledge but rather the transfer requires frequent contacts with colleagues. It was evident that frequent contacts nourished communication, which enhanced customer knowledge transfer. Frequent contacts with employees and customers seemed also to enable talking about difficult things, which may have led to future development discussions.

“One shares more detailed customer knowledge with colleagues you are in frequent contact with.”

“Working in the same team for a long time enhances communication, communication is fluent and works both ways; personal meetings support the communication flow efficiently both ways.”

“When you are in frequent contact with customers and sales offices, and particularly sales directors, communication is smoother and it is easy to talk about difficult things also”

At Packorr, social interactions were implemented mainly in the form of morning meetings and weekly department meetings at the mills. Moreover, communication with other units was conducted through Lync conference calls between departments, e.g., in the newly implemented sales excellence process program intended for the sales people. The experts considered that without social interactions valuable customer knowledge would be ignored, thus making social interactions an essential part of customer knowledge transfer at Packorr. In addition, social interactions seemed to have an impact on employees' intrinsic motivation.

“Without these customer knowledge would not hardly transfer.”

“In the meetings customer knowledge which is particularly essential for the employees is transferred.”

“The weekly department meetings have increased the employees' motivation to do their work and to take more responsibility on their own area.”

The experts also acknowledged that these social interactions were in times unproductive. In practice, transferring customer knowledge in social interactions was highly individually bound, which meant that it was ignored.

“Some of it is productive, some a monologue...”

“Transferring knowledge in the meetings is due to the person...”

“Customer knowledge is transferred relatively little...there should be more customer information in the meetings so that customer is not taken for granted.”

It is also necessary to evaluate which is the best manner to communicate, and thus transfer customer knowledge. This is considered important because all employees naturally do not have the same knowledge or experience of the products, production or customers. It was evident that communicating face-to-face provided better means to transfer customer knowledge than via email or phone.

“The manner in which one communicates influences...complex things are best handled face-to-face, little things via email.”

“It is also easier when you already know the person that you have a meeting with, otherwise communication is done via emails and that even more rarely.”

Referring to the analysis, it is thus presupposed that social interactions strengthened by ongoing communication provided a basis for mutual understanding and learning, and thus customer knowledge transfer at Packorr. Mutual learning and inter-unit cooperation may further stimulate the creation of new knowledge contributing to organizational unit's ability to innovate (Kogut & Zander 1992; Tsai & Ghoshal 1998). At Packorr, this meant that frequent contacts with other units and customers provided an opportunity to talk about more detailed, even sensitive, customer knowledge, which may have led to further development discussions. Although, social interactions were considered the best means to transfer customer knowledge, in some occasions these interactions seemed to be unproductive. This meant that social interactions were seen more of a situation to collect and present customer knowledge by an individual but not looked into or explored on the collective level. It

was revealed that transferring customer knowledge in social interactions was also individually bound, however this seemed to be mainly due to headquarter control mechanism. Consequently, customer knowledge was transferred only to a certain level of the organization. In order to transfer knowledge effectively from the source to recipient, one needs to ensure the building of close relationships with equivalent skills and knowledge capacities, time and resources need to be invested in training (Goh 2002). At Packorr, new tools have been implemented to mutually learn more from the customers of the division and the current market situation with the sales excellence process program. As stated by an expert: *“The sales excellence program is a new customer register program tool for the sales, but there is learning to do how to use, maintain and update it.”* It was evident that this tool had provided better means to transfer customer knowledge across the division, however it was addressed only for the sales organization. Consequently, customer knowledge was transferred on the group level but not on the organizational level.

As a conclusion, it can be claimed that social interaction is an important potential facilitator or inhibitor of customer knowledge transfer. It was evident that social interactions were strengthened by ongoing communication, which enhanced customer knowledge transfer. More importantly, successful social interactions enabled the transfer of valuable customer knowledge, which was used in development discussions. Although, social interactions seemed to be essential for effective customer knowledge transfer at Packorr, sometimes experts mentioned them as unproductive. This created obstacles for customer knowledge transfer since valuable knowledge was not transferred in all levels of the organization. This meant that knowledge was explored on the individual level but not exploited on the collective level. Thus, considering social interactions in this case, it can be concluded that both facilitative and inhibitive conditions for customer knowledge transfer are found.

4.2.4 Organizational culture

Referring to the research data, culture and values of Packorr are based on high level of individualism and strong collegial groups. Organizational culture is closely intertwined with the concepts of absorptive capacity and social interactions, although organizational culture is more prevailing concept compared with the other two. The common culture, values and beliefs at Packorr are strong, however it seems that there was more or less of a variety of individual and/or group level realities within the division, which lead to a certain level of fragmentation. Individualism is the core of expertise, which is based on human capital and therefore is individually bound. At Packorr, this lead to a situation where the expert

own his/her capital, in this case the customer-related knowledge, which brought tension between gains in individual knowledge versus gains in collective knowledge.

“Transferring knowledge in the organization may be bound to the character, sometimes it feels that the higher position the person acquires the harder the knowledge transfers; these employees tend to be the most important customer contact.”

This may also lead to jealousy, which further hampers customer knowledge transfer. It is moreover strengthened by the lack of appreciation between the experts, particularly those from different expertise areas. At Packorr, this could be interpreted as knowledge hoarding behavior for one’s defense.

“Sometimes it feels that some people might appropriate knowledge to themselves in the hopes of asserting oneself.”

The collegial groups at Packorr formed somewhat strong ‘subcultures’ inside the organization. In this study, collegial groups are referred to the organization’s commercially or technologically oriented experts who possess similar work history. These collegial groups may create their own practices, which differ from the commonly accepted behaviors. Consequently, customer knowledge seemed to be transferred only on the group level but not on the organizational level.

“It feels like employees that have been in the same position for several years have unconsciously created a mutual agreement on how to transfer knowledge only with each other.”

Organizational culture can also be referred to the term ‘shared vision’, which embodies the collective goals and aspirations of the members of an intra-corporate network (Tsai and Ghoshal 1998). As mentioned previously in the analysis, the common culture, goals and beliefs at Packorr were strong, which promoted mutual understanding and exchanges of ideas and resources between the members in the network (Inkpen & Tsang 2005). However, in order to successfully transfer knowledge, high level of cooperative behaviors in all organizational levels are needed. It was evident that cooperation existed at Packorr, however it seemed that high level of individualism and strong collegial groups created fragmentation in the organization, and thus inhibited customer knowledge transfer. Frag-

mentation may lead to lack of shared identity with other actors in the organization and lack of common cognitive base among the actors in the organization, which makes knowledge transfer and assimilation challenging. There may not be a common understanding of things, and thus no basis for effective communication. At Packorr, barriers to knowledge transfer seemed to be formed between individuals and collegial groups because they created their own discourse separately from each other.

As a conclusion to the analysis of culture and values at Packorr, it is suggested that high level of individualism and strong collegial groups have created a certain level of fragmentation in the organization hampering customer knowledge transfer. Despite of the strong culture, values and beliefs at Packorr, high level of individualism and the barrier between collegial groups have created obstacles for customer knowledge transfer, both on the individual level and between their groups. Because customer knowledge is often tacit in its nature and cannot be transferred by any other means than interactions, it created a situation where knowledge gains on the individual level may be substantial but on the collective level insignificant. Consequently, the possibilities to utilize customer knowledge are lower. Thus, considering organizational culture in this case, it can be claimed that it is more of an inhibitor than a facilitator of customer knowledge transfer.

4.2.5 Trust

The experts considered trust as one of the determining factors for efficient customer knowledge transfer. It was emphasized that collegial groups enabled mutual trust, which enhanced openness in communication and, thus efficient customer knowledge transfer.

“Internal trust eases up the communication and knowledge transfer.”

“Working in the same team enhances trust, there are no secrets, and communication is fluent and works both ways...”

The experts also emphasized that it was important to have confidence on the reliability of other employees in terms of what knowledge may be transferred and what should not. This may have an effect on customer knowledge transfer process because if confidence is missing on the side of the sender, transfer of knowledge may be cancelled. In turn, if knowledge ends up to ‘*wrong hands*’ it may be detrimental to the company.

“It is important to trust your coworkers; that they know how to filter knowledge and transfer the right knowledge...”

“It is essential to have complete trust among coworkers and customers; the knowledge received from customers should not be transferred to the competitors, for example.”

However, long-lasting workplace relations based on trust can also have a negative effect on customer knowledge transfer. These kind of relations may create a secretive environment, and consequently knowledge is transferred only between certain individuals or collegial groups in the organization. It was emphasized that in order to avoid this kind of situation, employees should rotate in positions to ensure efficient customer knowledge transfer.

“It would be good that employees in the same positions would change their work related tasks so that customer knowledge would transfer more effectively...it would also bring new practices.”

Referring to the analysis, it was evident that a positive relationship between trust, communication and cooperation had an effect on efficient customer knowledge transfer at Packorr. Trust is argued to enhance a number of conditions, such as openness in communication (Li et al. 2007) and confidence in an exchange partner’s reliability and integrity (Morgan & Hunt 1994). In practice, the confidence in an exchange partner’s reliability and integrity may have been interpreted at Packorr as confidence on the reliability of the other employees that valuable customer knowledge was not exploited by wrong people. However, in some cases this may have created a secretive environment, meaning that knowledge was transferred only among certain individuals or collegial groups. According to Goh (2002) unilateral decision-making, a secretive environment and a lack of information will inhibit trust, which in turn will reduce the frequency of communications and the degree of willingness to share information. However, when it comes to individualism and collegial groups causing fragmentation in the organization, trust seemed not to be the primary source.

As a conclusion to the analysis of trust at Packorr, it can be claimed that trust is an important potential facilitator or inhibitor of customer knowledge transfer. It seemed that the experts of Packorr engaged in communication forced by cooperative relations in the form

of teams, which had led to a relationship of trust and, thus transfer of valuable customer knowledge. Although, trust was seen as a determinant factor for effective customer knowledge transfer, it seemed that secretive environment had an inhibitive effect on trust, and thus customer knowledge transfer. Consequently, knowledge may have been transferred only on the group level but not on the organizational level. However, because trust as an inhibitor seemed not to be significant in this case, it can be claimed that trust is more of a facilitative condition for customer knowledge transfer.

4.2.6 Control

The common conception among the experts is that there are no strict control mechanisms when it comes to transferring customer knowledge in the organization. In this case, control is closely intertwined with the concept of trust, although control is more of a *'practice'* when trust is a *'sensation'*. The experts considered that open communication enhanced trust, and transfer of customer knowledge, however without the need of control.

"The corporate culture has encouraged to very independent and trusting workplace relations (when it comes to sharing knowledge)."

"There is no control; communication is very open and transparent, and the organization is very lean which eases up the communication both ways."

However, it was acknowledged by the experts that certain type control exists when it comes to what kind of customer knowledge is suitable to be transferred and in which organizational level. It was further emphasized that knowledge that is *'allowed'* to be transferred, does not mean that the intention is to conceal valuable knowledge but rather protect the organization.

"There are clear rules what knowledge can be transferred on what level and what knowledge is confidential."

"The existing rules and regulations are completely logical and justified; limitations should not be seen as delimiting but rather as appropriate guidance..."

“If rules and regulations are not adequate, unfavorable knowledge might be transferred to customer...the intention is not to conceal things but to consider that they will not turn against you.”

“Transferring confidential customer knowledge may place either Packorr or the customer in a difficult situation and possibly give promises that cannot be kept.”

The importance of how to structure and manage relationships, and control knowledge assets has become critical issues in the transfer of customer knowledge in multinational corporations. Ghoshal and Bartlett (1990) specifically highlight the importance of the coordination and consequently the elements like control and cooperation in the headquarter-subsidary relationship. The experts considered that there were no strict control mechanisms when it came to transferring customer knowledge because the organizational culture was based on open communication and trust. However, it seemed that guidelines existed of what customer knowledge and to whom it may be transferred. According to Eisenhardt (1989) designing optimal control mechanism is important so that subsidiaries behave in the headquarters' interest and are willing to transfer the valuable knowledge residing in them. At Packorr, the question was not about the will to transfer valuable knowledge but rather being careful of transferring sensitive information to others that might take advantage of it.

As a conclusion to the analysis of control at Packorr, it can be claimed that control is an important potential facilitator or inhibitor of customer knowledge transfer. The experts considered that engaging in communication leads to a relationship of trust, which prevents the unnecessary use of control mechanism related to customer knowledge transfer. Despite of this, guidelines of what kind of knowledge may or may not be transferred existed. Although some might have thought that these guidelines were restricting knowledge transfer, in the end the control assets turned out to protect the company. Thus, considering control in this case, it can be claimed that it is more of a facilitator than an inhibitor of customer knowledge transfer.

4.2.7 Dimensions of knowledge

Also bound to the earlier mentioned aspects of social interaction and organizational culture, it seemed that system level development outside the basic administrative routines

was a difficult task to execute. This was mainly because the employees were unable to operate common systems at the mills, as well as due to organizational ability to increase the understanding of the importance of using the systems. From the employees' individualistic point-of-view it may have not been easy to understand why codifying customer knowledge would have strategic importance from the organizational point of view. Thus, there was no motivation to codify tacit knowledge.

"Customer knowledge transfer is easier when it is documented, however there is not enough documented knowledge available...reporting is missing."

"Documented knowledge is reporting of customer visits, and it is usually meant for certain employees, however one rarely receives any feedback. Thus, it feels pointless to report."

"Reporting of customer visits has diminished...also the visit reports are only available to limited amount of employees."

The existing collegial groups may also have led to some unconscious protective actions when it comes to customer knowledge transfer: employees may not be willing to codify their tacit customer knowledge in the common knowledge pool, e.g., in the firm's intranet. Consequently, the knowledge may be shared among those with similar work history, e.g., senior experts.

"Particularly new employees may experience that they do not receive customer knowledge; most often it is tacit in nature and customers are known to the mill...the common conception is that everyone knows these things already."

However, the experts emphasized that transferring this type of 'expert' knowledge is essential, particularly to junior level because otherwise years of valuable knowledge would be lost.

"It is essential to report this type (tacit) of knowledge, particularly if the person changes tasks or workplace, or retires."

“It is extremely important to share and document tacit knowledge because employees leave the company, and thus valuable knowledge is wasted.”

Another challenge was to motivate employees to operate the common systems in order to guarantee sufficient customer data in the organization. The problem considered by the experts was that common systems were a network of systems, where customer knowledge was dispersed and difficult to find. This was particularly emphasized in the case of the firm’s intranet.

“Because of practical reasons, documented knowledge is difficult to find, thus no one reads it and most importantly many do not understand it”

“The problem with documented knowledge is that it is difficult to find, it is not accessible to everyone and one does not feel that it is meant for them”

“Codifying tacit knowledge just for the sake of codifying does not bring any added value to the knowledge if it is not straightforward and easily accessible”

Thus, referring to the analysis, it can be claimed that efficient customer knowledge transfer depends on both dimension of knowledge, the tacit and the explicit. At Packorr, customer knowledge was often tacit in nature and difficult to articulate, which was best transferred through more interpersonal means and using processes that were less structured. Also, common systems existed for the codification of tacit knowledge. Converting customer knowledge into explicit form to make it more transferable may however further increase challenges (Nätti et al. 2006) such as deprive some of its richness and genuineness (Boisot 1995). There were guidelines for codification at Packorr, however acquiring of customer knowledge in the common system was considered confusing and the process of codifying tacit knowledge redundant. The challenge of codified knowledge is that once codified it becomes static, which requires the knowledge to be constantly updated. Thus, the advantages of knowledge codification are not self-evident. (Nätti et al. 2006) In order to ease up the codification process, one expert acknowledged that new metrics for storing customer knowledge would be in place in order to store the acquired customer knowledge: *“It would be good to have some simple tools were to collect customer knowledge, e.g., CRM software or a databank, so that valuable customer knowledge will not be lost.”*

As a conclusion to the analysis of the two dimension of knowledge at Packorr, it can be claimed that tacit and explicit knowledge are important potential facilitators or inhibitors of customer knowledge transfer. It was evident that the common systems caused challenges for knowledge codification. There seemed to be a cause-effect relation to it; because customer knowledge was dispersed and hard to access in the common systems, knowledge acquiring was missing, which caused knowledge codification to decrease because the process was considered redundant. The importance of codification was ignored because of general assumptions; it was assumed that no one reads the reports. Thus, it doesn't mean that obligatory codifying would increase the acquiring of customer knowledge from the common systems rather certain incentives would be in place. One expert stated: *"In order to find out that customer knowledge has been shared forward (reporting), it would be good to have some kind of follow-up mechanism."* It is thus posed that the lack of codification is an inhibitor for effective customer knowledge transfer. Although common systems for codification were in place, the core of the problem seems to be that customer knowledge was dispersed, which caused individual attitudes and lack of understanding of the strategic importance of creating a common customer knowledge pool for the organization.

4.2.8 Summary on properties of context affecting knowledge transfer

It must be noted that the defined properties may also be seen as individually bound characteristics (e.g. motivation to transfer knowledge, capability for social interactions). Naturally, there are individuals who are more willing to transfer knowledge than others, also at Packorr. Concerning the description of this study this is not a problem, however, because the phenomenon studied is examined first of all from the organizational point-of-view, and these tendencies were widely recognized in the case organization, thus could be considered as prevailing tendencies at Packorr. However, it is important to acknowledge that the kind of phenomenon described do not always dominate in every unit or part of the organization, nor relation to every individual in the organization, although these tendencies may be widely recognized.

The problems presented in case Packorr may be similar to other MNCs operating in B2B sector. The key to the problem is the ability to transfer and utilize the internal knowledge resources in the organization. However, due to fragmented construct of the organization, knowledge was not transferred to the collective level, and thus the utilization of customer

knowledge was inhibited. The inhibitors influencing the organizational ability to transfer customer knowledge can be found in the organization's absorptive capacity, motivation, social interaction, organizational culture, trust and the dimensions of knowledge.

But first, in relation to the context of this study, both cultural and linguistic obstacles seemed to inhibit knowledge transfer. Although communication was seen as a facilitative condition for knowledge transfer, it was often affected by cultural dimensions, and thus ended up inhibiting knowledge transfer. When it comes to culture, certain customs prevail, which demand adaptation from both the sender and the receiver in order to successfully transfer knowledge. In addition, language may be considered as knowledge filter in this study because only necessary knowledge was transferred when more detailed knowledge may have been ignored due to the language barrier.

There were also other cultural factors inhibiting knowledge transfer, more specifically, the high level of individualism. Although high level of individualism can be seen as a natural part of expert work, from the knowledge transfer point-of-view it has its harmful effects. These can be first of all recognized on the individualistic working practices. In practical level this means that the expert owns his/her customer, and thus the customer knowledge, which is often not transferred into the organizational knowledge pool. Moreover, the knowledge often stays in its tacit, individually bound form, which creates further challenges for its utilization.

In relation to the phenomenon of individualism, another challenge can also be detected. If customer feedback is not shared to the organizational level, to guarantee development activities based on the information given by the customer may be impossible to notice. At Packorr, customer feedback tended to stay in the minds of certain individuals, making learning process only local. The codifying processes into the common systems neither supported it.

On another level, strong collegial groups also created obstacles for knowledge transfer. When knowledge was transferred, it was transferred among the experts' own collegial group and sometimes across the group borders. Thus, it seemed that barriers were not only created on the individual level but also on the group level.

Moreover, the common systems did not seem to facilitate the codification of knowledge into the systems. This seemed to have a cause-effect relationship because acquiring

knowledge from the common systems was considered difficult and burdensome, thus the process of codifying was considered irrelevant and started to decline. The previously mentioned challenges including the cultural factors created a situation where the emphasis was on tacit, individually bound knowledge, which was difficult to share. The reluctance of codifying and acquiring of knowledge from the common systems created a situation where knowledge remained in its complex, tacit and embedded form.

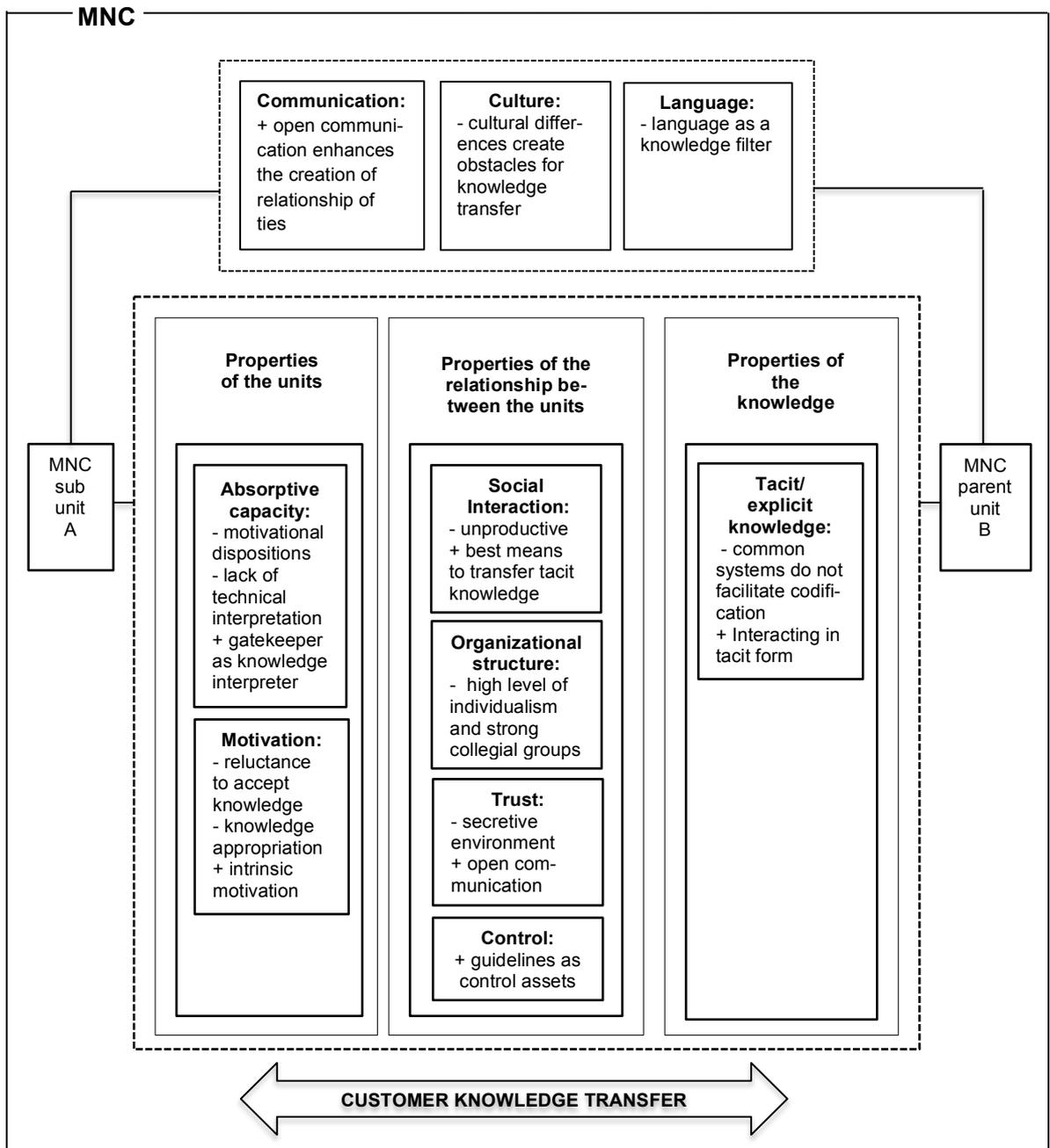
When it comes to absorptive capacity at Packorr, both inhibitive and facilitative conditions were found. In this study, absorptive capacity seemed to be an information filter, which caused difficulties in creating a common understanding of the needs of the customer. However, by gatekeeping Packorr facilitated the interpretation of technicalities related to the processes of papermaking, and thus proved to facilitate the acquisition, transfer and utilization of customer knowledge.

Other facilitators influencing the organizational ability to transfer knowledge can be found in the organization's motivation, social interaction, trust, control and the dimensions of knowledge. Packorr revealed that social interactions were the best means to transfer customer knowledge in the organization. With the help of morning meetings and weekly department meetings at the mills, and conference calls via Lync, customer knowledge was transferred more fluently in all levels of the organization. Assumably, customer feedback was also utilized more efficiently. There was also a strong responsibility related to the type of knowledge. Transferring tacit knowledge in social interactions was considered important in order not to lose the valuable knowledge when an employee leaves the company or retires.

Surprisingly, control seemed to be a facilitative condition of customer knowledge transfer. It seemed that there were no strong headquarter control mechanisms when it came to what kind of knowledge to transfer, however some sort of guidelines existed. Although some considered these guidelines as restrictive, they were in place and protected the company from transferring sensitive information to others that might take advantage of it. At Packorr, the concept of trust was closely intertwined with the concept of control, meaning having confidence in the reliability with the employees one shares knowledge with. Trust was also a facilitative condition for knowledge transfer because engaging in communication forced by cooperative relations led to a relationship of trust between the employees at Packorr.

Motivation was considered to hamper knowledge transfer due to knowledge appropriation. However, the knowledge hoarding behavior seemed to be grounded in the previously mentioned headquarter control mechanism, which allowed transferring of customer knowledge only to certain levels of the organization. The overall motivation of the employees was, however, considered to have a positive effect on customer knowledge transfer, which was furthermore fuelled by communication and the intrinsic motivation of the employees.

The following illustration gathers the main findings. As it can be seen, it is based on the theoretical framework, which can be found in the introduction of this study. In the case of Packorr, many factors related to the properties of the units, the properties of the relationship of the units, and the properties of the knowledge itself can be found to inhibit and facilitate customer knowledge transfer. However, it can be claimed that in this case the inhibitive conditions were somewhat stronger, thus the emphasis was on describing them thoroughly. This revealed that at Packorr, emphasis was on the individual knowledge exploration instead of collective knowledge exploitation, meaning gains in individual knowledge were stronger than gains in the collective level. Consequently, organizational customer knowledge utilization was lower.



----- = potential knowledge transfer enablers and inhibitors

- = knowledge transfer inhibitor

+ = knowledge transfer facilitator

Figure 6. Case Packorr in relation to the theoretical framework

5 DISCUSSION

The following discussion will examine more closely the prevailing determinants of Packorr that potentially enable or inhibit customer knowledge transfer.

5.1 Individualism and collegial groups and customer knowledge transfer

Based on the previous empirical findings, two cultural tendencies in the multinational organization are individualism of the professionals and collegial groups. Referring to the analysis of the study, it is prevalent that the experts build on their own roles, divide work to suit their own interest, compete for resources, or emphasize autonomy, collegiality, informality and flexible structures of their organization in relation to their own individualistic needs (Starbuck 1992). Thus, it can be claimed that individualistic orientation affects the knowledge transfer capabilities of the MNC. Although experts are expected to contribute to their organization, individually oriented values may be dominant. According to Starbuck (1992) experts in knowledge-intensive organization relate more closely with their profession and personal goals than with their organization, which could be seen in this study as the '*ownership*' of the customer, and thus the customer knowledge. Consequently, this may have an effect on customer knowledge transfer. In some occasions, the experts work in close co-operation with the customer and more occasionally with their clients, which might create barriers for knowledge flows internally in the expert's organization (ibid. 2002).

Organizational knowledge in MNCs is often based on individual knowledge, and individualistic working processes, which tend to evolve the knowledge towards more of a tacit form. Tacit knowledge may become highly embedded in the behavior and minds of the individuals involved in the execution of the tasks (Zollo & Winter 2002), which makes it more challenging to transfer. Thus, the expert's natural tendency of working with tacit knowledge may inhibit knowledge transfer and utilization.

In practice, this study showed that what may seem rational at the organizational level, namely contributing to the collective customer knowledge stock, may not seem rational from the individualistic expert level. From the individualistic point-of-view it may seem rational to continue with the next customer or a project, as opposed to spending time in codifying customer knowledge in the common systems. The willingness to transfer knowledge in the organization may be affected by the lack of appreciation towards each

other (Empson 2001) or by the lack of trust (Goh 2002). In addition, some experts may lack respect for those outside their area of expertise (Quinn, Anderson & Finkelstein 1996).

Referring to the empirical material, a critical question was raised when it came to the motivational dispositions of employees to transfer knowledge: what is employees' motivation to work for the common goal to manage customer relationship and transfer customer knowledge when valuable knowledge is not transferred from the experts to the common knowledge pool? As revealed by the analysis of the study, forcing experts to transfer their knowledge and building extensive intranets and other technology for sharing knowledge is useless unless people are motivated to use them (Dawson 2000).

In the case of Packorr, it was seen that within different collegial groups different meanings were created when they deal with each other, which created obstacles for knowledge transfer in the organizational level. To change these views is often difficult because people are often unaware of these differences. The problem is, however, that the meanings differ between the groups so that there is no common understanding to create a common discourse. This might also create a cycle where isolation between the groups gets stronger and stronger (Tushman & Scanlan 1981).

In addition to collegial groups, it was revealed that experts from different areas of expertise are likely to diverge into their own collegial group, thus preferring co-operation with people with similar type of education, work position and work experience, for example. Thus, these subgroups may create obstacles around them, and also for knowledge transfer. It can be concluded that specialization into different groups of expertise may be hazardous, for it increases the efficiency of knowledge transfer on the group level but simultaneously creates obstacles for knowledge transfer between the unit, other groups and individuals. However, organizations may also have '*boundary-spanning individuals*' whose role is to either informally or formally enhance knowledge transfer (Tushman & Scanlan 1981). As a facilitative condition for knowledge transfer, in this study these individuals were the gatekeepers who were simultaneously operating at the mills and in the customer interface, transferring customer knowledge in all levels of the organization.

To conclude this section, it can be claimed that the experts may see their organizations as a frame for their individualistic work, and thus transferring knowledge to the organizational knowledge pool may not be seen important from an individual perspective. From that point-of-view, transferring knowledge for the expert's own purposes or between one's col-

legial groups seems more reasonable than transferring it organizationally. Because the MNC is a complex structure, many cultural factors may enable or inhibit the internal communication. Thus, creating an organizational level interaction may be challenging because of individualism related to expert work, which may lead to a situation where knowledge is not shared at all or only between colleagues in the same collegial group.

5.2 Social interaction and customer knowledge transfer

Based on the empirical material, it was also highlighted that interactions are a critical source of success in the organization due to integration of knowledge rather than the knowledge itself (Grant 1996). Interactions between individuals from different areas of expertise (e.g. sales and different areas of engineering) will increase the organization's capacity to innovate unlike any one individual could achieve. Because these capabilities cut cross departments and functions, they can also be hard to identify and thus hard for competitors for imitate (Day 2000). Hence, that is why different areas of expertise that enable knowledge integration can form real source of competitive advantage.

According to Kogut and Zander (1992) the ability to generate new combination of existing knowledge is also known as '*combinative capabilities*' in the resource-based view. In other words this means organizational processes in which knowledge resources are acquired in cooperation. Referring to the empirical material, it was evident that social interactions supported particularly the transfer of tacit knowledge. The social interactions enable the learning and development of new skills by recombining current knowledge in organizations. Hence, in order to facilitate the transfer of tacit knowledge, an organization has to emphasize the importance of building social relationships (ibid. 1992).

This means that when considering customer knowledge transfer, a suitable infrastructure needs to be considered that will facilitate the process of customer knowledge transfer and knowledge utilization. An example might be a structure that supports cooperation and knowledge transfer instead of a functional structure based on experts working in isolation. Based on the empirical data, the current infrastructure at Packorr in terms of common systems was missing an essential CRM IT tool. Moreover, social interactions were often considered unproductive due to their volume. Thus, when it comes to facilitative conditions for customer knowledge transfer, improvements were in place.

Nonaka (1994) gives an example of a hypertext organization, which also widens the structural base for the process of organizational knowledge transfer. This design utilizes the ability to switch between three types of contexts in order to adapt to the changing requirements from the knowledge transfer point-of-view. These layers are from the bottom to the top: the '*knowledge base*', which includes tacit knowledge associated with organizational procedures and explicit knowledge in the form of document and databases, the '*business system*' where routine operations are carried out by the formal, hierarchical and bureaucratic organization, and lastly, the multiple self-organizing project teams, whose operations are based on their shared vision and joint creation of knowledge. (ibid. 1994)

When a task is completed, for example a customer visit, the experts move to the knowledge-base layer and codify the knowledge acquired to the common systems. After this the experts return to the business-system layer and engage in routine daily work until they are required for another visit. With this circular movement of people, and knowledge codification and articulation activities, knowledge transfer in the organization may be guaranteed (Nonaka 1994). In practical terms, the characteristics of this type of system were also seen at Packorr but the common systems were not supporting the codification process.

5.3 Control mechanisms and customer knowledge transfer

Referring to the empirical data of this study, it was emphasized that corporate socialization enabled the establishment of shared set of values, objectives and beliefs across the MNC (Nohria & Ghoshal 1994), and thus facilitated the diffusion and creation of new knowledge (Tsai & Ghoshal 1998). In addition, interpersonal ties created between the units provided the flow of both information and resources. Thus, it can be said that the social interactions between the MNC units blurred boundaries of those units and stimulated the spread of information and knowledge (Björkman et al. 2004). This kind of corporate social mechanism refers to an organizational mechanism that facilitates the development of interpersonal ties in the MNC (van Maanen & Schein 1979), which may enhance the communication between the parties, including knowledge transfer.

However, there are factors related to control mechanisms why a subsidiary unit may not engage in a transfer of knowledge to other MNC units. The complex interaction processes between the subsidiary and its external counterparts may produce competences that cannot be easily used in other corporate units' business contexts. This is because absorptive

capacity is required to understand and apply the competence developed within the unique interaction process. However, as revealed by the empirical data, the more context specific the solutions are, the more difficult it will be to transfer the knowledge to other units that do not possess the same relational absorptive capacity. (Björkman et al. 2004) Thus, the sender unit may have to make great efforts to support the receiving units (Szulanski 2003).

The competence development of a subsidiary may take place through both internal development work and firm's interactions with customers, and other stakeholders. In order to transfer competencies to other units, the same experts and facilities will usually have to be engaged, which may be costly to the subsidiary. (Björkman et al 2004) Based on the empirical data, the efforts to transfer knowledge, codifying or interacting tacit knowledge, may interfere with the subsidiary's ability to attend to other operations, which are viewed more important for the unit's own performance (Szulanski 2003). Hence, there may be a trade-off between resources deployed in competence development and resources deployed in transfer of knowledge to other units (Forsgren, Johansson & Sharma 2000).

Lastly, subsidiaries tend to have different goals and limited incentives to transfer know-how to other units, particularly if it involves proprietary technology that might leak out (Szulanski 1996). The empirical data revealed that lack of interest to engage in knowledge transfer with other units was because it often involved sensitive customer knowledge. Although knowledge was transferred to certain level of the organization, it may have given an impression of knowledge-hoarding behavior otherwise. However, it has to be remembered that by diffusing '*wrong*' knowledge, the subsidiary may lose some of its uniqueness, and end up losing bargaining power within the MNC (Levitt & March 1988).

6 CONCLUSIONS

This section will present the main findings of this study and gives recommendations for management and for future research.

6.1 Customer knowledge transfer in MNCs

The purpose of this study was to examine how customer knowledge is transferred in MNCs and what kind of factors enhance or inhibit the knowledge transfer process. These theoretical conclusions aim to gather the main findings for each research questions posed: what factors enhance or inhibit the transfer of customer knowledge in a firm's internal organizational networks? Three sub-questions were formed in order to answer that question: 1) how do the properties of the units affect the customer knowledge transfer, 2) how do the properties of the relationships between the units affect the customer knowledge transfer, and 3) how do the properties of the knowledge affect the customer knowledge transfer?

This research builds on and contributes to the combination of two existing literatures of customer-related knowledge and knowledge transfer, and expands the body of previous research on properties influencing customer knowledge transfer within MNCs. Knowledge transfer within the MNC is neither frictionless nor entirely sticky. In this study, the phenomenon of customer knowledge transfer and its enablers and inhibitors were decided to describe with the help of three categorizations: a) properties of the units b) properties of the relationship between the units, and c) properties of the knowledge. To define the properties of the MNC, eight theoretical aspects were chosen, which later proved to be suitable for the type of analysis: absorptive capacity, motivation, social interaction, organizational culture, trust, control and the two dimensions of knowledge (tacit and explicit).

Both theoretical and empirical insights prove that the lack of absorptive capacity in the MNC creates barriers for customer knowledge transfer, particularly between externalities and the organization, because messages from the customer may be filtered in a way that the prevailing operation model remains while messages for development are ignored. Thus, absorptive capacity creates obstacles for efficient customer knowledge transfer. However, the empirical data also revealed that the boundary-spinning individuals were able to enhance the absorptive capacity by being the connecting link between the cus-

tomers and the MNC units. Thus, the absorptive capacity enables the transfer of knowledge from one unit to other.

Consistent with prior studies, the results of this study support the positive role of social interactions as a facilitator of knowledge transfer. There was empirical evidence for the positive impact of interunit social interactions on tacit knowledge transfer. However, it was revealed that a suitable infrastructure was in need that would facilitate the codifying of tacit customer knowledge because social interactions were sometimes considered as unproductive and abundant.

With respect to cultural characteristics, the meaning of individualism and strong collegial groups was emphasized in this study. A high level of individualism in an organization and its negative influence on the transfer of customer knowledge was evident. Moreover, collegial groups created mutual practices on how to transfer knowledge inside the collegial groups, which proved to inhibit customer knowledge transfer between individuals, other groups and in the organizational level. Thus, support of empirical evidence was given for the assumption that individuals and collegial groups among the MNC cause obstacles in relation to customer knowledge transfer.

Thus, from the two previous properties it can be gathered that organizational culture inhibits customer knowledge transfer in the MNC. As suggested in the empirical evidence, to facilitate the previously mentioned problems, (CRM) IT system, or intranet for a systemic level knowledge codification could be created. However, one needs to be critical when it comes to IT systems since collaborative activities cannot happen by implementing the IT system alone, but rather organizational learning may be needed in order to form a cohesive organization that is able and motivated to use such systems.

MNC management may also influence customer knowledge transfer within the MNC by means of organizational mechanisms. Empirical support was found that MNC management through choices regarding organizational controls can encourage and enhance internal knowledge transfer. In particular, it was shown that by putting in place certain social mechanisms MNCs may increase the likelihood of customer knowledge transfer. However, organizational mechanisms can also have a negative impact on knowledge transfer; given the fact that it is a demanding and costly activity.

Based on empirical evidence, the aspect of trust was not statistically significant. A possible explanation may be that trust is generally perceived only a marginal risk when transferring and receiving knowledge in the MNC. Moreover, the necessity of knowledge transfer may lead to at least temporarily disregard trust concerns. However, the research supported that there was positive relationship between trust, communication and cooperation, which had a positive effect on customer knowledge transfer.

Another aspect of the potential knowledge transfer enablers and/or inhibitors was the nature of the knowledge in question: is it explicit or tacit? Explicit, codified knowledge is essentially more easily transferred than tacit, embedded knowledge. Both '*knowledge for the customer*', meaning expertise knowledge and '*knowledge from the customer*', meaning knowledge of customer characteristics and customer feedback, is by nature tacit in organizations. Thus, in its tacit form, a considerable amount of face-to-face interactions is needed in order to transfer it (Argote 1999). In addition, the complexity of that knowledge makes it more difficult to codify without losing its richness. Hence, all these characteristics pose challenges for customer knowledge transfer. The problem is that when the amount of social interactions is low, the transfer of tacit knowledge may easily be hampered. On the other hand, knowledge transfer in its explicit form is inhibited if the common systems do not support codification. However, as previously mentioned this does not necessarily mean the lack of the IT system itself, but usually the lack of willingness and motivation to use it. Based on the empirical evidence, the overall motivation of the employees was considered to have a positive effect on customer knowledge transfer, which was furthermore fuelled by communication and the intrinsic motivation of the employees.

Thus, the properties of the units, properties of the relationship of the units and the properties of the knowledge are also strongly interlinked. Regarding the context of the study, it is suggested that cultural and language differences should be taken into consideration in the choice and use of different transfer mechanism. As referred in the empirical analysis, organizations that are culturally open are likely to obtain higher returns for learning at any knowledge transfer investment, and are more effective in shifting behavior to exploit the novel understanding.

6.2 Managerial implications

Based on the previous literature, knowledge transfer is believed to be critical for the creation and renewal of competitive advantage of the firm. Hence, issues concerned with the

ability to transfer knowledge across borders within the MNC's network are of significant managerial relevance and importance. Gaining a good understanding of the properties influencing the process of knowledge transfer is strategically important for international management.

Looking at the organizational development towards facilitative conditions for knowledge transfer, basically the development strategies can be based on two ideas. Firstly, a firm can change the properties of the knowledge itself by developing systems to capture knowledge (e.g. CRM IT system) and practices supporting codification (e.g. incentive system motivating codification). Developing technological capabilities is strongly related to the previous, meaning the creation of knowledge bases and enabling applications to support the transfer of explicit knowledge. However, customer knowledge is often in its tacit form, thus making it difficult to codify. Thus, secondly, a firm can improve knowledge transfer by utilizing socializations mechanisms such as organizing international training programs, establishing international task forces and committees, and encouraging visits across MNC units, through which the units develop better relationships. With respect to creating relationships to obtain beneficial organizational outcomes such as smoother and efficient knowledge transfer, efforts at promoting mutual trust is important. Network relationships characterized by a high degree effect in terms of trust and mutual understanding and repeated social interactions are arguably better positioned to facilitate knowledge flows and generate relational benefits.

While the MNC's internal network provides a platform for facilitating flows of knowledge, the mere existence of such a network does not automatically result in knowledge transfer. The cooperative activities mentioned before enable in the creation of common understanding and transfer of especially tacit knowledge. The significance of cooperative activities is based on the idea that without field interaction no dialogue enabling knowledge transfer and capability development is possible. Thus, in addition to knowledge codifying facilitative infrastructure, cooperative working methods are necessary in order to guarantee knowledge flows.

One beneficial structure from the knowledge transfer point of view is client plans, which are accessible to the whole organization, and make the tacit, customer knowledge possessed by the experts explicit. This can help to create a common understanding of key customer relationships throughout the organization, including the management level. For the expert responsible for the process of writing a client plan is also beneficial because it

forces him/her clarify and update issues of the relations not only to him/herself but the audience as well.

From a management viewpoint, it is important to define responsibilities of knowledge transfer in order to make sure it happens. Defining the responsibilities of activities, and giving time is important but what is also important is the ability to retain the codified knowledge and put it into use in order to keep up the motivation for codification work. Unless they are unable to see the benefits of codification in customer cooperation, people will lose interest, particularly when among the experts this type of work is already considered time-consuming and dull. However, it should be noted that not everything is codified into explicit form.

On the level of the MNC, it is important that there is formal control and social control in place to promote and encourage knowledge transfer. Particularly in Asian business contexts, the relative difficulty of transferring knowledge underlines the need for cooperative activities. This enables the MNC units to improve their understanding of the knowledge residing in other units and customers, thus increasing the likelihood of knowledge transfer within the MNC.

6.3 Limitations of the study and suggestions for future research

Selecting the case study research design brings many limitations considering the statistical generalization of the results. However, by examining a case study, a wider understanding about the phenomenon may be gained with the help of analytical generalization. In future research, a multiple case study research including more MNC subsidiaries would enable the validation of the descriptions formed.

In addition, a further exploration into the properties that possibly enhance or inhibit the knowledge transfer processes in MNCs could provide more insight for the extensive future research into this important area. One interesting property arose during a conversation with the case company: the impact of financial compensation systems on MNC knowledge transfer. Further research on the properties such as absorptive capacity, motivation and social interaction would help shed further light on subsidiary knowledge transfer in MNCs. Such work would also contribute to the understanding of the concept of organizational culture of the MNC.

This study was conducted in the paper and board industry, which provided rich data for the examination of customer knowledge transfer processes in the context of the MNC. However, because of the general limitations of the study, the informants selected were mainly sales people and engineers. Studying another industry, such as consumer goods industry, might give further understanding of customer knowledge transfer, since the customer contact has traditionally been organized around account managers and account teams.

As mentioned previously, this study is context-bound. Thus, the analytical generalization of the results is only prevalent in the specific context of the MNC. In future research, it would be interesting to see how this same phenomenon of customer knowledge transfer and the related knowledge transfer enablers and inhibitors could be described in other industries. It would be interesting to know what type of challenges are prevalent in other contexts, for example how the context influences the knowledge transfer capability development of an organization.

Lastly, it is important also to understand how knowledge has been effectively or successfully transferred. Although some exceptions exist, which focus on the outcome of knowledge transfer, however the emphasis is often on the properties determining transfer success rather than on indications of successful transfer. Future research could examine how knowledge transfer has over time resulted in desirable outcomes.

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APPENDICES

Appendix 1: Message to the Interviewees

Dear Recipients,

A Master's thesis study on customer knowledge transfer in multinational corporations (MNCs) is being conducted at Packorr, more particularly to the newly formed containerboard business evolved in the division. To learn from customer knowledge transfer processes currently implemented in Packorr and what should be used in the future, a questionnaire is going to be conducted by our summer trainee Emmi Kytösalmi.

Ms. Kytösalmi is a Master's student in Lappeenranta University of Technology, studying International Marketing Management in the Department of Business Administration and Economics. Before starting to work as a supply chain coordinator, she conducted market mapping on corrugators. The interviews will take approximately one hour and will be conducted in person or via Lync during July and August. The aim is to identify the current enabling and inhibiting factors affecting customer knowledge transfer in Packorr and to recommend further improvements to the internal processes keeping an eye the newly formed containerboard business. Ms. Kytösalmi will contact you each individually to mark the day for the interview.

Appendix 2: Interview Guide

Scheduling the Interview:

- When setting up the interviews, the interviewees are explained that they are interviewed as a part of a Master's thesis study on customer knowledge transfer in multinational corporations, which is being conducted to Packorr
- Interviews are designed to take approximately one hour. Interviewees are asked to reserve one hour for the interview
- Interviews held in person are kept in a place where there is no disturbance in the middle of the interview e.g. a private room.
- Interviews via Lync are held in a private room to avoid noise impediment in the middle of the interview (interviews are recorded with iPhone via Jabra speakerphone)
- Interviews' timetables and locations are prescheduled according to the interviewees' criteria in Office Outlook

During the Interview:

- In the beginning, the interviewees are explained again that the interview is done as a part of a Master's thesis study on customer knowledge transfer in multinational corporations, which is being conducted to Packorr. Moreover, they are informed that the purpose is to identify the current enabling and inhibiting factors affecting customer knowledge transfer in Packorr and to recommend further improvements to the internal processes keeping an eye the newly formed containerboard business.
- In the beginning, the interviewees are informed about the anonymity and confidentiality of the research as well as the fact that the interview is being recorded. They are told that the supervisors in Packorr will in the end decide what ends up
- Interviews are held both in Finnish and in English depending on the interviewees native language and preference
- Interviews are semi-structured. The purpose is to start with the introductory questions and then proceed to the next questions. Answers for all the interview questions are needed, but the order of the questions being asked is free.
- Questions do not need to be asked word to word, as long as the interviewee understands the point. If s/he does not, the interviewer will explain the question better.

(continued)

- The tone of the interview is conversational. This means that the interviewer follows the conversation and where the interviewee takes it. If the interviewee starts talking about an issue that would have been later in the questions, the interviewer jumps there. If the answer to a question comes unprompted, the question does not need to be asked.
- Interviewer can prompt the interviewee to tell more, specify what s/he means and elaborate the issue discussed. Moreover, the interviewer can ask about the importance of the issue mentioned.
- Interviewer can help the interviewee get started by explaining the interview questions better e.g. defining a concept being asked.
- If the interviewee starts talking about an unrelated issue, the interviewer will discuss this issue as long as needed but tries to get the interviewee to focus on the topic again by asking a new question after a while.
- Interviews are recorder with an iPhone recorder.
- Moreover, in the end the interviewees are informed that they have an access to read the Master's thesis when it is ready.

After the interviews:

- Interviews are transcribed into text files. The unrelated discussions are left out from these files.

Appendix 3: Interview Questions in English

Background information

1. What is your education?
2. How long have you been employed by the company and in what positions?
3. What is your position now and what duties does it include?

Customer knowledge transfer in the company

4. What kind of customer knowledge is transferred?
 - In what kind of situations is customer knowledge transferred
 - Through which channels does customer knowledge transfer
5. To which direction does customer knowledge of transfer?
 - Is there more knowledge flow from customers/sales offices to mills or vice versa
6. Is knowledge transfer always/generally successful?
 - In what kind of situations does it succeed/fails
7. Does he/she influence the transfer customer knowledge?
 - If he does not influence, why not
8. How transferred customer knowledge is used to company's benefit?
9. How does multicultural factors influence transfer of customer knowledge (language, culture, communication)?
 - In what situations do they enhance/inhibit knowledge transfer

Critical factors influencing customer knowledge transfer

10. In what ways do you find it easy/difficult to acquire customer knowledge
 - How easy is it to benefit from it
11. How does motivation influence customer knowledge transfer
12. How does social interaction influence customer knowledge transfer
13. What kind of collaboration methods exist in your workplace
 - How does collaboration influence customer knowledge transfer
14. How does trust influence customer knowledge transfer
15. What kind of control mechanisms exist in your workplace
 - How do these control mechanisms influence customer knowledge transfer
16. How does silent knowledge influence customer knowledge transfer

(continued)

(Appendix 3 continued)

17. How does documented knowledge influence customer knowledge transfer

18. In your opinion, from these what affects most to successful customer knowledge transfer

Appendix 4: Interview Questions in Finnish

Taustatieto

1. Koulutus, ikä
2. Kuinka kauan ollut yrityksessä töissä, työhistoria
3. Työnkuva ja siihen kuuluvat vastualueet

Asiakastiedon siirto yrityksessä

4. Minkälaista asiakastietoa siirtyy
 - Minkälaisissa tilanteissa asiakastietoa siirtyy
 - Mitä kanavia kautta asiakastietoa siirtyy
5. Mihin suuntaa asiakastieto siirtyy
 - Siirtyykö asiakastietoa myyntikonttoreilta tehtaalle vai toisinpäin
6. Onko asiakastiedon siirtyminen aina/yleisesti onnistunutta
 - Missä tilanteissa asiakastiedon siirtyminen onnistuu/epäonnistuu
7. Miten vaikutat asiakastiedon siirtoon
 - Jos et vaikuta, niin miksi
8. Miten asiakastietoa hyödynnetään yrityksen tarpeisiin
9. Miten kansainväliset tekijät vaikuttavat mielestäsi asiakastiedonsiirtoon (kieli, kulttuuri, viestintä yms.)
 - Minkälaisissa tilanteissa ne estävät/edistävät asiakastiedonsiirtoa

Asiakastiedon siirtoon vaikuttavat kriittiset tekijät

10. Onko asiakastiedonsaanti missä määrin helppoa/vaikeaa
 - Onko sitä helppo hyödyntää
11. Miten työntekijöiden motivaatio vaikuttaa asiakastiedonsiirtoon
12. Miten jatkuva yhteydenpito vaikuttaa asiakastiedonsiirtoon
13. Minkälaisia yhteistyötapametoja työpaikallasi on
 - Miten yhteistyö vaikuttaa asiakastiedonsiirtoon
14. Miten luottamus työkavereihin vaikuttaa asiakastiedonsiirtoon
15. Mitä kontrollimekanismeja esiintyy työpaikallasi
 - Miten kontrollimekanismit vaikuttavat tiedonsiirtoon
16. Miten hiljainen tieto vaikuttaa asiakastiedonsiirtoon

(continued)

(Appendix 4 continued)

17. Miten dokumentoitu tieto vaikuttaa tiedonsiirtoon

18. Mikä näistä tekijöistä mielestäsi vaikuttaa onnistuneeseen asiakastiedonsiirtoon