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Titel
Title

From Knowledge Transfer to Knowledge Translation
Case Study of a Telecom Consultancy

Författare
Author

Aidyn Abjanbekov & Ana Elena Alvarez Padilla

Sammanfattning
Abstract
Background: In today's highly competitive business environment, knowledge is viewed as a key strategic resource. The privatization process of telecom operators in different countries created a demand in telecom management skills, and Swedish companies like Swedtel AB became involved in exporting and transferring their knowledge and management skills.

Purpose: The purpose of this thesis paper is to identify all stages (from origins to final destination) of the Knowledge Transfer process and to contribute to the understanding about the mechanism of Knowledge Transfer between organizations.

Scope: This research is limited to the investigation of the transfer process of strategic management knowledge from consulting company Swedtel AB to privatized telecom companies in Lithuania (Lietuvos Telekomas) and Nicaragua (Enitel).

Results: Theoretical model of Knowledge Transfer was identified and tested. The model of this research was only partially supported: processes were identified in practice as described by the theory, however model required modifications in order to better reflect the reality.

Nyckelord
Keywords:
Knowledge Transfer, Knowledge Translation, Telecom, Swedtel, Lietuvos Telekomas, Enitel.

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Aidyn Abjanbekov
Ana Elena Alvarez Padilla

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1. INTRODUCTION

1.1 Background

According to the Economist magazine (October 11^{th}-17^{th}, 2003) international telecommunications began in 1801, when the first link was established between the optical telegraph systems of Sweden and Denmark. Both networks consisted of lines of towers, each with set of movable panels on top. By replicating the configuration of panels at the next tower along the line, it was possible to transmit messages over great distances with unprecedented speed. When Admiral Nelson attacked Copenhagen on April 2^{nd} 1801, the news was transmitted to Sweden using the first ever network-to-network (or "internet") protocol (The Economist, October 11, 2003). In the 21-century, panels and flagpoles have been replaced by an international web of fiber-optic links, undersea cables, powerful routing and switching computers, mobile-phone base-stations and huge amounts of telephones, computers and other devices, both wired and wireless.

Sweden has become world's leading nation in telecom industry with trend setting technology, management models, and highest rates of fixed lines penetration and Internet users. The 2003 "e-readiness" ranking list recently published by Britain's Economist Intelligence Unit (EIU) firmly puts Sweden as #1 among the world's 60 largest economies. The EIU ranking is based on a wide range of factors, including the quality of IT structure, the ambition of government initiatives and the degree to which Internet is creating real commercial benefits. Scandinavia has the highest telecom density in the world. According to EIU Scandinavia ranks high in the development of new services due to a very early commercial launch of services and exponential penetration growth rate.

The findings of EIU are well in line with the evaluation presented in an OECD report by Forrester Research and IDC in the year of 2002. The report, also placing Sweden as #1, takes a different set of criteria into account, including high penetration of PCs, Internet and cellular phones, fast broadband, acceptance of new technology, and well developed competition in the telecoms sector.

Such a success in our view requires not only technological innovation, but also special management skills and knowledge. Sweden has long international telecom history and proved to have successful models of telecom management. The privatization process of telecom operators in different countries created a demand in telecom management skills and Swedish companies became involved in exporting, selling and transferring their experience and management skills to different regions of the world. Being international students in Sweden at Linkoping university's Master of Business Administration program, we became deeply interested in researching the transfer of knowledge in telecom industry because of the above mentioned facts. Originally Swedish telecom consulting company was chosen for the case study as a most appropriate knowledge-based firm, which is engaged in exporting Swedish style management know-how to countries in different parts of the world.

1.1.1 "Swedtel" and Privatization of Telecoms

In 1980s governments have progressively reduced their involvement in service provision by increasing private sector involvement. Privatization has gradually taken on global dimensions. It has been estimated that during 1984-1995, global infrastructure privatization projects averaged about $60 billions in annual value (So and Shin, 1995); and during the 1995-2000 privatizations took place in more than 100 countries and raise over $200 billions (*The Economist*, 1998a). The main types of enterprises privatized are in the area of power generation, telecommunications, water provision and transport services, with significantly higher private sector involvement in the first two (PriceWaterhouse, 1996).

Privatization in broad terms involves the transfer of ownership and/ or control of state-owned organizations to private investors. More specifically, privatization can take several forms: it can be complete or partial, in terms of the amount of equity sold to private investors; it can be full or selective in terms of which parts of the state enterprise are sold; it can involve liberalization, where competitive climate and market sources are promoted in place of the previous monopolistic or oligopolistic climate; and last, it may or may not involve transfer of ownership, where the latter can be achieved through methods such as leasing of state facilities for a fee, bringing in external management, or contracting out the provision of a particular service (Heracleous, 1999). This wave of privatization has been brought on by several factors, but a primary factor is the generally disappointing performance of state-owned enterprises in terms of efficiency and profitability. Developing countries have relied more on state-owned enterprises than developed ones, and in many cases state-owned enterprises became a heavy burden on state (Kikeri et al., 1994). While there are critics of the general idea of uncritically applying management principles and techniques to the public sector (Mintzberg, 1996; *The Economist,* 1996), there is now considerable body of evidence attesting to the effectiveness of privatization and deregulation in improving the performance of state-owned telecommunication enterprises.

In our view, Knowledge Transfer is the instrumental concept in transforming and ensuring the effective turn-around of State Owned Telecom Operator into a successful market-oriented company with efficient management. In our research we chose "Swedtel" - telecom consulting company, which acquired/ privatized number of telecom companies in different countries and transformed them from state-owned enterprises into a customer driven, market-oriented and technologically advanced telecom operator. Swedtel's core business and main expertise is in the start-up and transformation/ corporate development of telecom operators. This process includes the formulating of strategies, the creation of steering models and production/ operation. Swedtel has played a key role in managing the corporate development of Telia's worldwide assets. The corporate development of companies acquired by Swedtel has been achieved by empowering its management and staff with new knowledge, perspectives and procedures. Swedtel provides management resources, consultants and training to develop successful long-term strategies and daily operating procedures for the acquired entities. As company employees state, transfer of knowledge from Swedtel to acquired units increases efficiency.

1.1.2 Knowledge Transfer

Over the past few years there has been an upsurge in interest among scholars on the importance of knowledge management/ transfer in firms. An argument usually put forward is that we have gone from an industrial age in which most important resource was capital, into an age in which the most critical resource is knowledge. In today's highly competitive business environment, knowledge is viewed as a key strategic resource (Doz 1996; Garvin 1993; Grant 1996; Hamel 1991; Inkpen and Dinur 1998; Inkpen and Li 1999; Moorman and Miner 1997; Nonaka 1994; Simonin 1999). Increasingly, the use and transfer of knowledge is seen as a basis for attaining competitive advantage. Grant (1996) argues that transferability of knowledge have been linked to improved manufacturing productivity (Eppel, Argote, and Devadas 1991), alliance efficiency and adaptability (Doz 1996; Lin and Germain 1999), supporting international expansion strategies (Barkema, Bell, and Pennings 1996), and developing a sustainable competitive advantage (Quinn 1992).

Companies nowadays strive to establish and maintain competitive advantage, successful strategy, effective management and efficient use of resources - and *Knowledge Transfer* represents a mean of doing so. As more and more firms gain access to the same technology, the driving force behind successful companies and competitive advantage is more likely to move from technology itself (Davenport and Prusak, 1998), and focus on development of knowledgeable people. While the focus on technology is important, Davenport and Prusak (1998) argue, that in today's global economy, knowledge and skills are being considered as the most strategic resource for building and sustaining competitive advantage and in this sense are integral to business success. Organizations are increasingly competing on the basis of their knowledge and expertise as technology can be replicated fairly quickly (Davenport and Prusak, 1998). Some scholars maintain the idea that most successful companies today can be considered "intelligent enterprises" because they transform intellectual assets from human input into product and service outputs. Moreover some would state that employee knowledge is really what helps distinguish a firm from its competitors. Used via Porter's strategies, it determines a firm's competitive edge. In both service and manufacturing industries, most of the processes that contribute value to these outputs develop from knowledge-based activities, especially *Knowledge Transfer*.

Although *Knowledge Transfer* is necessary in all organizations, it is especially critical for the functioning of a telecom companies, because knowledge is a cornerstone of the successful strategy building in a long-term perspective in transforming poorly performing state-owned operator into successful company in a liberalized and de-regulated industry with tense competition.

1.2 Problem Discussion

Through out last decade we saw number of national telecom companies being privatized. This wave of privatization has been brought on by several factors, but a primary is the generally disappointing performance of state-owned enterprises (SOE) in telecom sector. Developing countries have relied more on SOE than developed ones, and in many cases SOEs became a heavy fiscal burden on the state. Swedtel has an extensive experience of acquiring (on behalf of a third-party) and transforming state-owned telecom companies into a successful, customer driven, market-oriented and technologically advanced telecom operators. While there are critics of the general idea of uncritically applying management principles and techniques to the public sector, there is now a considerable body of evidence attesting to the effectiveness of privatization and deregulation in improving the performance of state-owned telecom companies. Historically, state-owned telecom companies were operating in a slow motion, monopolistic and protectionist environment. To become effective competitors today major changes are required after acquisition, but difficult to achieve. Drucker claims that managing knowledge is the only way to achieve sustainable competitive advantage in today's business environment (Drucker, 1969, 2001).

From our perspective that we take in this paper, major tool in attaining successful strategy and transforming management, for the companies acquired by Swedtel (or by Swedtel clients), is *knowledge transfer*. Such know-how transfer covers a broad range, for example HR management, marketing and sales techniques, analyzing product cost and determining price, identifying customer preferences, increasing customer loyalty, developing advertising strategies, etc. However, as an initial study of the subject, in this research we would like to confine ourselves to transfer of basic strategic management knowledge know-how: strategic management expertise, a specific type of non-technological know-how, mission, goals, objectives, strategy formulations, strategy implementations.

At first sight the notion of knowledge as a source of competitive advantage and efficient management appears obvious and one wonders why it took managers so long to appreciate this fact. Closer examination reveals however that capitalizing on the insight that it is about knowledge is not an easy task. The academic literature is full of advice and descriptions of the advantages to be gained from emphasizing knowledge transfer while practitioners' reflect their excitement and frustration in outlining actual knowledge transfer processes (Hellstrom *et al.*, 2000). We do not fully understand how businesses can successfully implement knowledge transfer. Companies that do master the challenges associated with creating, sharing, and utilizing critical knowledge stand to achieve important competitive gains.

1.3 Purpose

Organizations through out the world engage in knowledge transfer in all its activities. Models have been developed to examine knowledge transfer, giving insights into parts of the process, or in specific contexts. What is lacking is a holistic understanding, tracing the elements of the knowledge transfer process from origin to final destination. Our aim in this research is to examine the complete pattern of knowledge transfer.

This research is an interpretative case study, the chief objective of which is *to identify all stages (from origins to final destination) of knowledge transfer process and to contribute to improvement of understanding about the issue of successful Knowledge Transfer between organizations in the context of privatized telecom companies*. This is achieved by addressing the strategic management *knowledge transfer* process in international acquisition as a struggle for transforming previously state-owned company with poor performance into a successful business. The question we are aiming to answer in this research is: *what mechanisms of knowledge transfer exist in theory and practice, and how complete knowledge transfer process could be described?* We will provide theoretical support in outlining complete knowledge transfer processes and test *knowledge transfer* theory on practice of knowledge transfer from Swedtel to its Client Companies (LT and Enitel).

1.4 Scope

Due to a time frame, our research is limited to two projects of consulting company Swedtel AB related to the privatization of national telecom companies in Lithuania (Lietuvos Telekomas) and Nicaragua (Enitel).

We limit ourselves to investigating the transfer process of modern business practice/ strategic management knowledge (non-technical skills) in telecom industry. The transfer of *strategic management knowledge* can be addressed in terms of *why* it was transferred, *how* it was transferred, *who* transferred it and *what* was transferred. This study is limited to the question of *how* it was transferred (routines, processes, methods).

Another practical limitation was the fact that Enitel staff in Nicaragua was restricted from sharing any kind of corporate information due to the acquisition process through which Enitel was going during the research.

The process of accumulating knowledge by Swedtel is not studied within this investigation. The research area of this paper is limited to the transfer process of existing management knowledge, possessed by Swedtel, to telecom operators in Lithuania and Nicaragua.

2. METHODOLOGY

This part of the thesis aims to guide the reader into the methodology process applied on this investigation, with the intention of gaining his or her understanding for each fraction of the research and information follow-up till the conclusions of this paper. In this chapter research methods used by authors are identified, described and the reasons for the choices are explained. In addition, the major steps undertaken during the research are outlined.

2.1 Research position

As it is mentioned before the goal of this research is to interpret the practiced models of Knowledge Transfer (KT) in comparison with the theoretical methods/models in the same matter in a Swedish telecom consultancy firm, Swedtel. A research position is based on the way the writer approaches his or her findings, a positivism or hermeneutics approach. Rather than positivistic, the nature of this research is merely *hermeneutic*, due to its practice data collection and embedding to the existing theories without neglecting the reliability and validation of the information analyzed and developed within this research. The positivistic one is focused on objective and quantifiable information based on experimentation and scientific findings. The hermeneutic one is oriented in a lived experience process with qualitative data (Merriam, 1998). In accordance with the purpose of this thesis, it is imperative to deepen into the hermeneutic concept and its implications and delimitations.

Glasser and Strauss (1967) draw clear distinction between theory generation and theory testing. In line with this distinction, Hunt (1983) argues, that the unconscious inability to distinguish between research designed to generate theories and that intended to test theories as a basic reason for academic disputes on the quality of scientific reports. Glasser and Strauss describe theory generation as the attempt to find new ways of approaching reality, the need to be creative and receptive in order to improve one's understanding. This contrasts with testing and refinement of existing theories and models, which is the primary concern of mainstream researchers (Glasser and Strauss, 1967). In accordance with Glasser's and Strauss's arguments, we take a theory testing approach in knowledge transfer process investigation.

Interpretation resides on the reality of the author and it can be subjective when it comes to lived experience (Geanellos, 2000) or day-by-day operations within an organization, in the case of this thesis' topic. Ricoeur (1974) mentions four concepts that help the researcher to remove any personal intent in order to objectify the text, which is useful to this research due to the character of the empirical findings. The first is *distanciation*, which objectifies the text by freeing it form the author's intentions and giving it a life of its own; *appropriation* is when the interpreter, or in this case the authors of this thesis, makes the text own. In other words, is to appropriate the meaning and to unlearn or modify past information. The act of interpretation requires two phases, one naive/shallow and the other deep/enlarged, explanation and understanding respectively. *Explanation* refers to what the data says, whereas *understanding* is related with what the text talks about. In both levels of interpretation the researcher goes beyond what is expressed to the unexpressed in the information collected. It exist a concept called hermeneutic circle, which can be describe as "the process of interpreting parts of the [information] in relation to the whole, and the whole of the [information] in relation to its parts" (Geanellos, 2000, p.116).

Despite the complexity of our hermeneutic circled research, this investigation tends to guide the reader from a real case study through a theoretical assessment of KT models, and return the reader's attention back to the practice with the isolated purpose of knowing the existing relation (if there is so) between these two parts (See figure no. 2.1). First, Swedtel's tools used in the knowledge transfer process are collected from Swedtel; afterwards, these methods are compared to a specific KT theory that includes the same concepts and purpose. Then, we come back to the cases (Lithuania and Nicaragua) in order to find not only the similarities and differences between them (as a whole) and the theoretical background, but also to find the modifications applied for each particular region in comparison with the original Swedtel's KT tools. Finally, a last confirmation (or deny) will be assessed with the theory in order to conclude this paper in a valid and reliable manner.

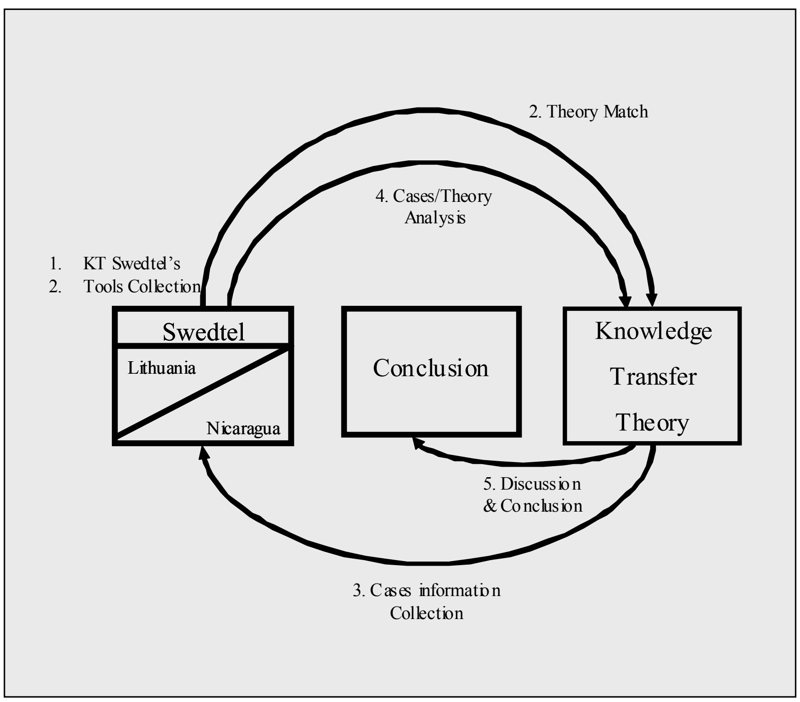

Figure 2.1 The hermeneutic circle of this research.
Source: Own

This fore mentioned methodology mainly describes the research position; furthermore this thesis' nature lies on meaning interpretation using a middle point between deduction and induction; giving as a result an objectified *abductive* process of interpretation between theory and practice. Deduction is based on credible assumptions –past knowledge, and a known fact –collected information, and its analysis draws evident conclusions (Heffernan, *et. al.*, 2001). Whereas, Inductive process emerges from lived experience inside the research (Patton, 1987), which subjectivity (despite how valid or reliable the results are) draws probable conclusions (Heffernan, *et. al.*, 2001). In this research the inductive data collection was done primary with Swedtel's own models and practices; subsequently the deductive approach arises when a theoretical background was found within the wide Knowledge Transfer existed writings in order to have an equal basis for comparison with the empirical findings. However, the main task is to keep a balance between the above mentioned analysis process, where abductive thinking rises.

2.1.1 Holism vs. Reductionism

An important advantage with case study research is the opportunity for holistic view of a process (Valdelin, 1974), and in case of this research – holistic view of the knowledge transfer process:

"The detailed observations entailed in the case study method enable us to study many different aspects, examine them in relation to each other, view the process within its total environment and also utilize the researcher's capacity for 'Verstehen' (understanding). Consequently, case study research provides us with a greater opportunity than other available methods to obtain a holistic view of a specific research project" (Valdelin, 1974, p. 47).

Holism maybe viewed as the opposite of reductionism (Capra, 1982). The latter consist of breaking down the object of study into small, well-defined parts. According to Gummesson (1991), this approach goes way back to the seventeenth century and the view of Descartes and Newton that the whole is the sum of its parts. This leads to a large number of fragmented, well-defined studies of parts in the belief that they can be fitted together to form a whole picture. According to the holistic view, however, the whole is not identical with the sum of its parts (Gummesson, 1991). Consequently the whole can be understood only by treating it as the central object of study. In this context, authors of this thesis paper hold the view that the case research seeks to obtain a holistic view of a specific phenomenon or series of events (strategic management knowledge transfer).

2.1.2 Research Type

The research type depends on the information analyzed in each investigation. In this case the *qualitative research* resembles more to the data aimed to be collected during this investigation. However, "Quality researchers may, of course, report numerical findings to support these arguments, but they are chiefly concerned with illustrating the richness and expressiveness of social interaction as it occurs within specific contexts" (Cuba and Cocking, 1994, p. 93); therefore some quantitative information will be used in order to confirm the performance of the company's operations and results. Qualitative and quantitative information provide a different approach to each research, they vary in validity and reliability, content and characteristics of information involved, obtained results, type of analysis required and sources. For instance, in the one hand, reliability and validity of qualitative data lie on the perception, cleverness for asking the right questions, and integrity of the researcher. This type of research requires a balance between objectivity and personal interpretation, discipline and most of all, knowledge (Patton, 1990). In the other hand, quantitative reliability and validity depend on the instrument used to measure the information in order to obtain the exact result the participant is aiming to obtain. For these reasons, the qualitative researcher becomes the instrument of this analysis and measurement, which automatically transfers him or her more freedom and responsibility within the operation.

2.2 Research Design

The design of a research has to be carefully selected to facilitate the data collection, its analysis and presentation to the reader in order he or she better understands its purpose and contribution. According to Gummesson (1991), the methods used by traditional researches are discussed in a number of standard textbooks that are widely used in social and behavioral science teaching. Gummesson writes that in order to gather information, the researcher is advised to do desk research and carry out field studies with the aid of survey techniques – questionnaires and interviews – and systematic observations. In certain cases, the researcher may also carry out experiments. Authors of this thesis paper agree with Gummesson in his view, that above-mentioned methods can only be used to complement the analysis of processes within a company. If each method is used on its own, processes of decision making, implementation, and change will tend to be examined in a far too fragmented and mechanistic manner, which will scarcely inform the reader and indeed may lead to misunderstandings. These methods may be used to analyze well-structured fragments of problems – but strategic changes or reorganizations, which come with knowledge (strategic management knowledge) transfer, do not fall into this category. Among the methods available to the traditional researcher, qualitative (informal) interviews and observation provide the best opportunity for the study of processes (Gummesson, 1991). In Gummesson's view, case research is a useful strategy for studying processes in companies. The research problem of this thesis lies within the management knowledge transfer process, the investigated topic is a contemporary issue, the relevant behaviors can not be manipulated, and the research questions are more of 'how' nature - for this matters a case study is considered as the design that best suits to this investigation.

Case study has various definitions, but one that fits in this paper is by Mitchell (1983), who defines case study as a detailed examination of an event (or a series of related events) which the analyst believes exhibits (or exhibit) the operation of some identified general theoretical principle. Case study is a phenomenological method. Case study aims to get a deeper knowledge about the object of study using both quantitative and qualitative data. Case study serves explanatory, and exploratory purposes, it is useful in finding answers to "how" and "why" questions.

Case studies are often criticized for their generalizability, often because of sample size concerns. Yin (1994) answers these criticisms by showing case studies as incomparable to other research methods in regard of sample size concerns. Yin argues that incorrect terminology such as “small sample” can not be used to criticize case studies, because such criticism would assume as if “a single case study was a single respondent”, and sample of cases has been drawn from a larger universe of cases. In case studies a system of interactions of people, events etc. are studied in depth to highlight, study or find a pattern, which is from theory, or believed to exist in practice. The purpose is to define, explain, highlight etc, not to predict. Hence, sampling procedure in case studies does not need to follow sample size rules for its generalizability (Yin, 1994). Therefore, we consider that our research design, a case study does not rely on the sample size, one company, Swedtel, but in the quality and depth of the investigation itself.

Case studies have the freedom to adapt or use several disciplinary perspectives such as theories, models, concepts, methods, etc., which enrich and confirm their content (Alvesson, 2000). A case study has as main intention to deepen on a particular situation (Merriam, 1998) or individual/organization, time and location (Miles and Huberman, 1994). There are some differences in the scope on case study definition, for instance Merriam (1998) mentions that it is an investigation with blurry limits between the object of study and its context; however, Miles and Huberman (1994) delimitate the concept to several layers of boundaries between the purpose and the environment, but most of all, they show graphically the scope of the Case of study in the figure no. 2.2.

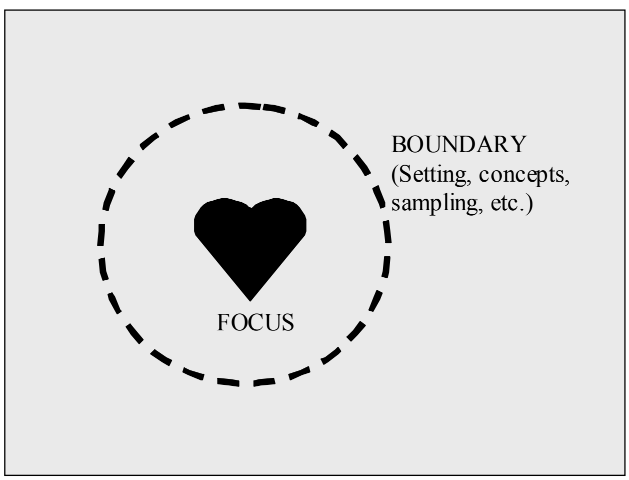

Figure 2.2 The Case as the Unit of Analysis
Source: Miles and Huberman, 1994.

This graphic provides certain levels or divisions for delimitation of the object or purpose in this thesis as a temporal, geographical, social, economical, etc. stage or level. In that matter, this thesis has several elements that delimit the investigation (See figure 2.3).

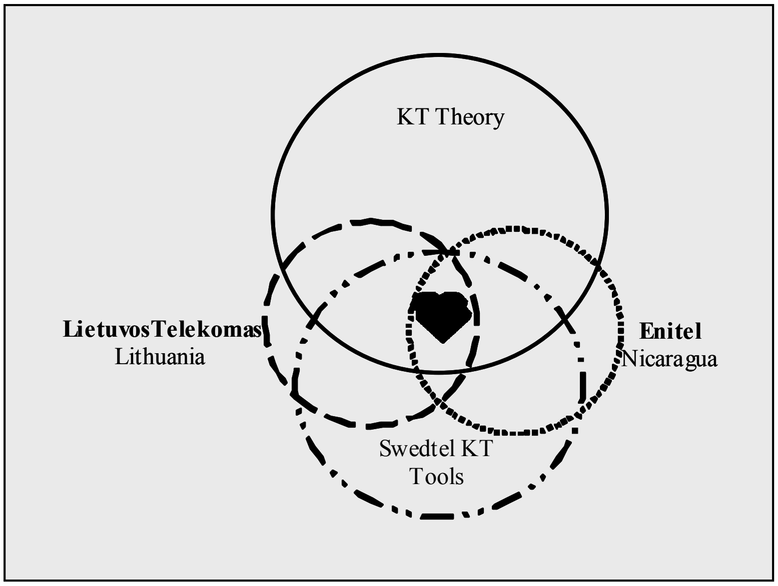

Figure 2.3 Boundaries of this thesis' case study.
Source: Own

The intended scenario for this research is shown in figure 2.3. The main reason is because the purpose of this research aims to demonstrate a relation between the existing KT Theory and the practice by two real cases in Swedtel, Enitel in Nicaragua and Lietuvos Telekomas in Lithuania. However, during this research we will guide the reader through the most exact description of these elements interaction. A *case study* is considered as the best means to illustrate this hermeneutic link between each part of our research due to the fact that it provides reliable information from a Swedish Telecom Consultancy in two geographical regions of our personal interest; and also because narrow time-frame reduces our investigation to a narrow and delimitated comparison between existing KT theories and punctual empirical data collection in Nicaragua and Lithuania.

According to Merriam (1998), there are three types of case study, descriptive, evaluative and interpretative. A *descriptive* case study deeply details a phenomenon without making assumptions, opinions or additional contributions to the nature of the object studied. *Evaluative* case studies entail a description of the situation, knowledge enlightenment and an assumption over the collected facts about the phenomenon assessed. Finally, an *interpretative* case study in the one that includes a vast description about the subject, but also it creates a link between the observed facts/collected material and the meaning or intention within these elements. This latter is used in this thesis because it best reflects the intention of the researchers. However, it is imperative to clarify the fact that interpretation does not mean summarizing. The first one engages objectification, data analysis, but most of all, understanding of the facts and development of new theory; contrary to this, summarizing just represents the most important or influential facts on the investigation, but it does not provide an assessment of the information (Heffernan, *et. al.*, 2001). Withstanding, the research's aim of extracting an underlying, rather than apparent aspects of phenomena studied, an interpretive approach is apparently suitable. Guidelines of this research could be summarized as following: (1) Focus on perceptions and interpretations; (2) Flexible and sensitive approach to data collection; (3) Emphasis on complexity, detail and context; (4) Aim at finding the optimum balance in the interaction of theory and empirical data for maximum understanding; (5) Theory testing.

2.3 Data Collection

Most common data collection methods in case analysis are documentary analysis, interviews and observations (Yin, 1994). According to Hussey & Hussey (1997) depending on the problem of study, researchers can use just one type of data or just one collection method, but very often it is appropriate to use more than one type of data or data collection method. Most of investigations use both kinds of sources of information, primary and secondary. This enriches its content, depending of course on the reliability of the sources; due to the different data you can collect from each one and the purpose as well.

Primary research includes firsthand observation and investigation (Gibaldi, 1999), like interviews, surveys, laboratory experiments, statistical data, historical documents, etc. *Secondary* data are the ones which are an evaluation done by other authors in the same subject as the studied in the paper (Gibaldi, 1999), such as research articles, scientific debates, essays, historical events, books, etc. It is duty of the researches to clarify the difference between books as primary source and secondary source. If this thesis would have Paul Ricoeur as main topic, his book *The Conflict of Interpretations: Essays in Hermeneutics* (Ricoeur, 1974) would be a primary source and Geaneallos' article "Exploring Ricoeur's hermeneutic theory of interpretation as a method of analyzing research texts" (Geanellos, 2000) would be a secondary source.

In this thesis we will use primary and secondary sources, the first ones refer to the main part of the empirical part and the latter to the theoretical and a minor research within the empirical part as well. Data were collected by multiple methods in order to triangulate the results. The multiple methods consisted of interviews, and collection of company documents. At first, documents were provided by Swedtel – hard or electronic copies of training concepts, company reports, due diligence reports; by company website, or e-mail communication. The second involves research articles, books, previous research on the subject as well as telecom industry related news in printed magazines (periodicals) and websites. In addition, in order to understand the subject better, qualitative structured in-depth personal and phone interviews will be conducted with the staff of Swedtel's headquarters as well as with the local staff of privatized companies (in Lithuania and Nicaragua). Interviews will be governed by conceptual model, interview guide (see Appendix 1), developed by the authors of this research. Authors will listen attentively and try to obtain the reactions of interviewees by means of comparatively short questions or statements.

2.4 Practical Procedures

2.4.1 Selection of a company

Sweden is considered to be the leading country in telephone density as well as the USA. Moreover, international agencies, such as the OECD ranked Sweden as the top ranking country in high penetration of personal computers, Internet, mobile phones, fast broadband growth, acceptance of new technology and services and well-developed competition. These facts made it attractive for us to study the export of telecom management skills from Sweden to other parts of the world. Although knowledge transfer is necessary for all organizations, it is especially critical for the functioning of a telecom management consultancy firm, because knowledge is the cornerstone of the services and success such a firm offers its clients. In discussing knowledge transfer we shall offer a case example of a consulting firm that relies on Knowledge Transfer as an integral part of its functioning. Swedtel AB represented a perfect case since it has a long history of sharing telecom know-how with its clients around the world.

We identified strategic management knowledge transfer as a major tool of Swedtel AB in order to build or transform telecom companies into successful organizations on a competitive market. Swedtel has been transferring management skills for more than 35 years and has been very successful in delivering promises and reaching business objectives. The business idea of Swedtel and its practices has impressed us as researchers. Moreover, Swedtel as many Swedish companies, was very open to us and assisted our investigation by providing great amount of invaluable information, which is very uncommon practice in our home-countries (Kyrgyz Republic and Mexico). In this investigation we take Swedtel's perspective, however, we must mention that we are aware of our position as authors of this thesis paper, and the strict relation with this company as a research entity does not effect our objectivity.

Number of previous research papers related to knowledge transfer and telecom industry was reviewed. This helped in adjusting the direction of the research and provided some insight on knowledge transfer concept from different perspectives. After the Company selection, we reviewed several previous research papers and dissertations related to our research topic and the company (Swedtel). In particular the Master Thesis paper in Business Administration represented special interest: "From Bodies and Brains to Routines, Culture and Codes: Knowledge Transfer within the Consultancy Firm" by Charlotta Stalberg and Marie Svensson (LiU, 1997). Charlota Stalberg and Marie Svensson carried out the study of knowledge transfer process within Swedtel. We gained understanding of some concepts of knowledge transfer process, however, the research results carried out by Stalberg and Svensson in 1997 could not be fully used as secondary data source in present research, due to the fact that Swedtel company has changed owners, concepts and practices since 1997 (as we have discovered).

Enitel and Lietuvos Telekomas

One of the main reasons we selected Swedtel as the research company where we wanted to address our investigation was the fact that this company works in the geographical regions where our home countries belong, Latin America and Eastern Europe. Our cultural background, as well as our first-languages, and the relation with our thesis topic were the main factors we considered in order to select the cases within Swedtel's vast outgoing projects. Hence Lietuvos Telekomas in Lithuania and Enitel in Nicaragua were selected as the two projects where KT models will be tested and where we, as the researchers of this paper, will try to confirm (or deny) the relation between the academics and the practitioners in this field. By selecting these couple of cases, we were committed to investigate about the country situation and the IT sector as well as the background of each specific project.

2.4.2 Theory Development Process

We reviewed significant amount of theoretical literature on knowledge transfer process. University library resources were used efficiently. In addition to printed textbooks and periodicals possessed by Linkoping University's library, electronic resources were used not less frequently. About 50 theoretical articles, primarily published in magazines on Knowledge Management, were reviewed, most quoted researchers on *knowledge transfer* were identified and their theoretical models studied. Theories were discussed with different representatives of highly qualified academic staff of Linkoping University in order to increase quality of the work, to gain different perspective and competent advice.

2.4.3 Creation of Interview Guides

After obtaining access to Swedtel's cases, it was time to match our theoretical model of Knowledge Transfer with the practices in Swedtel. For this objective the researched company provided the KT process tools used in Nicaragua as well as in Lithuania; with this information, several Interview Guides were developed for different people involved in studied projects. First of all, we needed to clarify these tools with Swedtel, and this required personal contact with the staff of the company in order to eliminate any possible incoming doubt. After the visit of Swedtel headquarters, we decided to interview local staff of the former SOE's (Enitel and Lietuvos Telekomas) as well as Swedtel consultancy team, who were directly involved in these projects.

It is imperative to remark the priority and challenging task that Interview Guide development process represented in the empirical part. First of all, it was necessary to detect the key factors of our knowledge transfer model, but most of all, we should confirm the link between the fore mentioned factors and the real practices in both cases, and the not only smart but also accurate manner to ask them about knowledge transfer process without giving any kind of predisposition in the acquired answers. In order for the reader to understand the process as a whole, to understand the link between the theory and the empirical findings (personal and telephone interviews), we created an Interview Radiography (See Appendix 2), where this relation is shown in a more explanatory way.

2.4.4 Interviews

A total of 5 interviews were conducted for this research, 2 were conducted in person and 3 by telephone due to the remote location of the interviewees at the moment of the data gathering process.

The duration of interviews varied from 45 minutes to more than 2 hours (See Appendix 7). All the telephone and personal interviews were recorded on audio device under the interviewee acknowledgement and approval; in addition, laptop was used to support the researcher's memory by typing crucial pieces of information on electronic device.

2.4.5 Analysis and Conclusions

In Analysis part of this paper we apply theoretical model of knowledge transfer to Swedtel practices in Nicaragua and Lithuania. The Analysis of the information required researchers' interpretative skills with out disregarding the objectivity of the paper. In other words theoretical model will be tested and conclusions will be made regarding the knowledge transfer process.

3. FRAME OF REFERENCE

In this chapter existing concepts and models of knowledge transfer are described and the conceptual framework of an integrated knowledge transfer process used in this research is presented.

3.1 Knowledge-Based View of The Firm

Although knowledge transfer received considerable attention or perhaps because of all this attention, there are many different views on the meaning of knowledge, knowledge transfer and other related terms. Considering this complexity, in this chapter, we will outline and discuss the concept of knowledge and its transfer, taken in this paper in order to build a theoretical platform for our research.

The field of strategic management has received a great amount of attention given to the knowledge-based view of the firm and organizational learning (e.g. see *Strategic Management Journal*'s Winter 1996 special issue on knowledge and the firm). Since the early 1990s the resource based view of the firm (e.g. Prahalad and Hamel, 1990; Grant, 1991; Mahoney and Pandian, 1992) challenged the established positions of traditional I/O approach to strategy (e.g. Porter, 1980). The central argument of this school is that a firm's resources will be a source of competitive advantage if the sources are valuable, rare, inimitable and not substitutable (Barney, 1991). Research on the resource-based view of the firm illustrates that for most firms knowledge is the most important strategic resource and that the capability to create, integrate and apply knowledge is critical to the development of sustainable competitive advantages (Nonaka, 1994; Kogut and Zander, 1992). Thus, the knowledge-based view of the firm has emerged, which identifies the primary rationale for the firm as the creation, transfer (sharing) and application of knowledge (Grant, 1996; Spender, 1996). Some scholars have pointed out the difficulty of integrating some types of knowledge (Kogut and Zander, 1992) and the need of "absorptive capacity" to understand and acquire external organizational knowledge (Cohen and Levinthal, 1990).

3.2 What is Knowledge

Knowledge as a resource is contained within the minds of employees, and is possibly the only resource that, when used, can enhance the value of other capital and does not diminish in value (Harris, 2001).

The literature presents numerous definitions of knowledge and knowledge transfer, but none seem to be universally appropriate, as the definitions depend on the context in which they are used (Sveiby, 1997). Equally several authors (Davenport and Prusak, 1998; Wiig, 1993; Sveiby, 1997; Roehl, 1997; Court, 1997; Huseman and Goodman,

1999) emphasize the importance of differentiating between data, information and knowledge. It is helpful to think about knowledge in relation to its cousins, data and information. Data is the raw material for information, which is often stored in databanks (Davenport and Prusak, 1998). Information is 'data that has been organized so that it has meaning to the recipient. It confirms something the recipient knows or may have "surprise" value by telling something not known' (Turban *et al.*, 1996, p 60). Knowledge, on the other hand, '… is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers. In organizations, it often becomes imbedded not only in documents or repositories but also in organizational routines, processes, practices, and norms' (Davenport and Prusak, 1998, p 5).

While relating knowledge to its cousins, data and information, is useful for our research, this way of defining knowledge represents only one approach. First, it should be noted that not everyone agrees with the hierarchical placement of knowledge at the top of the data-information-knowledge chain. For example, Tuomi (1999) argues that information is derived from knowledge, and data is derived from information, not the other way around. Aside from defining knowledge in terms of its close relatives, knowledge has also been defined as an object (node) (e.g., Cooley, 1987; Slaughter, 1995; Horton, 1999; McLure Wasko & Faraj, 2000) *vs.* a process (e.g., Crossan *et al*., 1999; Cohen & Levinthal, 1990). Despite the definitional debate, for the purposes of this research, we have adopted the definition given by Davenport and Prusak (1998) due to its general acceptance and applicability to organizational knowledge.

3.2.1 Types of Knowledge: Explicit and Tacit

A person or organization can possess different types of knowledge: tacit and explicit. Explicit knowledge is easily articulated, coded and transferred (Nonaka, 1994). Tacit knowledge on the other hand, is far more difficult to articulate and is derived from individual experiences (Matusik & Hill, 1998). Although both types of knowledge are valuable to the organization, tacit knowledge is more difficult to capture. Kogut and Zander (1992) define *tacit* "know-how" as "the accumulated practical skill or expertise that allows one to do something smoothly and efficiently".

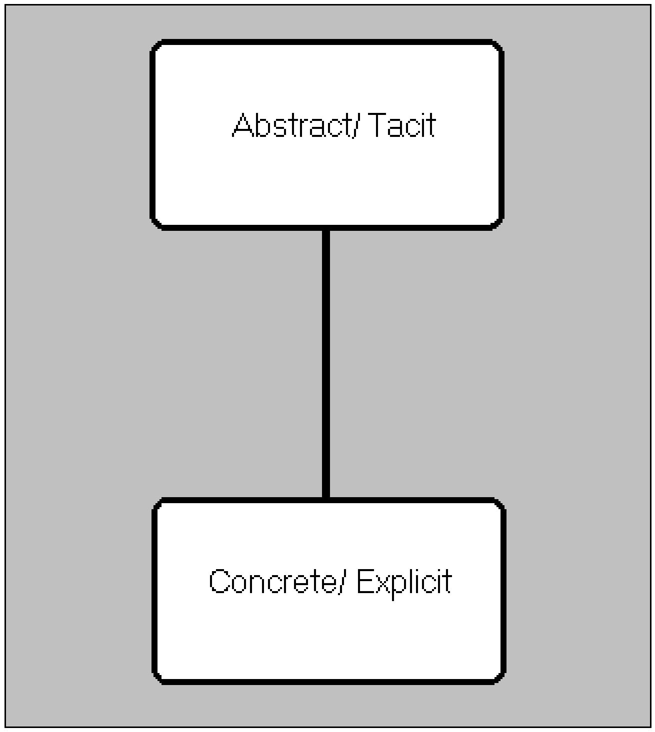

Figure 3.1 Types of knowledge
Source: Own

3.3 What is Knowledge Transfer

According to Cordey-Hayes (1996) the concept of knowledge transfer derives from the field of innovation. Knowledge transfer is the conveyance of knowledge from one place, person, ownership, etc to another. According to Zander (1991) successful knowledge transfer means that transfer results in the receiving unit accumulating or assimilating new knowledge. Any transfer involves more than one party. There has to be a source (the original holder of the knowledge) and a destination (where the knowledge is transferred to). As every individual or organization builds its own knowledge by transforming and enriching information (Fahey and Prusak, 1998), knowledge cannot be easily transferred to another person or organization. Knowledgeable employees can teach or train employees in a certain field by passing on their knowledge in lectures, meetings, presentations, on-the-job trainings, by demonstrating how to do things and by influencing them in their knowledge-building process by giving additional information or useful advice of how to approach a certain task. To be of value to the organization, the transfer of knowledge should lead to changes in behavior, changes in practices and policies and the development of new ideas, processes, practices and policies (Bender and Fish, 2000). Number of scholars agrees that when used to describe movement of knowledge, the term *transfer* is not completely appropriate. For example some of the researchers in the field of knowledge management refer to the movement of knowledge process as *knowledge sharing* (see Ford and Chan, 2003), “Knowledge sharing in multi-cultural setting: a case study", *Knowledge Management Research and Practice*, No. 1, pp. 11-27). The framework developed by Major and Cordey-Hayes (2000) and depicted below proposes alternative terminology that, according to authors of the framework, more accurately describes the process.

Major and Cordey-Hayes (2000) suggest that research into knowledge transfer and knowledge acquisition has focused on separating overall transfer into comprehensible sub-processes. Trott, Cordey-Hayes and Seaton (1995) develop interactive model of knowledge transfer, describing stages in the knowledge transfer process. According to this model, for successful knowledge transfer (knowledge acquisition), an organization must be able to:

- search and scan for information which is new to the organization;
- recognize the potential benefit of this information by associating it with internal organizational needs and capabilities;
- communicate these to and assimilate them within the organization;
- apply them for competitive advantage (Trott, Cordey-Hayes, Seaton, 1995).

These four stages also outlined by Grant (1998). To rephrase, we can say that four stages are required: awareness, association, assimilation and application (Major and Cordey-Hayes, 2000). Non-routine scanning, prior knowledge, internal communication and internal knowledge accumulation are key activities affecting an organization's knowledge acquisition ability (Trott, Cordey-Hayes, Seaton, 1995). These findings correspond with those underlying Cohen and Levinthal's *absorptive capacity* concept (Cohen and Levinthal, 1990), the ability of an organization to recognize the value of new information, to assimilate it and to commercially apply it.

3.4 Models of Knowledge Transfer

Major and Cordey-Hayes (2000) look at several frameworks and models of knowledge transfer presented by different authors and draw parallels between them. Models reviewed are by Cooley (1987), Cohen and Levinthal (1990), Trott *et al* (1995), Slaughter (1995) and two by Horton (1997). Major and Cordey-Hayes (2000) distinguish two streams of models: node models, which describe nodes, discrete steps that are each gone through. Process models describe knowledge transfer by separate processes that are each undertaken.

3.4.1 Node Models of Knowledge Transfer

Node models are presented by Cooley (1987), Slaughter (1995) and Horton (1997). Cooley discusses information systems in the context of the information society:

"*Most of such systems I encounter could be better described as data systems. It is true that data suitably organized and acted upon may become information. Information* *absorbed, understood and applied by people may become knowledge. Knowledge frequently applied in a domain may become wisdom, and wisdom the basis for positive action*" (Cooley, 1987).

Cooley thus raises a progressive sequence of five nodes. He conceptualizes his model, in terms familiar from communication theory (Shannon and Weaver, 1949), as a noise-to-signal ratio. The data signal being transmitted is subject to noise, but as the information system moves from data towards wisdom, noise is reduced and the signal increases. Major and Cordey-Hayes (2000) state that knowledge acquiring organizations will find low-noise wisdom more useful than high-noise data.

Further Major and Cordey-Hayes (2000) review Slaghter's work (1995). Slaughter presents a four-node *hierarchy of knowledge*, which he uses to describe a *wise culture*. He uses the same first four terms as Cooley:

- Data; raw factual material;
- Information; categorized data, useful and otherwise;
- Knowledge; information with human significance;
- Wisdom; higher-order meanings and purposes.

Slaughter's descriptions indicate how stages further up the hierarchy are subject to less noise, and are more useful to knowledge acquiring organizations. Data, information and knowledge are stages on the path to wisdom.

After reviewing theoretical literature on knowledge transfer, we found further support to Slaughter's model of *hierarchy of knowledge*. Daventport and Prusak (1998), in general, propose same knowledge hierarchy, though they mention *expertise* instead of *wisdom*. They argue that data are discrete and objective about facts and events. Equally data are essential raw material for the creation of information. In addition, Huseman and Goodman (1999, p. 105) also define data as objective facts describing an event without any judgment, perspective or context. In line with Slaughter's descriptions, Davenport and Prusak (1988) further write, that data then becomes information by adding meaning and understanding to it. According to Drucker (1988), information is data endowed with relevance and purpose, whilst Huseman and Goodman (1999, p. 105) define information as data points, drawn together, put into context, added perspective and delivered to people's minds. As the next step Davenport and Prusak (1998, p. 5) say that as information is manipulated in order to convince, describe and provoke, knowledge is what the individual transforms information into by incorporating personal experience, values and beliefs, as well as contextual information and expert insight. Further parallel literature review, by the authors of this thesis, from the field of knowledge transfer revealed additional support to the node-models of knowledge transfer reviewed by Major and Cordey-Hayes (2000). Bierly, Kessler and Christensen (2000) suggest similar *hierarchy of knowledge*, which consist of data, information, knowledge and wisdom. Definitions given by Bierly *et al.* correspond to other researchers. Wisdom is defined by Bierly *et al.* as a "*judgment, selection and use of specific knowledge for a specific* *context... the ability to best use knowledge for establishing and achieving desired goals…*" (Bierly *et al.*, 2000). According to Bierly *et al.*, wisdom is action-oriented concept, geared to applying organizational knowledge decision making and implementation. Thus, Bierly *et al.*'s model supports the models reviewed by Major and Cordey-Hayes (2000).

As the next node-model, Major and Cordey-Hayes (2000) review Horton's (1997) model. Horton's model again starts with data and finishes with wisdom, with information and knowledge as intermediate steps. Cooley describes data as objective, calculative and subject to noise. Horton agrees; data is hard, objective and low order, as well as being low value, voluminous and contained. At the other end, wisdom is subjective, judgmental and less subject to noise (Cooley, 1987). By Horton it is subjective, soft and high order, as well as high value, low volume and contextualized.

Major and Cordey-Hayes notice similarities between all three models described above, despite their contextual differences. Horton however adds another intermediate step. This is the node of understanding, between knowledge and wisdom. According to Horton understanding is

"*the result of realizing the significance of relationships between one set of knowledge and another… It is possible to view the ability to benefit from understanding as being wisdom*" (Horton, 1997).

Understanding thus results from knowledge but precedes wisdom. Table 3.1 compares the three node models. Major and Cordey-Hayes (2000) state that with wisdom as a result of understanding and the basis for positive action, the models are mutually supportive, thus, Major and Cordey-Hayes form a six-mode scheme of knowledge transfer.

3.4.2 Process Models of Knowledge Transfer

Process models are presented by Cohen and Levinthal (1990), Trott *et al* (1995) and Horton (1997). The four processes in Trott *et al*'s model, awareness, association, assimilation and application, were described above. Horton presents a three-phase process model. Phase one is collection, collation and summarization phase. Information is collected from a wide range of sources, collated to give it structure, and summarized into a manageable form (Horton, 1997). Phase one is:

"*easy to do, generates a great deal of activity, looks impressive and feels satisfying that something is being done. It is however the least valuable part of the process*" (Horton, 1997).

According to Horton, knowledge from stage one needs translation and interpretation, the elements of phase two. Translation puts the information in an understandable language. Horton stated that interpretation is organization specific. It is about determining the meanings and implications of the translated information. Phase two:

"*It is where most of the value is added, generating an understanding of what can (or cannot) be done for the future. Interpretation, the most crucial step in the process, is poorly understood and has few theoretical techniques*" (Horton, 1997).

Phase three comprises assimilation and commitment. Understanding generated in phase two needs to be assimilated by decision makers. If changes are to result commitment to act is needed. Horton states that it is only at this point that the value of the whole three-phase process can be realized and judged.

According to Major and Cordey-Hayes (2000), the Trott *et al* and Horton process models bear strong similarities. Both refer to an assimilation process; the means by which ideas are communicated within the organization (Trott *et al*, 1995), or by which understanding is embedded in the organization's decision makers. Assimilation then is a process of internal communication. Major and Cordey-Hayes (2000) see Horton's assimilation process is in the same phase as commitment. By separating these out, Major and Cordey-Hayes (2000) set out that Horton's commitment becomes correlated with Trott *et al*'s subsequent process of application. Commitment to action is equivalent to the process of application for competitive advantage. By similarly separating Horton's phase one, Major and Cordey-Hayes (2000) outline that *collection* becomes analogous to Trott *et al*'s first process of awareness. The collection of data is a central means for an organization to become aware of new opportunities. Similarly, Horton's collation and summarization can together be compared to Trott *et al*'s association (Major and Cordey-Hayes, 2000). Further Major and Cordey-Hayes say, that collection and summarization of information is equivalent to the process of associating the value of the information to the organization. This leaves Horton's second phase, translation and interpretation, with no direct analogy. The comparison given by Major and Cordey-Hayes suggests analogy with a process not explicitly stated by Trott et al, the process of acquisition. Major and Cordey-Hayes describe it as the process by which an organization draws knowledge into itself, which it can then assimilate. Viewed from within the organization this is a process of acquisition into itself. Viewed from outside it is a process of translation of knowledge from one place to another (Major and Cordey-Hayes, 2000). Major and Cordey-Hayes bring to the attention that this use of the term acquisition differs from that used in the above review of the concepts. There it referred to the overall process of bringing new knowledge into the organization. Here it refers to a discrete part of that overall process (Major and Cordey-Hayes, 2000). In addition Major and Cordey-Hayes note that the term knowledge similarly has an overall meaning (as in phrase knowledge transfer) as well as referring to a discrete node in the overall knowledge transfer process.

Further Major and Cordey-Hayes relate Trott *et al*'s and Horton's work to Cohen and Levinthal. Cohen and Levinthal describe *absorptive capacity* as

"*the ability of a firm to recognize the value of new, external information, assimilate it, and apply it for commercial ends*".

According to Major and Cordey-Hayes this recognition, assimilation and application steps correspond to Horton's collation, assimilation and commitment. Again, according to Major and Cordey-Hayes, there is no explicit provision for the translation and interpretation process. Neither is there an initial collection process. However, the positions of these can be filled without upsetting the basic model (Major and Cordey-Hayes, 2000). Major and Cordey-Hayes argue, that Horton's model is the only one to clearly distinguish the translation and interpretation phase, supporting her view that this phase is poorly understood. The table 3.2 compares the three process models. Consequently, Major and Cordey-Hayes form a five-process scheme of knowledge transfer (Major and Cordey-Hayes, 2000).

Table 3.1 Node schemes of knowledge transfer
Source: Major, E. & Cordey-Hayes, M. (2000), p. 416.

Model	*Node 1*	*Node 2*	*Node 3*	*Node 4*	*Node 5*	*Node 6*
Cooley	Data	Information	Knowledge	N/A	Wisdom	Action
Slaughter	Data	Information	Knowledge	N/A	Wisdom	N/A
Horton	Data	Information	Knowledge	Understanding	Wisdom	N/A

Table 3.2 Process schemes of knowledge transfer
Source: Major, E. & Cordey-Hayes, M. (2000), p/ 416

Model	***Process 1***	***Process 2***	***Process 3***	***Process 4***	***Process 5***
Horton	Collection	Collation Summarization	Translation Interpretation	Assimilation	Commitment
Trott et al	Awareness	Association	N/A	Assimilation	Application
Cohen and Levinthal	N/A	Recognition	N/A	Assimilation	Application

3.4.3 A Conceptual Framework for Knowledge Translation

From Knowledge Transfer to Knowledge Translation

As Major and Cordey-Hayes see, from showing correspondences between models within the two sets, it becomes possible to build an integrated model, combining both nodes and processes. This is presented here as a conceptual framework for knowledge translation for our research. Using the phrase knowledge translation rather than knowledge transfer achieves two aims. Firstly it differentiates the framework from the individual knowledge transfer models described above. The second aim derives from the dual meaning of the word translation. It can refer to movement from one place to another place, much the same as the word transfer. It can also refer to putting something into an understandable form, as Horton uses it in the second phase of her model. Both meanings are appropriate to the context here: Knowledge translation is both the movement (and transfer) of knowledge from one place to another, and the altering of that knowledge into an understandable form (Major and Cordey-Hayes, 2000). As discussed above, the basic argument for introducing the *knowledge translation* term instead of *knowledge transfer* is that word 'transfer' does not fully reflect the very essence of *knowledge sharing* process.

According to Major and Cordey-Hayes the key to integrating the models is in Horton's work. Her process model makes use of her information value progression (her node model):

"*Each phase creates greater value than the previous one as the outputs move up the information value chain from information through knowledge to understanding*" (Horton, 1997).

Thus Horton's four nodes are connected by her three phases. Looking simultaneously at the expanded node and process schemes in tables 3.1 and 3.2, the five processes fall neatly between the six nodes (Major and Cordey-Hayes, 2000). Figure 3.2 illustrates this, combining the contents of tables 3.1 and 3.2 into a single combined framework for knowledge translation (Major and Cordey-Hayes, 2000). The initial node is raw data. The first process is to collect this into information. The second process is collation and summarization of this information into knowledge. Knowledge is the end point of Horton's phase one. The third process exactly follows Horton's phase two; the translation and interpretation of knowledge into understanding. Understanding is then assimilated within the organization into wisdom, from which a commitment to positive action can follow. The processes in this integrated framework are the ways of reaching the successive nodes (Major and Cordey-Hayes, 2000).

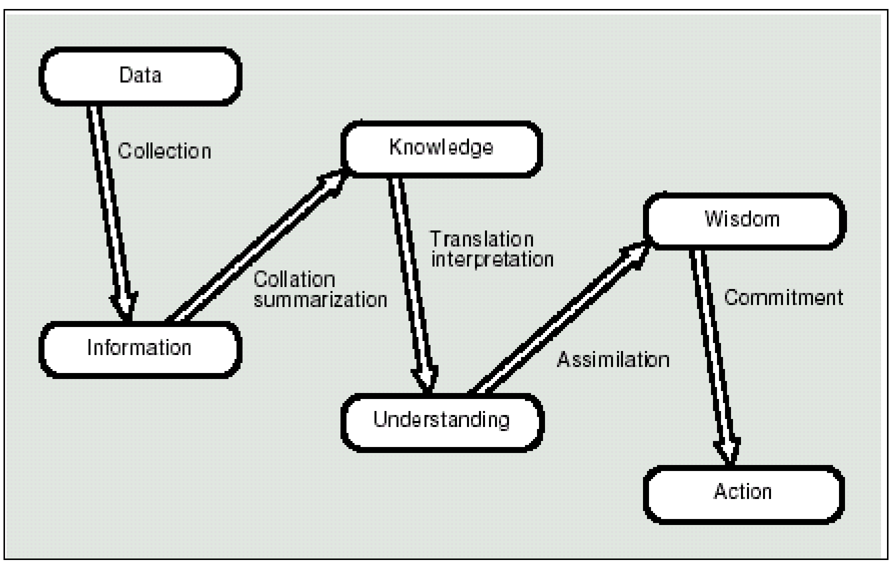

Figure 3.2 Combined knowledge translation framework.
Source: Major and Cordey-Hayes, 2000, p. 417.

We found additional support to the combined knowledge translation framework proposed by Major and Cordey-Hayes (2000). Bierly *et al* (2000) suggest a model in which they view knowledge transfer as four-level (Data, Information, Knowledge, Wisdom) hierarchy with processes laying between four-levels. According to Bierly *et al*, first process, which transforms data into information, is *accumulating*. This first process mentioned by Bierly *et al* corresponds to the first process identified by Major and Cordey-Hayes as *collection* process between data and information. The second process in

Bierly et al's (2000) model is defined as *giving form and functionality* and refers to information becoming knowledge; by definition this process corresponds to the second process of *collation summarization* process in Major and Cordey-Hayes's model. The third process in Bierly *et al*'s model described as *analysis and synthesis/ understanding* process, increasing cognitive skill, going beyond simply remembering, being able to grasp the meaning of something and use it, "… being able to identify and formulate implications for competitive strategy" (Bierly *et al*, 2000, p. 600). In the framework of this third process Bierly *et al* define knowledge as clear understanding of information and their associated patterns, as the process of analysis and synthesis of information. This process corresponds to the node of *understanding* and process of *translation-interpretation* in Major and Cordey-Hayes's knowledge translation framework (Fig. 3.2). Further Bierly *et al* refer to the final (fourth) process linking *knowledge* and *wisdom* in their model - *discerning judgment and taking appropriate action* process. Bierly *et al* (2000) describe this process as the process of making the best use of knowledge spread through out the organization, experience by exercising good judgment, being able to make conscious value judgments based on clearly defined criteria geared at applying appropriate organizational knowledge in positive action. Bierly *et al* write: "*we define wisdom as the ability to best use knowledge for establishing and achieving desired goals and learning about wisdom as the process of discerning judgments and action based on knowledge*" (Bierly *et al*, 2000, p. 601). On organizational level this process described by Bierly *et al* corresponds to the last two nodes (*Wisdom* and *Action*) and the processes of *assimilation (= discerning judgment)* and c*ommitment (= taking appropriate action)* in Major and Cordey-Hayes's model described above (Fig. 3.2). Bierly *et al* suggest four-level and four-process dynamic model of knowledge, however, within their discussion of the levels and processes they do mention concepts of *understanding* and *action*, which were outlined by Major and Cordey-Hayes as separate levels. Also Bierly *et al* describe four processes in their hierarchical model, but in their fourth process, *discerning judgment and taking appropriate action*, it is clear that it consists of two processes outlined in Figure 3.2 by Major and Cordey-Hayes (2000) as two separate processes of *assimilation* and *commitment to act*. Thus, model proposed by Major and Cordey-Hayes (2000) and depicted in Figure 3.2 finds support in models proposed by other researches, in particular by Bierly, Kessler and Christensen (2000).

3.4.4 Characteristics of Knowledge

Recent research has shown how knowledge can be characterized along two perception dependant dimensions (Nonaka, 1994; Matusk & Hill, 1998). When acquiring external knowledge, firms are receivers (or destinations) in Shannon and Weaver's model of communication. Firms want knowledge in a discrete and concrete form (explicit – Nonaka, 1994). To make decisions they want something tangible that can give them operational knowledge. In our research we focus on strategic management knowledge transfer which is regarded to be tacit, intangible and strategic. According to Major and Cordey-Hayes distinctions are being made according to the tangibility (abstract - concrete) and the temporal nature of knowledge (strategic - operational). Major and Cordey-Hayes refer to *abstract – concrete* dimensions of knowledge, which correspond to the types of knowledge described by Nonaka (1994) as *tacit* and *explicit*. Along one dimension, knowledge can be either concrete (i.e. tangible, explicit) or abstract (i.e.

intangible, or tacit). A product can be characterized as exhibiting tangible knowledge, while a process exhibits intangible, or tacit, knowledge. Along the second dimension, knowledge can be either strategic (i.e. long-term, for overall direction setting) or operational (i.e. short-term, decision making knowledge, for route finding within the overall direction) (Major and Cordey-Hayes, 2000).

These characteristics of knowledge can be illustrated by a two dimensional framework. Figure 3.3 shows the abstract/concrete (tacit/ explicit) distinction along a vertical axis and the strategic/ operational distinction along a horizontal axis. There are four regions within this framework. According to Major and Cordey-Hayes, company decision makers want knowledge in Region A; concrete explicit information to help them make decisions. They want a tangible product giving them operational knowledge (Major and Cordey-Hayes, 1999, pp 539-603). The strategic management/ modern business practices knowledge possessed by Swedtel is perceived to be in Region C. It is by nature long-term and intangible. The Swedtel's information might be regarded as being in Region B, as it has a perceived product in the form of reports that can be read.

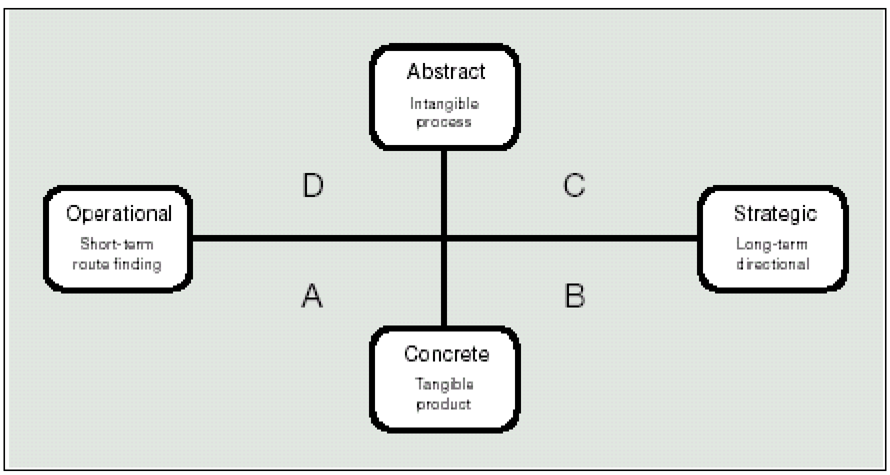

Figure 3.3 Characteristics of knowledge
Source: Major and Cordey-Hayes, 1999, p. 544.

3.4.5 Integrating Knowledge Translation and The Characteristics of Knowledge

The two-dimensional framework in Figure 3.3 suggested by Major and Cordey-Hayes gives another context in which to view the model of knowledge translation developed above. Research shows that firms see self-generated (or self-owned) knowledge strongly in concrete and operational terms (Major and Cordey-Hayes, 1999). They want discrete and tangible knowledge to enable them to take immediate actions. In the terminology of the knowledge translation framework they are using their internal (self-owned) knowledge as wisdom, from which they take actions. Most firms seek external knowledge that will add to this stock of short-term, tangible knowledge. Certain firms take a much longer-term view. They seek knowledge that they can translate into understanding within the company, which gives an informed base for the wisdom underlying their actions. Even farther back they may seek the basic uncollated information that underlies knowledge. Major and Cordey-Hayes argues that action is concrete/ explicit, and, almost by definition, short-term. Wisdom, in the sense of companies' requirements, is also concrete/ explicit and operational (though less short-term than action). Action and wisdom, the final two nodes of the knowledge translation framework fall within Region A in the two-dimensional knowledge framework in Figure 3.3. It follows that the remaining nodes and processes of the knowledge translation framework can be located on the two dimensional characterization of knowledge. The nodes and processes from the combined knowledge translation framework (Figure 3.2) can be superimposed onto the dimensions of knowledge (Figure 3.3). Figure 3.4 shows the resulting integrated conceptual framework for knowledge translation (Major and Cordey-Hayes, 2000).

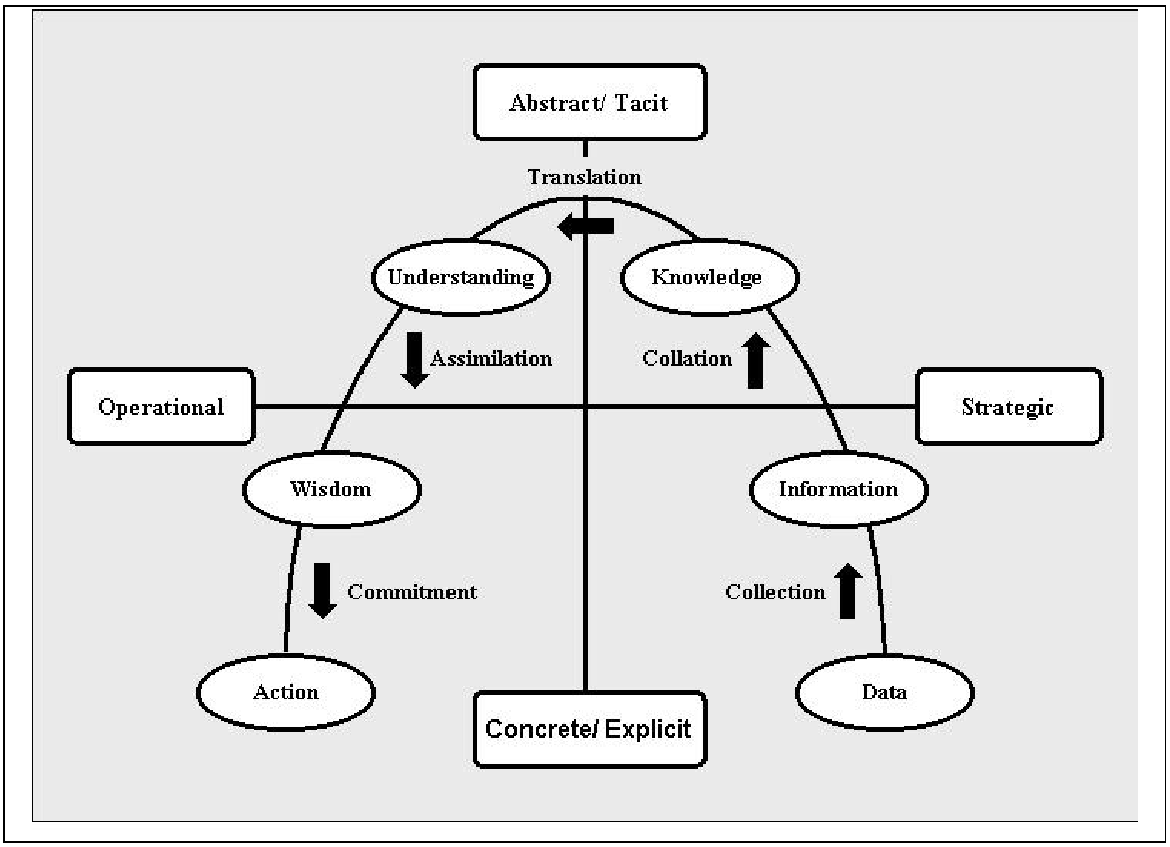

Figure 3.4 Integrated conceptual framework for knowledge translation
Source: Major and Cordey-Hayes, 2000, p. 419 (slight modifications are done by authors of this thesis paper)

Action and wisdom have already been described as concrete and operational. At the other end, data is also concrete (Major and Cordey-Hayes, 2000). It is a tangible product possessed by Swedtel. However, because it lacks codification or an operational context it is strategic. This concurs with the descriptions of data in the Cooley (1987) and Horton (1997) node models of knowledge transfer. As data is collected and collated by Swedtel into information and knowledge, its immediate tangibility is reduced. Information has less tangibility and knowledge less still. While information may be talked about in product terms, management knowledge is regarded more as an abstract process. The translation and interpretation phase brings the system into the operational frame of an individual firm (the knowledge receiver – Enitel or LT), reaching a level of internal understanding. Abstract understanding, given a context through assimilation becomes tangible wisdom, the basis for commitment to action. The sequence of elements in the combined knowledge translation framework moves through the quadrants defined by the two dimensions of knowledge. Concrete and strategic data possessed by Swedtel must be taken and transformed through abstract elements before they can emerge as concrete and operational wisdom in Enitel or LT.

3.5 Criticisms of the model

The research question of this paper deals with *strategic management knowledge*, which is by definition lays in tacit and strategic quadrant of the theoretical model (Figure 3.4). However, we see the weakness of this model in the position of *data* and *information* nodes in *Strategic-Explicit* quadrant. Data or information could very well be strategic but tacit, depending on the context. We would suggest future research to be undertaken in order to investigate and test part of the model depicted in Figure 3.4 related to the *data* collection and *information* collation processes in building *knowledge*.

Another weakness of this knowledge transfer model (Figure 3.4) as we see it, is that it represents only one-way knowledge transfer, while number of scholars (see: Bresman, Birkinshaw and Nobel, 1999; Inkpen & Dinur, 1998) agree that knowledge transfer is a mutual interactive two-way process. For instance if foreign acquiring company brings-in modern management practices local company in exchange offers knowledge of local market conditions. Model depicted in Figure 3.4 does not reflect interactive transfer process, it can only explain transfer of knowledge from Swedtel to acquired unit at a time or transfer of knowledge from acquired unit to Swedtel (not in integrated interactive manner, meaning that this model needs to be applied separately twice in order to depict mutual two-way knowledge exchange). The research question of this paper refers to knowledge transfer process from Swedtel to LT and Enitel, therefore we this model suitable for the purpose of our research.

3.6 Theoretical point of departure:

Figure 3.5 depicts the integrated conceptual framework for knowledge translation, which is used as a theoretical point of departure in this research. The model depicted in figure 3.4 and 3.5 developed by Major and Cordey-Hayes (2000) with some minor addition by the authors of this thesis paper. Major and Cordey-Hayes refer to *abstract* and *concrete* knowledge when they discuss characteristics of knowledge. Their discussion of abstract and concrete knowledge lay in line with Nonaka's explicit and tacit dimensions/ characteristic of knowledge (see chapter 3.3.5 "Characteristic of knowledge"). In adopted model (Figure 3.4 and 3.5) we use terminology suggested by Nonaka (1994) –

we equalize term abstract with term tacit and we equalize term concrete with term explicit.

Our research question is referring to the process of transferring existing knowledge from Swedtel to the acquired units (Enitel and LT), and bringing the tacit strategic knowledge from Strategic-Tacit dimension to Operational-Explicit dimension (Figure 3.4). In applying this theory to practice in Swedtel and testing it, we are employing an assumption that Swedtel already has the knowledge, and the process of *collection* and *collation* of data and information, and building it into *knowledge* by Swedtel is not a part of this research (Figure 3.5). Hence, we assume that data and information is already there within the company.

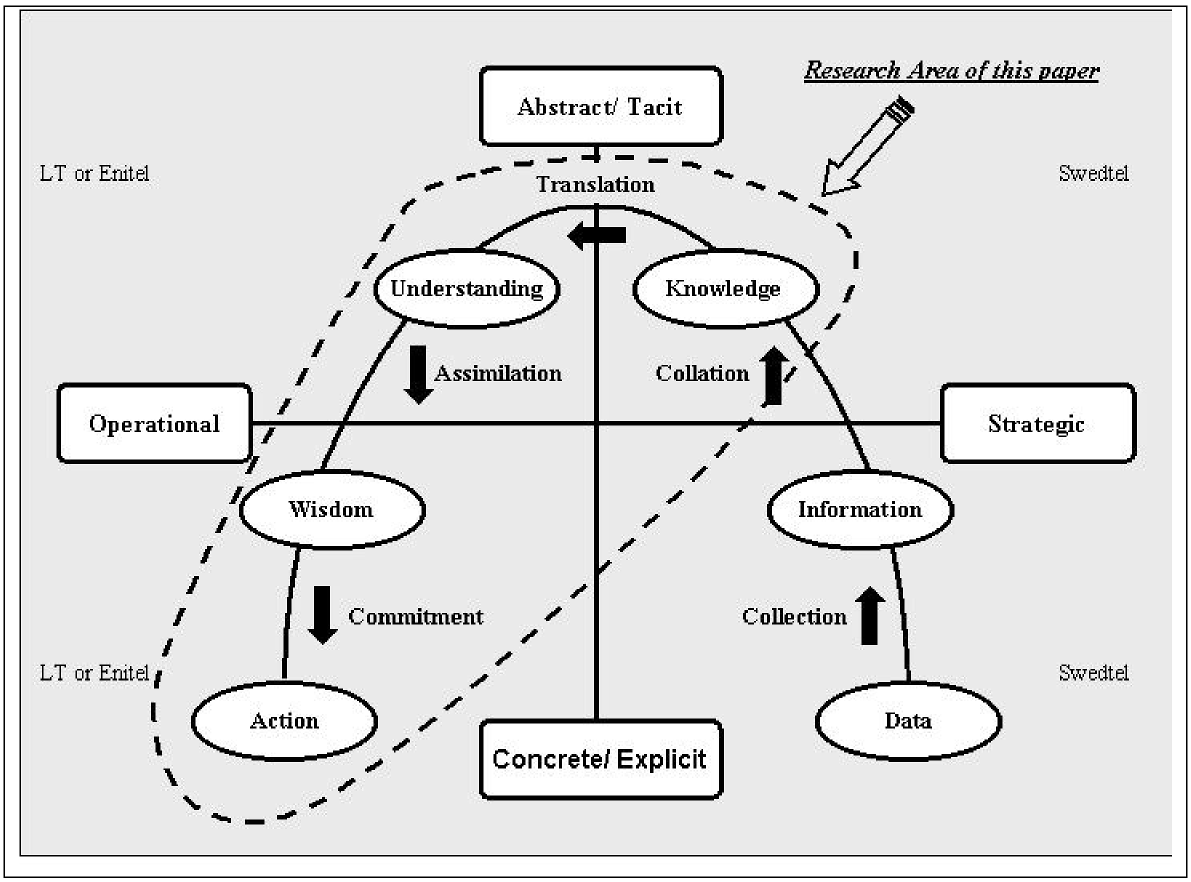

Figure 3.5 Research area of this investigation
Source: Major and Cordey-Hayes, 2000, p. 419 (slight modifications are done by authors of this thesis paper).

4. EMPIRICAL FINDINGS

In this chapter we present empirical findings, information related to Swedtel, LT and Enitel and the tools of knowledge transfer employed by Swedtel Reader should bear in mind, that in this chapter term "expatriate" refers to Swedtel staff while "local counterpart" or "client company staff" refers to LT or Enitel staff. General information about the company was collected from company reports (Swedtel's, LT's and Enitel's), while more detailed information about knowledge transfer processes was gathered by the means of in-depth personal and phone interviews (see Appendix 1 and 7). The spelling, orthography and grammar of the text in quotation marks (interview transcripts) was retained as on record-tapes.

4.1 Swedtel Description

With headquarters in Sweden, Swedtel is at the hub of Europe's most technology-intensive region, with high fixed and mobile telephony penetration rates, competitive market places and early adopters of new technology. Swedtel has close and extensive ties with Telia, Northern Europe's leading telecom operator, where Swedtel honed operator skills and experience.

Swedtel completed more than 500 projects in 30 countries and possess unrivalled experience in the start-up and transformation of telecom companies.

Swedtel considers itself a Telecom business builder. They either support current telecom operators (consulting, training, projects, etc.) or start up new telecom operators (mobile, fixed lines, internet, etc.). Swedtel currently has projects in Honduras, Colombia, Nicaragua, Ecuador, Botswana, Lithuania, Saudi Arabia and Oman. Company has subsidiaries in Colombia and Ecuador.

"Our business idea is not to be necessary by the local company." Magnusson, J, personal interview. 18 December, 2003.

4.1.1 Background and history

Swedtel's capabilities regarding the transformation of national and other telecommunications companies are briefly outlined in the next few paragraphs. This section is immediately followed by specific descriptions of Swedtel's experience regarding the projects in Lithuania and Nicaragua.

Founded by Telia in Sweden in 1968, Swedtel's was the world's first operator-owned telecoms consulting company. The sole purpose of the company was to exploit, refine and share Swedish telecom know-how with customers and partners around the world. According to Swedtel, Sweden was one of the very first telecom markets to face true market liberalization and fierce competition. According to the official TeliaSonera's website, Telia (now TeliaSonera) remains Northern Europe's leading telecoms operator. In recent years Telia's know-how spurred a variety of technological, organizational innovations and new business ventures. Swedtel has adapted to this change by developing an extensive partner network and a wider ownership structure. According to Swedtel, successfully starting-up, transforming, managing and operating service providers worldwide, Swedtel is the flag carrier of Swedish telecom know-how.

Evolving from the early 1950s onwards, Telia's experience of international telecoms management became the nucleus of Swedtel, a consultancy company formally founded in 1968. The Telia management expertise that later became the nucleus of Swedtel, started out in the 1950s on a project in Ethiopia. The company was instrumental in ensuring the effective turn-around of Telia investments in Ireland and Lithuania, as well as the build-up of international investment objectives in Poland, Slovenia, Namibia, Uganda and Brazil. Since the formal founding of the company in 1968, Swedtel has performed some 500 projects in more than 100 countries such as; Ireland, Poland, Lithuania, Nigeria, Sri Lanka, the Philippines, Saudi Arabia, Ecuador, Colombia and Brazil. Swedtel's experience also includes corporate management development programs undertaken in Tanzania, Lesotho, Angola and Mozambique, all financed by Swedish government (Capabilities and Experience Brochure, Swedtel AB, 2003).

Unique liberalization experience

The liberalization of the Swedish telecom market was initiated in the early 1980's and completed in 1993. Swedtel gained a vast experience in this process through participating in every phase of de-monopolizing. Swedtel marketing materials state, that it has many proven solutions for meeting deregulation or increasingly competitive surroundings, as well as product and service development competence using cutting edge technology and business models.

Focus on enterprise development

Swedtel has played a key role in managing the corporate development of Telia's worldwide assets. This includes the start-up of new operators as well as the transformation of existing operators around the globe. The methods, tools, customized and packaged services applied to new assignments by Swedtel staff have already been fine-tuned and, as Swedtel puts it, proven in a range of complex and demanding telecom projects.

Swedtel's product portfolio encompasses everything from business planning to company operation. Swedtel also provides key human resources required to implement and support transformation. Swedtel relies on pro-active knowledge sharing in assignment completion process.

As a part of Telia, Swedtel was actively involved in its transformation from an infrastructure monopolist into a customer oriented competitive service provider. Swedtel still uses Telia as part of its human resource base, particularly for transformation programs.

4.1.2 Owners

Having been a wholly owned subsidiary of Telia, recently Swedtel's ownership was split between WorldTel, a London-based investor in emerging telecommunications markets, and Telefos, partly owned by Telia AB. The new structure has created a synergy between Swedtel's skills and operating experience and WorldTel's pioneering telecoms and management skills, and global network of investors.

WorldTel

WorldTel is a London-based investment and development company that finances and builds telecommunications and Internet operating companies in emerging markets. Created by the International Telecommunications Union (ITU), WorldTel is wholly-owned by large, global investment companies interested in investing in telecom.

WorldTel's shareholders are:

1. GE Capital Equity Investments LTD., USA
2. American International Underwriters Overseas LTD., USA
3. Intel Corporation, USA
4. General Electric Capital Corporation, USA
5. Royal Bank of Scotland Plc., UK
6. International Investment Group, Kuwait
7. Kuwait Financial Center S.A.K., Kuwait
8. Burgan Bank S.A.K., Kuwait
9. IT&I (1995) Ltd., Hong Kong
10. Gembel 1982 Ltd., Belgium
11. Reliance Europe Ltd., India
12. IT Investments SAE, Egypt.

The start-up and corporate development of operators has been Swedtel's focus and company has refined its skills in close cooperation with large and small, existing and new telecom operators, across all technical platforms; fixed, mobile and Internet Protocol (IP).

4.1.3 Swedish roots

Sweden shares the top spot in telephone density with the USA. Likewise in mobile telephony and Internet service provision, Scandinavia ranks high in the development of new services due to a very early commercial launch of services and an exponential penetration growth rate. Moreover, Sweden is the leading IT nation according to IDC, Forrester Research, and in an OECD report based on the criteria of high penetration of PCs, Internet, mobile phones, fast broadband growth, acceptance of new technology and services and well-developed competition.

In 1993 the first telecom act ever came into force in Sweden to regulate the liberalized telecoms market. The experience Swedtel has gained through the de-monopolizing of the Swedish telecoms market and operating in an open, fiercely competitive market has proven useful in many parts of the world.

Swedtel possesses operator skills and experience from the operation and management of Telia, Northern Europe's leading telecom operator (fixed, mobile and Internet).

Before its formal inception as a company Swedtel was a group of employees within Telia. As business grew Swedtel became a Telia subsidiary, channeling its knowledge to operators worldwide. Swedtel thus became the first operator-owned consulting company. When company was founded, for the purpose of sharing Swedish telecom know-how, Telia was one of the few major sources of telecom knowledge. Today, this expertise has spread to a variety of Swedish companies and organizations. Swedtel has adapted to this change by developing an extensive partner network and a wider ownership structure.

Two market units are responsible for sales and business development in Americas respectively Africa, Asia and Europe. Project implementation is the responsibility of Operations. Business support units provide services, which are common to the organization, such as development of new services, finance, IT, office infrastructure, legal issues, internal and external communication and personnel management. For the supply of top managers and experts to the projects, the Human Resources Network Manager operates a large network of competence partners.

4.1.4 Products and Services

Some of the components of its main products are Audits, Strategic Planning, Due Diligence, Mergers & Acquisitions, Management Consulting, Technical Consulting, Program & Project Management, Financial Planning & Modeling, RFP & Procurement support, Management Support and Operational Support.

Another way to name and group these components is according to the areas of operation of an operator:

Business Areas:
-Product Development
-Marketing & Sales
-Customer Care
-Billing
-Network

Support Areas:
-Corporate Development
-IT
-Human Resource
-Finance
-Legal
-Administration

It is worth noting that a knowledge area means an integrated and integral responsibility concept, e.g., Billing includes invoicing, collection, accounts receivable, interconnection and fraud management, while Network includes everything from planning to operation & maintenance. A third example is Marketing & Sales, which includes marketing intelligence, marketing, sales and distribution.

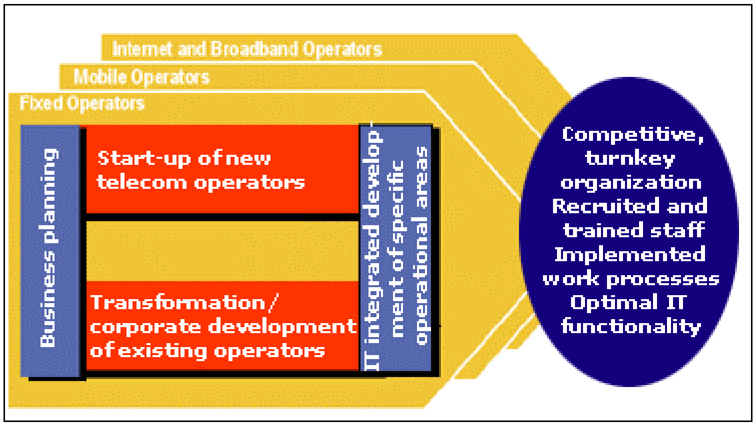

Figure: 4.1 Swedtel's Products and Services
Source: http://www.swedtel.com/products/main_product_areas.asp

4.2 The transformation process

The experience and perspectives offered by Swedtel can be crucial in transforming an incumbent operator facing deregulation, into a dynamic, successful player.

Succeeding in today's fiercely competitive telecom markets means that every Service Provider has to take on the challenge of continuously improving profitability by increasing revenues and customer satisfaction, while reducing costs. Responding effectively to market requirements and optimizing operational efficiency is vital, while a flexible and simple organization has to be designed around it.

To beat the competition the Service Provider must focus on the right customer segments and offer them services corresponding to their needs. By improving organization and technology, customer needs can be met with improved services at a reduced cost.

Competitive demands must be handled by an efficient organization that achieves top level Customer Care, Billing and Marketing and Sales. This requires the repositioning of resources, recruitment of new staff and, above all else, training and development of existing staff.

Timing is an important factor in beating the competition. To achieve a rapid transformation process, followed by continuous corporate development, applying a formalized and well-structured model to the transformation project is vital.

Swedtel supports telecom companies in the transformation of telecommunications operator into a customer driven, market-oriented, technologically advanced and lean Service Provider, capable of providing a broad range of products and services to satisfied customers and creating revenue streams satisfying owners.

Clients of Swedtel can choose the level of commitment they want Swedtel to assume in producing the result:

- Operation: Full responsibility for the entire operation of Service Provider.
- Management: Partial responsibility, i.e. responsibility for one or more operational area(s) of a company.
- Consulting: Responsibility for producing defined deliverables such as strategies, models or complete turnkey solutions such as customer care sites, up-and running networks, etc.

4.2.1 Expatriates in the transformation process

Expatriates Assignment duration

Swedtel distinguish between long-term and short-term assignments. Long-term assignments are longer than one year duration, whilst Short-term assignment last from 3 months to one year.

"One year is about what it takes to get commitment from the local staff and to understand the company and the culture and the organization." Magnusson, J, personal interview. 18 December, 2003.

The second year is when expatriates start to implement new ideas, Swedtel's own mission and vision. During the third year Swedtel sees results from the second year.

"So it takes about three years to achieve results." Magnusson, J, personal interview. 18 December, 2003.

"You should sign a contract for three years. It takes one year to get into the business, to the market and to the culture. Then you have another year when you can do changes, to implement things and get results you want. Then it takes another year to transfer or to replace you with another person. You don't do it over one night, it takes time." Bengtsson, B, personal interview. 18 December, 2003.

All the interviewed expatriates expressed similar idea that their main duty is to transfer their management knowledge and leave highly qualified local counterparts who will be able to make decisions and manage company in the most efficient way once expatriates are gone.

"You will not stay there [Lithuania or Nicaragua] forever so you have all the time to think about who will replace you. You are there as a consultant, and in my opinion you fail if you are not able to transfer your knowledge. It is my duty to work together with this [local] guy so he is ready to take over when I leave. That is my message. […] If you haven't transferred your knowledge in three and a half years, what kind of consultant are you? [...] You have failed as a consultant if you haven't transferred your knowledge." Bengtsson, B, personal interview. 18 December, 2003.

The duration of expatriates in the local country is affected by the early achievement of the goals, the conclusion of the project or assignment, the start of another project in another location, by conflict avoidance, or even by personal and or family issues.

"I went to a general manager and said: 'I think we are at a certain level now that I shouldn't be here, at least not in this position, because we have a department director [his local counterpart] he is very good and he is driving this department as good as I or probably even better then I'. What I came for was implemented." Bengtsson, B, personal interview. 18 December, 2003.

Project consulting

Project consulting is from a couple of days to 3 months. Long-term project is the same as management (long-term assignment). All Swedtel's staff sent abroad to work in Management key positions has been assigned for at least 3 years, due to the fact that it is hard to achieve results in the first year.

4.2.2 Study visits

Study visits are from a couple of days to a few weeks. Study visits can be arranged to Swedtel or TeliaSonera, but they can be arranged to other projects, such as Lithuania or Nicaragua, Colombia, Botswana, Ireland. Study visits are like exchange programs between local staff (or Swedtel's staff) from one specific project to another location in order to share knowledge, experiences, etc.

Expatriates make their suggestions, decisions and changes based on the experience acquired from several projects in telecom companies in number of countries. On the other hand, local employees of Enitel or LT usually have experience of working in only one telecom operator and therefore they have only one perspective. Based on the latter, in some cases local employees do not fully understand the suggestions advised by the expats. In such situations, Swedtel selects a group of open minded people willing to learn and takes them to the parent company (Swedtel or TeliaSonera, etc.) or to the other projects in different countries to show them how it can be done and why it needs to be done.

"What I have in my mind is based on my experience in few different telecom operators, and in most of the cases those [counterparts] I am working with have experience only in that company. So, you are coming to a level when they cannot imagine what I am talking about because they don't have the perspective that I have. Small changes they can understand based on what they have done, but when it comes to bigger changes, then I arrange it in this way, I pick up a group of people with a changeable mind and then we go to Sweden, to Telia and then […] they can see what I am talking about. Maybe we should do not exactly like this but something like that. […] And then we go home and do some brainstorm. It is easier this way to go to the next level." Bengtsson, B, personal interview. 18 December, 2003.

LT staff stated that the trips done to TeliaSonera's offices helped them to understand the goals achievement and direction the company needed to take.

"In my experience I had one of the counterpart colleagues with whom I worked pretty intensively and who was a process leader for the recruitment in LT. She was responsible for policies, processes, headhunting, advertising, etc. When I started to work with her, I realized that her perspective on the recruitment was something totally different compared to what I had. Her role was to do everything in recruitment process. The manager or director who wanted to recruit someone just came to her, and then she ran a whole process. That was the main issue, and I believed that this was a wrong approach. I believe that they [manager or director] are the ones who should do the recruitment and she was the professional who could support them in recruitment process. They are [manager or director] actually the ones who should be very much involved in choosing the right method for recruiting and choosing the hired person. […] I had problems to reach her; she wasn't understanding what I meant. And then I went directly to HR director and told that I need to go to Sweden with recruitment process-leader for two weeks. And we went to Sweden for two weeks where we had pretty intensive schedule. We met a lot of different recruitment managers in Telia, we met other recruiters in other companies in Sweden where I had contacts. We met executive search consultants, etc. And after those two weeks something happened in the head of my counterpart. That is how I work with my counterparts in a successful way." Naveius, L, phone interview. 9 January, 2004.

"We had the possibility to visit of Sontel. It helped us to understand what the overall of the situation was. We had meetings, explanations and discussions." Gailiunaite, S, phone interview. 22 December, 2003.

4.3 Swedtel Projects in Lithuania and Nicaragua

In section 4.3 two projects where Swedtel is currently involved will be described.

4.3.1 Lietuvos Telecomas in Lithuania

From 1998 the Lithuanian national telecom operator Lietuvos Telekomas (LT) opened its doors to privatization and change. Swedtel coordinated the successful Telia/Sonera bid for a 60% stake in the company, from pre-qualification through to due diligence and the final bid.

Minimizing risks was important to Telia. Maud Frisk, then responsible for Telia's investments in the Baltic region, felt confident in Swedtel's "solid strategic development program and profitable business plan."

Merging corporate cultures

Signing contracts is only the beginning to achieving lasting results. Through Telia and Sonera's consortium Sontel, Swedtel lead the operational and cultural transformations required to turn LT into a customer driven, market-oriented and technologically advanced telecom operator. From 1998 until 2001 LT's revenue increased by 16.6%. EBITDA grew by 77%.

LT's development has been facilitated by clear objectives and action plans provided by Sontel," says Tapio Paarma, General Manager and President, AB Lietuvos Telekomas. At a time of rapid change, clarity of action and conflict mitigation are essential. Swedtel provided a consistent profile in Sontel's dealings with LT by integrating Telia and Sonera's interests and requirements seamlessly.

Knowledge transfer

The corporate development of LT has been achieved by empowering its management and staff with new knowledge, perspectives and procedures. Swedtel provided the management resources, consultants and training to help LT develop successful long-term strategies and daily operating procedures.

"As a result of working closely with Swedtel, LT staff are well prepared to take over the management and daily operations of the company. The transfer of knowledge from Swedtel has increased LT's efficiency," says Tapio Paarma.
(Source: *http://www.swedtel.com/us/case_lithuania.asp*)

Public stock company Lietuvos Telekomas (Lithuanian telecom) is one of the oldest and most successful companies in Lithuania known to nearly everybody in this country.

One of the most important activities of Lietuvos Telekomas is development of Internet and data communication services. The Company has been focusing on the quality of Internet services, development and introduction of new services and application of the state-of-the-art Internet access technologies. These areas will remain the focus of the Company’s attention in the future as well.

Having evolved into Lietuvos Telekomas’ Group, currently the Company is the largest provider of telecommunications services in Lithuania offering its customers more than 200 different types of services, including not only fixed-line services but also Internet-related, data communication and wholesale services as well as a wide range of advanced solutions.

Lietuvos Telekomas finds technological progress as the key issue. Therefore, the Company aims at contributing to building up of the information society in Lithuania, developing and offering the services that are the latest and most advanced not only in Lithuania but also in Europe. The Company has already invested over 1.8 billion litas into modern technologies and digitalization of its network, the part that is invisible to the majority of people. In 2002 more than 80 per cent of investments were allocated for modernization of the network. This allowed the Company to complete digitalization of its network in five largest cities of Lithuania. In late 2002 the rate of the network digitalization reached 88 per cent. Lietuvos Telekomas continued developing its ADSL–based access network. Currently, ADSL services are available to 85 per cent of Lietuvos Telekomas’ customers. The Company offers several *DSL Takas* service plans with different speed and price schemes. During 2002 the number of ADSL users increased from 2.4 thousand (end of 2001) up to 10.5 thousand.

Lietuvos Telekomas offers its customers a broad range of new modern voice telephony (*ISDN Duetas*, Directory Inquiry Service 118, lines 900, 800, 700, telemarketing services, etc.), Internet (*Tako Zona*, *ISDN Takas*, *DSL Takas*, *Tako Paštas,* etc.) and data communication (broadband, videoconferencing, leased lines, etc.) services.

In June 1998, the Company had a staff of 10,045 employees. According to the plans, by the end of the year the Company's staff should be downsized to 3,400 full-time employees. The Company regards its qualified and experienced employees as its invaluable asset. Employees are provided with excellent opportunities to study and improve their competence as well as have good career prospects.

Five years have passed after Lietuvos Telekomas was privatized in July 1998. During this short period Lietuvos Telekomas has become a modern telecommunications company. The Company is ready for competition with a good product portfolio, excellent technical basement and effective organization. This gives us full confidence concerning Company's success in the future.

Vision

AB Lietuvos Telekomas is the leading provider of telecommunications services in the region.

Mission

- Lietuvos Telekomas provides business and residential customers in Lithuania with communication solutions that meet their needs.
- Lietuvos Telekomas is a customer-oriented Company which is driving changes and building the future, thus paving the way for society's development and its citizens' well-being.
- Lietuvos Telekomas will create short-term and long-term profitability for the continuous increase in the Company's value.

Historical Facts

- 6 February 1992 – establishment of state enterprise Lietuvos Telekomas.
- 16 June 1997 – registration of joint stock company AB Lietuvos Telekomas.
- 9 June 1998 – new Law on Telecommunications.
- 7 July 1998 – privatization of Lietuvos Telekomas; Telia and Sonera acquired 60 per cent of shares for 510 million USD.

- 23 August 1999 – employees of Lietuvos Telekomas acquired almost 5 per cent of Company's shares.

- 12 June 2000 – the State of Lithuania sold 25 per cent of AB Lietuvos Telekomas' shares during the Initial Public Offering (IPO) to local and foreign investors. Since then AB Lietuvos Telekomas' shares are traded on the National Stock Exchange of Lithuania and GDRs on the London Stock Exchange.

- 9 March 2001 – Lietuvos Telekomas issued its debut EuroLitasNote of LTL 150 million with the maturity of three years.

- 1 May 2001 – UAB Voicecom, a daughter company of Lietuvos Telekomas, started provision of international calls over IP.

- 6 May 2002 - UAB Comliet, the biggest subsidiary of AB Lietuvos Telekomas, signed an agreement on the purchase of a 75 percent stake in the Latvian company, Datu Tikli SIA.

- 16 May 2002 - TietoEnator Oyj and AB Lietuvos Telekomas signed agreements on the sale of part of Lietuvos Telekomas' stake in its IT service providing subsidiaries to TietoEnator. AB Lietuvos Telekomas sold a 74 percent stake in UAB Baltijos Telekomunikacijų Konsultacinis Centras and a 40 percent stake in UAB Baltijos Informacinių Duomenų Valdymo Centras to TietoEnator.

- 4 July 2002 – UAB Comliet, a subsidiary of AB Lietuvos Telekomas, signed an agreement on the purchase of a 55 percent stake in the Estonian company, AC Telegrupp.

- 5 July 2002 – the new Law on Telecommunications (entered into force on 1 January 2003)

- 12 December 2002 – UAB Comliet, a subsidiary of Lietuvos Telekomas, established a 95 percent owned subsidiary in Kaliningrad Region, Russian Federation.

- From 1 January 2003 – AB Lietuvos Telekomas is designated as an operator with significant market power (SMP) in public fixed-line telephony network and services, leased lines services and interconnection services market.

- 7 July 2003 – UAB Baltijos Informaciniu Duomenu Valdymo Centras, a subsidiary of AB Lietuvos Telekomas, has established a 100 per cent owned subsidiary Baltic Data Center SIA in Latvia.

- 29 July 2003 – UAB Comliet, a subsidiary of AB Lietuvos Telekomas, acquired all shares (100 per cent) of UAB Sonex Komunikacijos from UAB Sonex Group.

Brief activity description of Lietuvos Telekomas' Group

Lietuvos Telekomas' Group is the largest telecommunications service provider in Lithuania. It had an exclusive right to provide fixed-line telephony and fixed-line network services until the end of 2002. Alongside fixed-line telephony services, AB Lietuvos Telekomas and its subsidiaries also provide Internet-related and data communication services, wholesale services for the other local and international telecommunications operators and a wide range of other telecom-related services.

The core business of the parent company, AB Lietuvos Telekomas, includes fixed-line telephony, data communication, fixed-line network, wholesale and Internet-related services. It also operates an Internet portal, *Takas*.

In 2002, UAB Comliet took over telecommunications network maintenance, service installation and fault elimination activities from Lietuvos Telekomas and became the largest subsidiary within the Group. In addition, Comliet provides such services as designing and construction of fixed-line and wireless telecommunications networks as well as installation and maintenance of low voltage networks.

During the year Comliet was also expanding its international activities. In May, Comliet acquired a 75 per cent stake in Latvian company, Datu Tikli SIA (25 per cent is owned by RBS Skals AS). In July, together with Merko Ehitus Ltd., Comliet acquired the Estonian company, Telegrupp AS. Comliet owns 55 per cent and Merko Ehitus – 45 per cent of Telegrupp's shares. Both subsidiaries provide such services as designing and installation of low voltage networks and engaged in construction and maintenance of telecommunications networks. At the end of the year, Comliet established a company in Kaliningrad region of Russian Federation – Comliet-Kaliningrad. UAB Comliet holds 95 per cent of its shares.

In 2002, UAB Lietuvos Telekomo Verslo Sprendimai continued providing services and complex telecommunications solutions and began offering technical consultancy services on telecommunications issues to around 600 major business customers of Lietuvos Telekomas.

UAB Lintel retained the leading position on the directory inquiry service market with its Directory Inquiry Service 118 and became the main provider of Contact Centre and telemarketing services in Lithuania. Lintel also manages the property of Lietuvos Telekomas' Group. In 2002, UAB Lintel sold all shares of UAB Lintkom to AB Lietuvos Telekomas.

UAB Lintkom holds 4.67 per cent of Lietuvos Telekomas' shares (treasury stocks). Shares were acquired during the Initial Public Offering (IPO) held in 2000.

In 2002, UAB Voicecom offered new Voice over IP (Internet Protocol) services, including a web-to-phone solution. AB Lietuvos Telekomas owns 60 per cent of

Voicecom shares and Nexcom Telecommunication LLC (USA) holds 40 per cent of its shares.

Lietuvos Telekomas holds a 30 per cent stake in UAB Verslo Portalas and UAB Verslo Žinios owns the rest of shares. In 2002, Verslo Portalas was engaged in developing the business-to-business portal *verslas.com*.

In October 2001, the Board of AB Lietuvos Telekomas decided to reorganize the Company's Information Systems Department. At the end of 2001, Lietuvos Telekomas established a subsidiary, UAB Baltijos Informacinių Duomenų Valdymo Centras. Another subsidiary – UAB Baltijos Teleominikacijų Konsultacinis Centras – was set up in March 2002. In May, Lietuvos Telekomas sold a 74 per cent stake in Baltijos Telekomunikacijų Konsultacinis Centras and a 40 per cent in Baltijos Informacinių Duomenų Valdymo Centras to TietoEnator Oyj.

Baltijos Telekomunikacijų Konsultacinis Centras (in January 2003 renamed to TietoEnator Consulting) provides companies in the Baltic region with high-value-added IT-related consultancy services. Baltijos Informacinių Duomenų Valdymo Centras (the name is subject to change in the future) provides IT infrastructure management services to Lietuvos Telekomas and other major companies in Lihuanian and the Baltic region. Both the companies started their activities on 1 June 2002.

Lietuvos Telekomas is a sole founder of the non-profit organization VšĮ Lietuvos Telekomo Sporto Klubas.

4.3.2 Enitel in Nicaragua

Upon the Nicaraguan government's decision to privatize the incumbent fixed net operator Enitel, Swedtel entered into a consortium with Terra and signed an Operational Management Contract in mid 2001. The undertaking also entails the full transformation of the corporate organization.

100% capacity increase in one year

In December 2002, one year after the take over, Enitel enjoyed an outstanding capacity increase. From the end of 2001, Enitel was able to raise the capacity from 160,000 to nearly 320,000 customers with fixed and mobile lines – a 100% increase in one year's time. (Approx. 50,000 new fixed lines and 100,000 new mobile lines).[1]

Organizational Stability

All issues arising from a privatization has been resolved and a new stable organization has been implemented. The organization is supported by a new and modern IT system for billing, claims, network support etc. as well as a finance system. A new Call Center was also established.

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[1] "Capabilities and Experience", Swedtel AB 2003

Improved Equipment

Modern technical and managerial equipment and tools have been installed, or in some cases, are currently being implemented.

Customer-Oriented culture

A new managerial culture is also on its way. In the near future, new customer-oriented processes will be introduced to enhance quality of service and customer satisfaction. This new culture is bound to result in a more business focused company and supervisory team.

In 2001 Nicaragua government decided to sale 40% of the shares of the **Empresa Nicaragüense de Telecomunicaciones S.A. de C.V. (Enitel)** by an International Public Offering (IPO); also, to transfer 11% of the equity employees of the company, keeping for itself 49% of the shares (See figure 4.2). Nowadays, Enitel, or Empresa Nicaraguense de Telecomunicaciones, operates 200,000 fixed lines in the Central American nation, most of them in the capital city. It offers long distance, mobile and Internet services ("Mexico's America Movil bids for Nicaragua's Enitel", *Forbes Home Page*, December 17th 2003, December 19th 2003, <http://www.forbes.com/technology/ newswire/2003/12/17/rtr1185130.html>).

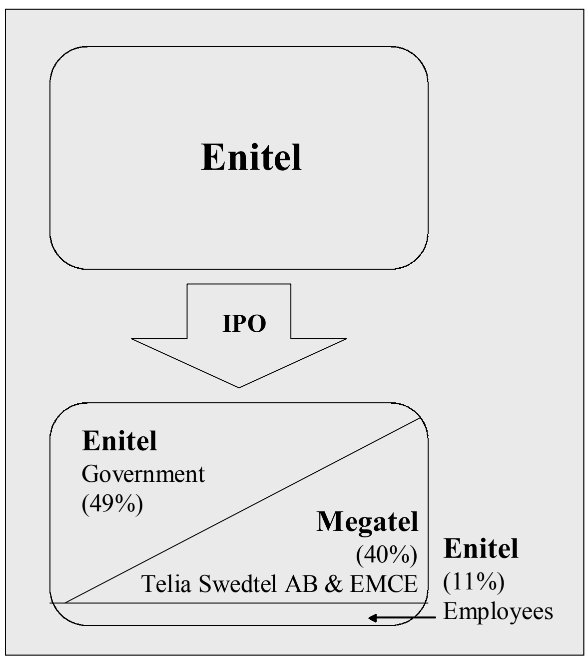

Figure 4.2 Enitel's ownership.
Source: Own

During the IPO the three main requirements for the interested buyers for Enitel were (*URETEL Home Page*, 8 December 2003, <http://www.uretel.gob.ni>):

- A minimum of three years of experience operating Telecommunication Services.
- A minimum of 300 k subscribers (fixed lines/mobile lines) in operation.

- Equity not minor than US$ 200 MM.

In August 2001 Telia Swedtel AB – EMCE was elected between Radio Móvil Diosa, S.A. De C.V. and CTE (France Telecom) as the winner in the technical and economical offer among the IPO proposals.

In December 8th 2001 The Board of Directors gave 40% the stock shares and the Management Agreement to Telia Swedtel-EMCE due to the fact that they surpassed the initial basis price offered by the Nicaraguan government. The Megatel consortium, made up of Sweden's Telia Swedtel and Honduran electricity company EMCE, will pay US$ 83,100,999.00 (US$33 million for 40% of Enitel and will pay US$10 million each year through April 2006 to pay for a five-year management contract) ("Troubled Company Reporter", *InterNet Bankruptcy Library*, Thursday, February 20th 2003, Vol. 4, Issue 36, December 19th 2003, <http://bankrupt.com/TCRLA_Public/030220.mbx>). Besides, the initial sale of the 40% of Enitel's equity the Government agreed to transfer 11% of the share to the active and retired employees of Enitel, Correos de Nicaragua y Telcor (10% as a sale and 1% as a donation).

The government had three control strategies:

- As the mayor shareholder with 49% of Enitel's shares
- Through Enitel directors that represent the Government
- Through the fiscal regulation by Telcor (the governmental entity that acts as a supervision agency to ensure the goals established on the concession contract).

These three levels (shareholder, member of the board of directors and regulation agent) of control allowed the Government a wide supervision access to the telecom services offered by Enitel as well as its obligations.

In order to provide legality to the transfer of the sold stock shares, the Unidad Residual de la Empresa Nicaragüense de Telecomunicaciones S.A (Uretel) was created on December 2001. In addition, Uretel accompanied by the *Ministerio de Hacienda y Crédito Publico* (trans. Fiscal and Finance Secretariat) will look after the legal formalities of the sale and they will follow up the *Comision Ejecutora del Plan Accionario* (trans. Action Plan Executor Commission) in the privatization process of the 40% shares. In addition Uretel will supervise and collaborate with the government in the sale of the 49% remain of the shares.

In 1999, the World Bank supported the Republic of Nicaragua in the Telecommunications Sector Restructuring and Modernization Program, which last December has arrived to the final stage with the recent sale of the 49% to America Mobil. This Mexican company is the No. 6 cellular firm worldwide and has about 39 million mobile subscribers in the continent. It operates in Mexico, Brazil, Argentina, Guatemala, Colombia, Ecuador and El Salvador and it continues expanding its coverage in Latin America. The price offered (for the Enitel stake) was $49.6 million, which is $USD 100K higher than the price established by the State.

According to the Concession Contract of the 40% to Megatel on 2001, this last is able to get over the 49 percent within a period of 30 days if it matches America Movil's offer (Martinez, 2003). The possible scenarios in the future of Enitel are that Megatel matches America Movil bid and becomes the main stakeholder of the fore mentioned company. In the other hand, America Movil buys the 40 percent, leading him to the same position, or finally both telecom firms share the ownership of the company. However, Megatel has the right to administrate Enitel for a period of three years, and this can be extended to twelve, if Megatel demands it.

The fixed-line penetration levels are quite low in Nicaragua, ranging from 4% of the population at the end of 2001. Because phone penetration in four, Nicaragua included, of the seven Central American countries is well below what income levels would suggest (See Figure 4.3), the region offers high revenue potential for new market entrants wishing to make quick and high returns. With all of the activity there, it is predictable that phone penetration could double to 8% of the population in the next four years (Latin Trade Magazine Home Page, December 8 2003, <http://www.latintrade.com/newsite/content/archives.cfm?TopicID=4&StoryID=1937>).

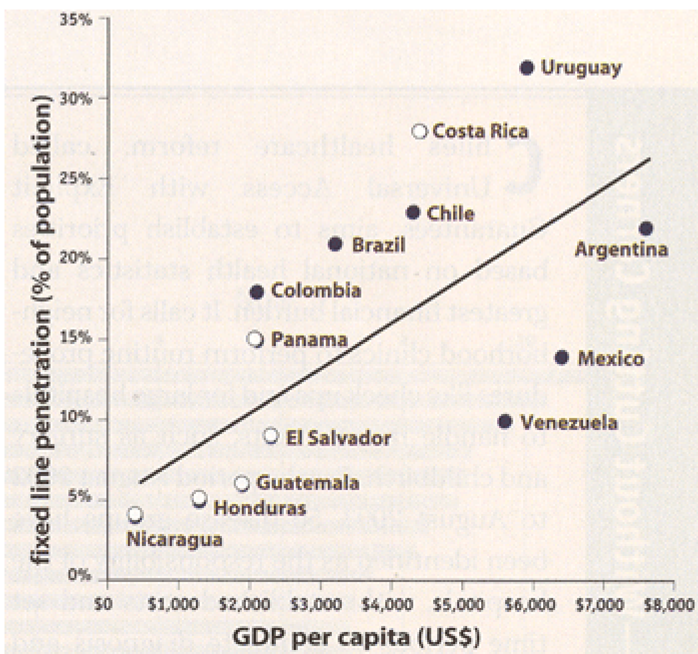

Figure 4.3 Central America fixed-line phone penetration
Source: Latin Trade Magazine Home Page, December 8 2003,
<http://www.latintrade.com/newsite/content/archives.cfm?TopicID=4&StoryID=1937>.

Brief activity description of Enitel in 2004

Faced with too much phone traffic for its network two years ago, Enitel —then owned by the state—ran ads asking Nicaraguans to refrain from calling to save minutes and avoid wasting communications. Nowadays this private telecommunications company is operating with the best technology equipment and it is increasing its line subscribers and services offered as well. After the flash of quick subscriber growth from privatization and liberalization in this country, this firm is now rolling out a nationwide cellular phone network and begins deployment in December of 50,000 new telephone lines in the capital city of Managua, part of a US$40 million investment.

Enitel's fixed line projects for this year are led by plans to install five secondary fiber optic rings in Managua, to complement the existing metropolitan ring. The rings should provide capacity for 50,000 lines and Enitel has already sold 85% of the first ring, which was completed in January. The Company activated some 10,000 lines in December and January, bringing the total number of lines in service to 182,000 (Martinez, 2003).

For the second-half of this year, Enitel has three major fixed line projects for which it has budgeted around US$10 million. According to Ramos, the Company will expand coverage in some smaller cities where demand for service is in the order of 1,000-1,500 lines; it will boost Internet capacity, and introduce ADSL services to the market; and finally, it will upgrade switching centers, including some that still use analog technology.

Mission

To satisfy and to surpass our clients needs by offering services with the highest technology.

Vision

To be the telecommunications region leader with the highest technology and excellent customer assistance.

Company Values

- Commitment to the client and company
- Quality in our services
- Corporate ethics
- Respect for the human quality
- Social responsibility
- Continuous innovation

(*ENITEL Home Page*, 8 December 2003, <http://www.enitel.com.ni>).

Enitel operated only fixed line and internet when Swedtel took over in 2001, nowadays Enitel has mobile services.

In Nicaragua Swedtel formed Megatel in consortium with Honduran partner EMCE. Enitel is different than LT project, in the latter Swedtel is the majority shareholder (60%) whereas in Nicaragua Megatel Consortium owns the 40 percent of the shares. Swedtel took responsibility for telecom units, that is technical area, marketing and operations within Enitel. EMCE took responsibility for the finance, legal, HR and presidency of the company.

4.4 Swedtel Swedish Management Model

The *Swedish management style* is characterized as open and consensus-oriented, whilst monopolistic companies are more autocratic in decision-making processes. Therefore, local staff members find of a great value the way knowledge is transferred during the take over, because they are encouraged to express their opinion.

"Scandinavian style is more open and it was good to implement it in this company [LT], because it was a subtle demand from the customer and from the market. We needed to focus more on the market and on the feedback and open communication within LT […] the knowledge brought helped us to become more open and flexible within the organization." Gailiunaite, S, phone interview. 22 December, 2003.

"…It was about management style by involving people, by giving them more freedom to act. In Telekomas as a monopoly […] it was a high hierarchy, all the decisions needed to be made at the top and then they went through the organization step-by-step. And I think it was a very good change to flatten organization and at the same time to create understanding. Now the market dictates this kind of management style." Gailiunaite, S, phone interview. 22 December, 2003.

"I show a lot of different examples. You try to convince them from a lot of different perspectives, not just by giving them one example, I gave them 20 examples to confuse them so they start to think on their own. […] Expat needs to make them [counterparts] to understand the strategic point of view on a macro level. Expat needs to make them understand for instance what is 'Management Development, what is Management Development Program is all about'. When they [local counterparts] understand that, then they can steer the process themselves." Naveius, L, phone interview. 9 January, 2004.

4.4.1 How Objectives are communicated to local employees in Enitel and LT

When Swedtel takes over one company the first thing is to replace the top manager in order to ensure investments and own interests. According to Swedtel, if you have the president, it is much easier to communicate your objectives, because you are inside the organization. At the beginning Swedtel conducts a lot of meetings with the company (Enitel or LT) in order to avoid rumors within the company and media. Swedtel starts communicating mission, vision, objectives and goals for this business to the managers to make sure that they are working with Swedtel and not against it. Swedtel identifies the *agents of change* who will influence the rest of the organization. Expatriates communicate objectives both verbally and in a written form.

"It happens once in a while that you will find managers not committed to the new owners, and then you have to [...] fire them, because they will never be committed to the company and they will always be the ones starting rumors." Magnusson, J, personal interview. 18 December, 2003.

"…We are trying to communicate our objectives, ambitions, what is our goal, why are we here, why Nicaragua or Ecuador is important to us." Magnusson, J, personal interview. 18 December, 2003.

"For instance in Nicaragua we took over on Monday and we had a meeting with management team during Monday morning and during the afternoon we tried to encourage everyone either come to us to ask questions or to go to their managers to have informal meetings, have a long lunch break for instance or have a coffee breaks or go to the pub or whatever, just to talk about it. It doesn't have to be done in the office it could be anywhere." Magnusson, J, personal interview. 18 December, 2003.

When expatriates suggest small changes they try to convince people verbally, when it comes to bigger changes expats try to paint-up a picture and give examples from the past experience in different companies. When expats feel that their suggestions or knowledge are not being accepted or fully understood by the local counterparts, expats take it to the informal level, such as meetings outside the workplace (cafe, pub, longer lunch breaks, etc.). In the informal environment expats create warm atmosphere to establish some level of trust and open communication and initiate a dialogue. Then they explain the reasons for advised changes and suggestions and give bright examples from the past experience to give a broader perspective to local counterparts. Such approach helps local employees to see and understand the context for the suggestions and changes proposed by Swedtel expatriates.

"For example I approach my team and I say: 'the situation and the problem we have right here is the same like we had in Poland three years ago. The customers were leaving us, the situation was a big mess, the general manager was dis-satisfied. When everything was black we went for a beer and then we came up with an idea and we said 'why not, we have nothing to lose', we tried that idea and it was a big success. Why not to do the same here. Lets start with a beer and then we will probably find a solution'. This kind of approach worked for me with my counterparts." Bengtsson, B, personal interview. 18 December, 2003.

4.5 Swedtel's Proven Methods & Models

Over the years Swedtel has created a vast number of proven solutions, methods, models and tools. These are all documented and systemized according to the SMP model in the Swedtel knowledge bank and can be adapted by Swedtel experts to the client's specific needs.

This way, Swedtel rarely has to create solutions from scratch, which makes the project processes simpler and faster. It also improves the quality of the result as many of the components in the client specific solution has been tested at other operators'. The methods to be used are usually defined in co-operation with the client.

Generally, the following methods could be applied:

- **SMP model:** The SMP (Strategies, Methods and Production) model forms the base for Swedtel approach. This model ensures a complete and structured approach in every undertaking.
- **Management Models:** Swedtel have in depth knowledge of many management and leadership models, including more formal models as steering models or business strategy development models as well as models covering 'softer' aspects such as organizational convergence.
- **Implementation of a Business Process Re-engineering Model** to identify gaps and find solutions. The major elements of the Swedtel model are; method for review of current situation, method for analyzing gap between the current state and the future need, methods for finding solutions to meet the future requirements. The model will systematically, and based on the customer perspective, support the development of cross-organizational solutions as required to achieve the defined objectives.
- **Business Planning Methodologies** for development of a reliable strategy and plan based on the market, customer needs, international trends and internal capability. The Swedtel Business Planning Method includes methods for SWOT (strengths, weaknesses, opportunities and threats) analysis, methods for outlining different scenarios and for financial projection.
- **Project Management** for planning, implementation and follow-up of results during implementation. The major elements of the Swedtel model are; structured phasing of the project activities; defined documentation and reporting routines for follow-up and control of results; high-level definition of project organization with project sponsor and steering group, project manager, advisory group and project team.
- **Training Concept.** Proven models and concepts for developing the staff skills and capabilities necessary to reach set targets.
- **Human Resource Development:** One of the key assets of an operator is committed, confident and motivated staff. Swedtel helps develop the capability of each staff member. Swedtel develops and implements general and individual human resource development programs at all levels, from front office functions to top and middle management. As well as human resource development, staff must understand communication and information and accept and adapt to new ways of working and a new approach to business.

4.6 Swedtel Training Concept

The liberalization of telecom markets demands new types of competence from all actors. Incumbents, as well as challengers have to acquire the skills necessary for finding their new roles and outperform their competitors.

In this rapidly changing environment, knowledge about the customers, competitors and market trends is vital to keep up with the pace. This knowledge is a core capability that differentiates a successful operator from its competitors.

The competitive environment is undergoing a fundamental transformation, and so is the technological environment. The technological advancements bring great possibilities. To get the most out of these possibilities, efficient and continuous training of the organization is necessary.

Consultants can provide a client company with the means for the organizational development (transformation). To take full advantage of these services and to be able to continue the commenced development, management and staff of the client company needs relevant training.

Swedtel Training Concept aims at achieving:

- Market knowledge
- Management skills
- Technical skills
- Improved products and services
- Increased customer satisfaction

Swedtel assists companies in defining the educational needs of their organization. Through collaboration with other Scandinavian training centers Swedtel can provide the entire range of education. The training can be held in Sweden or at customer locations. Courses can be adapted to specific Client needs. The following are some examples of Swedtel courses:

- Liberalization of Telecom Sectors
- Telecom Operator Transformation
- Revenue Assurance and Revenue Orientation
- Customer Orientation
- Project Management
- Customer Center Management
- Network Planning

4.6.1 Top Management Training

Before 1998 LT had no internal training program running. After acquisition in 1998 Swedtel started the transformation processes and one of the tools in changing LT was the implementation of Top Management Training program. It was created in order to ensure the competence of the company when Swedtel expatriates leave, and also to change the old way of thinking of local top managers, such as Sales and Marketing Directors, Customer Care Directors, Department Directors, HR directors counterparts, CFOs counterpart, for Business Development Directors, for all managers that were not from Telia or Sonera. The objective of this training program was to develop strategic management capabilities, to share the "Swedish Management Model", to have a long-term plan in accordance with organizational resources and needs. As a result of the "Top Management Training Program" the "Future Top Management Training Program" was implemented for staff members in their 30's whom Swedtel considered as potential top managers in 10 years.

"... These people [potential managers] need to be trained very early and that is also to secure that they feel that company is giving them a commitment." Magnusson, J, personal interview. 18 December, 2003..

The "future top managers" are being trained in a lot of different areas such as budgeting, follow-up, HR and legal issues. The training program provides local managers with the ability to identify the long-term direction of the company.

"You need to be sure that the top management knows, first of all that they are all going in the same direction, so the network and IT guys are having the same long-term goal. Otherwise it will be chaos. But also, that the top management can take down the main objectives of the company into their own departments." Magnusson, J, personal interview. 18 December, 2003.

4.6.2 High Potential Development Program

High Potential Development Program was created by the HR team in 1998 in order to ensure the growth of LT's high-talented people or potential leaders. In addition, it helped to make the organization's structure more flat. This program helped to develop managers with team-working skills and confidence in their decisions. Nowadays this program is still running as a motivational tool.

"The program inspire people to make more for the company, it is used as a motivational tool. And sometimes I am amazed by what can people do when they feel that the company gives them attention, recognition and trust." Gailiunaite, S, phone interview. 22 December, 2003.

Swedtel tries to follow-up on how the trained local top manager feels about his/ her own development and also Swedtel interviews his/ her staff on annual basis and ask specific questions about the improvements in management skills. According to Magnusson, Swedtel encourages the discussions between managers (local or expatriates) and his or her subordinates to involve the employees in the decision making process and to have a dialogue. All local top managers have a counterpart in Telia or Sonera.

4.6.3 Swedtel Team Concept – a systematic knowledge transfer

The Swedtel Team Concept is a part of the Swedtel Training Concept. Traditionally a consulting relationship takes one of two forms;

1. The Consultant may be viewed as a more or less separate entity, which is given specific tasks to perform and reports back on findings, conclusions and recommendations.
2. A closer form of collaboration is when the Consultant has an advisory role and interface with designated counterparts appointed by the Client.

The general experience of the first type of relationship is that the Consultant, although performing his tasks in an efficient and timely fashion, often fails to appreciate the local conditions. Consequently some of his recommendations, although theoretically and technically sound, are in fact impracticable and of little use to the Client.

The second type of relationship, although generally satisfying both parties regarding achievements, also has its shortcomings in that Clients may feel that the advisory role has a tendency to make the consultants passive, lacking in initiative.

A telecom operator and Swedtel therefore jointly developed the Team Concept in order to make the traditional consulting relationship between the Client and the Consultant more productive, extending it into a more cooperative relationship.

Interviewed expats shared the idea that in order to be successful in completing assignment and sharing knowledge it is necessary to take a local employee perspective, and it is very important to understand that nobody would like the idea of getting strict instructions from foreigners on what to do and how to do in their company. The general approach for the Swedtel's expats was to get to know people in the local company better and to build some level of trust. Before suggesting and implementing changes expats would initiate meetings where they would encourage employees to think about the essence of their department (or area) within the organization and processes that could be improved to make organization more efficient. Swedtel expatriates found it important first to make local employees to think about, understand and realize the need for the new knowledge in the beginning of their expatriate activity.

"If you sit down with people have a cup of coffee or have lunch together you will get to know them beyond the working level which makes it easier when you have to make tough decisions. On another hand you can't get really too close with them because when you first arrive you don't know if it is a good person, and you don't know if this person going to stay or not. But you need to assume that everyone there is the best person. You can't go to Lithuania or Nicaragua or somewhere else assuming that they are doing everything wrong, that they are wrong people, that they are not competent." Magnusson, J, personal interview. 18 December, 2003.

"*You must understand: 'If I would have been in a similar situation if someone would have come from another country into my company and started telling what should I do and how should I do it, etc', how would I react then? I personally would be angry with that person. I have different approach. At the beginning I spend two-three months not saying too much. I would walk around trying to get to know people better, talk more about myself. I would talk about my previous experience. […] After two-three months I would* *start a dialogue about the role of HR in the company. My main focus in the beginning was to build really good commitment on a personal level. After three months I would start digging into the details of the business, what was wrong and what was right, etc. What I started to do after three months was to emphasize on brainstorming about the meaning of HR department. At this level I fought a lot in my role as a consultant in HR department to help people to understand the strategic level what is modern and professional HR work is all about. […] After five-six months I started to focus more on the details in the various managers working fields. I would say that a lot of people, and especially Finns would think that I was totally messed-up in the way I work. However, when we started to talk about the details after five months, I would say, that me and my counterparts in two months achieved the level that other expats and their counterparts achieved in one year. Even if you lose some time on the paper in the beginning, the trust and commitment you build, allows you to achieve more and faster. […] We were really colleagues with locals, we were not seen as expats after 9 months, we were seen locals."* Naveius, L, phone interview. 9 January, 2004.

The Swedtel Team Concept ensures that Swedtel's experts and operator staff work closely together on specific and well-defined tasks. This transfer of information and know-how provides a basis for adapting modern telecom principles and methods to the local conditions and environment.

"One of the major contribution is the experience they had. They [expats] already went to different organizations several years ago, they gained all this experience which was the best way to deal with the situation. This is very important in free-market environment. That is why it was much easier and quicker to have their experience to adapt it to our culture. Because they [expats] already knew the successful factors, the difficult stages. They provided us with their suggestions, and then we [local staff] analyze if the suggestions fit into our culture and our company." Gailiunaite, S, phone interview. 22 December, 2003.

For each main activity, a working team is formed, consisting of the Company staff and the Swedtel staff. The Swedtel head office offers back-up and support to the team when required. The teams use Swedtel's working models to ensure that they are working according to well-proven methods.

The team concept eases the knowledge transfer by constantly giving examples of how things can be done in a better way for a market-oriented company. The Team Concept also fosters the team-working skills and it directs different departments of the organization toward the same goals and objectives.

"...the team is formed to get people to understand that if we can't work as a team only three of us, how should the company with 5.000 employees work as one unit if three of us can't really agree. It has to start bottom-up. The mission of the team concept is basically to produce better results from the company and to transfer the knowledge between

Swedes and Lithuanians [or Nicaraguans] in this case, and this is a mutual transfer.” Magnusson, J, personal interview. 18 December, 2003.

“… Even in my team here, we are three people working with Latin America – it’s my boss, me and a colleague. If I don’t agree with my boss I just tell him that he is wrong and then we have a dialogue and then we come with a conclusion. And it might be that I am right or he is right, but there is always a dialogue, and you can’t really be afraid of your boss in saying ‘this is wrong’, because I feel that if I don’t tell him that this is wrong and I have to do this I won’t do a good job and I will come back to him later and say ‘well, we didn’t perform quite well but it doesn’t matter because it was a bad idea from the beginning’. I have an obligation to tell him from the start ‘I don’t agree on this’, or ‘I don’t understand why so can you please give me an explanation why we should do this’. A good manager shall provide you with good arguments and if he can’t deliver those explanations then I don’t really see why I should do it. And it’s the same with this Team Concept. If you go out and work as an expatriate in Lithuania you have to work in the same way.” Magnusson, J, personal interview. 18 December, 2003.

“Without the team I will never succeed as an ex-pat.” Magnusson, J, personal interview. 18 December, 2003.

“I think this is a very good match, foreign experience and powerful driving-force from the local people, […] Lithuanians were motivated to make it [transformation] happen.” Gailiunaite, S, phone interview. 22 December, 2003.

Interviewees stressed that another advantage of the Team Concept was the increasing quality of the results from the joint work between expats and local staff. This quality was achieved by discussing different perspectives on the daily operations.

“The most valuable thing of this way of working were the different points of view on same issues, because we could share the different angles and discuss them.” Gailiunaite, S, phone interview. 22 December, 2003.

Knowledge is being shared within the team concept through working on common tasks on a daily basis and trough open discussions, arguments and training programs. To have a commitment from the local staff members expatriates have open conversations individually and in a team and talk about their ambitions and try to form a process for the team, based on their previous experience. However, the real success was the knowledge sharing within the team and the ability of the local counterparts to adapt it to the company and to its culture.

Team members (expats and their client counterparts) had a weekly review of the events and decisions taken during this period, where they analyzed what happened and what could have been done differently. As for all cooperative forms, it is of great importance to clearly define the distribution of responsibilities of the involved parties, or, in concrete terms, between the counterpart and the individual consultant:

- The Consultant is responsible for the professionalism of the end product. The consultant shall also be responsible for time schedules and work plans, for the follow-up of those and for preparing suitable action in the case of delays.

- The Client's counterpart shall be responsible for the relevance of the end product, i.e. that the planned result is truly needed by the organization. He shall also warrant that proposals and recommendations has been drawn up with due consideration to the local environment and that they are in fact practicable, i.e. possible to implement.

"My counterpart managed people and daily operations. I used to deal with the strategic plans, describe processes, and propose changes in the processes. Basically, I was dealing with strategic issues and my counterpart was dealing with the day-by-day operations. I think it was a good balance because that was the way for him not to lose face in front of his people. […] I talk through and discuss with my counterpart to make sure that we both agree upon the strategy plan in all cases. And I stress out – in all cases! The General Manager has to approve the strategy plan that I develop and he also checks that the day-by-day activities of my counterpart are consistent and are in the same direction with overall strategy." Bengtsson, B, personal interview. 18 December, 2003.

The counterpart and the consultant jointly manage each team. The team members are to the greatest possible extent, drawn from the Client's resources while Consultants only make up for unavoidable shortfalls. The Consultants are expected to "migrate" between Project Teams according to the workload in the different phases of the project. The Client staff on the other hand remains in position until completion of knowledge transfer and is eventually integrated into the Client's line organization.

Client staff may therefore assume different roles and levels of responsibility within the Swedtel Team Concept, depending on their profile:

- A **Counterpart** is defined as a fully qualified officer with good knowledge about rules, regulations and practices of the Client and other concerned Authorities.
- A **Team Member** will be an experienced officer who can make a contribution to the project.
- A **Trainee** will be a young officer attached to the team in order to gain knowledge and experience.

Swedtel's ultimate ambition is for all assignments to be carried out with high quality and produce the desired results with the right investment.

The team size varies from 3 to 50 members depending on the task. In the beginning Swedtel sends large number of expatriates to the projects, and with the time the number is reduced. Swedtel never puts only expatriates or only local employees in one team; the teams have to be mixed.

Advancement of New Knowledge, Competence and Procedures

Design and implementation of routines and procedures is made in the spirit of the Team Concept. For example, the counterpart and the consultant jointly sign all letters, reports and official forms such as leave requests.

The Client staff has to actively consider the Consultant's suggestions on methods and procedure; why certain accepted practices should be amended or abolished and, of course, new technical solutions. They cannot disregard such suggestions without full justification, nor can they accept them without fully understanding them, since they are responsible for the feasibility of all proposals and recommendations. This responsibility is thus a main driver for ensuring that transfer of know-how is achieved. The transfer of know-how is thereby not regarded as a separate activity, but a fully integrated part of every task to be performed.

"If I have someone working here with me I can see what she or he is doing and I can do whatever he or she is doing, but as soon as the person leaves I will go back to do the things I used to do, and in my own way, because that is how I think. It is much easier to do it my way than someone else's way […]. This is the reason why you need at least three years when you go as a manager [expatriate], to ensure that you feel that people in LT start to think a little bit different, that they start to act differently and they start to take their own decisions" Magnusson, J, personal interview. 18 December, 2003..

"[…] In the minds of LT staff it was better to do nothing than to do something that maybe was not right […] So expatriate has to work with this for a long time to let people know that it is better that we take a decision and go to the left instead of just standing around here and arguing left or right. It is better to go to the left and then go back if it turns out to be a wrong way. But at least we are doing something. […] That is very important that the management that Swedtel puts in have the skill to teach people to make their own decisions and also to give them tools to argue for their own sake. So that they can give good arguments on why we should go to the right and why we shouldn't go to the left" Magnusson, J, personal interview. 18 December, 2003.

4.7 Strategic Development Program Assignment

Strategic Development Program (SDP) started in Lithuania for LT and now Swedtel is trying to implement it to other projects. SDP represents a concept and tool used by Swedtel for outlining the specific tasks for expatriate, local staff representative or combined team in order to develop new strengths in acquired organization (for instance LT). For each step in the Strategic Development Program Swedtel has its own templates, documents and Tool Gates (TG) that they are trying to adapt for other projects by reusing the knowledge and final outcomes of the process in order to learn from the past mistakes and avoid them. Each assignment has a specific owner (person who is responsible for the task), counterpart and both, Sontel's and LT's approval . SDP contains several steps, defined as "Assignment Creation", "Assignment Monitoring" which contain few sub-steps described in detail below.

4.7.1 Assignment Creation

Before the bid, Swedtel identified several areas within LT where new knowledge (managerial and technical skills) was needed. When Swedtel was awarded the contract it immediately placed its own management team into key positions in order to protect TeliaSonera's investment. This team in collaboration with the local staff detected new projects, needs, ideas, exchange programs, study visits and training programs in certain areas.

"It [the needs identification] was cooperation between Swedtel and local staff" Magnusson, J, personal interview. 18 December, 2003.

Assignment Conception

- **Assignment Idea (TG0):** It starts when a need is identified by either Sontel, Swedtel or LT staff. This need can be recognized from top-down or bottom-up within the Organization and discussed between Swedtel and LT staff (HR, Finance and Strategic Development Managers) in biweekly meetings during which the Assignment Idea is formulated.

Assignment Initiation

- **Assignment Specification (TG1):** After approval of the Assignment Idea, the details are specified such as the deliverables, timing, costs, expatriate and his or her local counterpart. The counterpart should be found in the existing local staff, if there is no such person or position, Swedtel hires a qualified person or creates the position with the purpose of securing that the new knowledge acquired from the expatriate remains inside LT.

"If we will assign this task we need to know who will be the counterpart within Telekomas, because all the managers and everyone in the line position have to have a counterpart to have someone to work with him [her] on a daily basis [...] without a counterpart, when our guy (expatriate) leaves, the knowledge leaves as well" Magnusson, J, personal interview. 18 December, 2003.

Sontel gets the specifications for this assignment. Then, Sontel finds the right person or equipment (the resources) and delivers it (or them) to LT.

4.7.2 Assignment Monitoring

Assignment Establishment

- **Assignment Plan (TG2):** When resources are allocated in LT, the first thing that is done is to develop the Assignment Specification into a more detailed Assignment Plan, which contains the schedule of activities, time frame, the precise number of employees and positions involved in the assignment, goals, etc.

Assignment Execution

- **Progress Report (TG3):** After approval by the management team within LT the assignment starts. Each month the expatriate has to provide progress reports, and those reports are provided to Sontel and to his or her boss within the Organization. Sontel uses the progress reports to evaluate the process of the assignment implementation and to be able to detect possible threats in the future. The assignment plan is being tuned up during the implementation.

"Is this progressing according to the plan? Do we think the recruitment […] was not so good? Maybe we need a new person, or has this person found new assignments that we need to write assignment specifications for? This is like a circle going round and round" Magnusson, J, personal interview. 18 December, 2003.

Assignment Conclusion

- **Final Report (TG4):** Two months before the assignment is finalized the expatriate has to write a final report.
  "…delivering all good and bads and what happened during the project? What are the lessons learned? How did it work with the counterpart? What are the future steps Telekomas needs to take in order to keep on the improvement and what lessons have been learned basically?" Magnusson, J, personal interview. 18 December, 2003 – according to the Swedtel's staff these are some of the questions that the expatriate answers in the final report.

4.8 Corporate Development Model

The Corporate Development Model (CDM) was originally created for project in Colombia in 1997. Nowadays this model is being used in other projects around the world. Corporate Development Model includes 4 areas:

1) Processes and Routines; 2) Organization; 3) Performance Follow-up and Steering; 4) Information Management.

These 4 areas are described in more details below.

4.8.1 Processes and Routines

Based on past experience Swedtel has developed templates for most of the processes and routines because Telecom companies in different countries have similar structure. Swedtel has existing routines, which are constantly evolving, and the job of expatriates is to implement them.

How new routines are explained to the local staff:

"If we would say 'this is the process that we are going to use', but nobody cares about it, then it does not matter [...] so, the person that is coming into the organization needs to structure all the information within the specific unit and try to organize the information in the way to make sure that it is very easy to explain to the employees that 'this is how you work today' [...] then they realize 'we have been working according to this model [Corporate Development Model], but we didn't know'" Magnusson, J, personal interview. 18 December, 2003.

Corporate Development Model and workshops allow the local staff to visualize their focus area, they feel relieved when they realize the delimitation of their area of responsibility. The workshops ensure that the local staff visualize that several units are working in parallel towards a common goal, therefore it is important that everyone works in the same direction.

"You can't go out to all employees to explain the process, but you have to work top-down and bottom-up, but [processes implementation] usually starts from the top, and information/ initiative [for decision-making] comes from the bottom." Magnusson, J, personal interview. 18 December, 2003.

4.8.2 Organization

After identifying the processes the organizational structure (company area structures) is depicted, job descriptions are written, roles are assigned, authorities and responsibilities are defined. Once a month decision-making forums are conducted between Enitel project managers and their counterparts. The Follow-up on Human Capital is conducted by the means of anonymous questionnaire (about 100 questions about working environment, leadership) via e-mail, where questions about work conditions and professional development are asked to staff members in order to monitor the level of contentment and professional growth. The 'Follow-up on Human Capital' is basically a tool to measure human resource development.

Decision-making: According to Swedtel, decision does not have to originate at the top, some of the decisions can be made by middle managers.

"...However, all decisions don't have to come from top management, there are a lot of decisions that can be made by unit directors or team directors. [...] One way of ensuring that the units can take their own decisions is to have mission, vision and budget for the unit. As long as unit stays within the allocated budget, they can do 'whatever' they want.

The decisions that are taken within the budget should never go up to the management team or to the Board of Directors, because it will take too much time from the management…" Magnusson, J, personal interview. 18 December, 2003.

"I had 4 different counterparts. I did not have a formal line-management position, I worked as a consultant. The idea was to have local individuals who were responsible for taking decisions, but I was always in the back to consult them and to have more 'coachative' approach, talk to them a lot, work together with them, help them to develop their tools, their ideas, whatever it could be. I was always behind to navigate them when necessary, and it was very necessary to navigate them. […] I never told anyone 'this is the decision you should take now'. I wanted them to understand which decision was the right one to take." Naveius, L, phone interview. 9 January, 2004.

4.8.3 Performance Follow-up and Steering

The monopolistic environment and organizational structure of SOTCs made managers less interested in learning new things, in following the market, in re-shaping and optimizing the employee performance. All above mentioned, lead the SOTCs to poor efficiency. According to Swedtel's experience SOTC's management is not so result-oriented in practice. This is why implementing follow-up system is considered to be one of the most important tools in transforming telecom companies.

"They [SOTC's managers] were managers, but they were not so interested in the results, it was more interesting to be the manager to manage people. So, what we did first was to build-up a good follow-up system of the results on business activities […] so we know where we were and where we are." Bengtsson, B, personal interview. 18 December, 2003.

In LT top management had a meeting every Wednesday where teleconference would be established with every region to discuss results (good or bad). Top management evaluated the performance of regional managers. The idea behind the follow-up is to compare objectives with the results obtained during some period of time. During the meetings successful and innovative ideas and practices of some regional offices were being identified and suggested to be applied in other regions. Also mistakes and failures were discussed in order to learn lessons and to avoid similar problems in the future.

In Enitel, once a quarter Megatel (Swedtel and EMCE) conducts a meeting to follow-up the performance of Enitel. Due to the fact that the Consortium in Nicaragua is getting paid based on the performance of Enitel, and not based on fixed monthly fee, it is important that Swedtel ensures that Enitel presents results as specified in the business plan. Agenda for the meetings is always the same – contract compliance, problems, current legal and financial issues, etc. The rules for these meetings are based on Swedtel's and EMCE's experience from previous projects. Balance Score cards for the management are set by Megatel/ Board of Directors, and the Bonus Salary Model is set by the management team of Enitel/ LT.

4.8.4 Information Management

Swedtel and its subsidiaries produce great amount of information, documents, etc. Quite often the same information is being produced/-replicated a number of times. In order to avoid the replication and be able to re-use produced information it is necessary to grant access to existing documents for all staff members within the Swedtel and its projects. Swedtel has a Document Handling Model, which operates under International Standards. Produced documents are categorized.

From State Owned Enterprise to Market-oriented Telecom Company

Based on Swedtel's experience, the State Owned Telecom Companies (SOTC) are falling victims of their own structure. First SOTC's have the organization with a large number of employees, and then they assign tasks so that everyone within the company gets an area of responsibility. The pitfall of this approach is that assigned tasks do not reflect the market needs, but the non-efficient organizational structure.

According to Swedtel, for the efficient performance, project needs clear strategies to create corporate development models in order to have good products or services. First, Swedtel identifies the *tasks* in line with the market needs, and then outlines the *processes* to achieve goals; and as a final step it shapes the *organization* by allocating the areas of responsibility to the optimal number of employees in accordance with the identified tasks.

As mentioned above identified tasks require development of appropriate processes. Each area has its *processes*, and each process has its own *sub-processes*: identification of main activities (what to do), main results (why it has to be done), routines (how to do it), roles (who will do it), interfaces (to whom deliver the result), tools (computer or paper based/information management tools) and decision points (reporting, reviewing, adjusting and approving the process). When a process requires the cooperation of more than one department, the *interface* sub-process serves as a gate delimiting the responsibility between departments involved in the same process.

On some occasions, expatriates needed to create one department from the scratch. For example, in Enitel there was no Marketing and Sales department because it was a monopoly and therefore they were not forced to go out to the market to try to get new customers. In these specific cases expats rely on the Corporate Development Model (CDP) to initially identify the processes, and then the organizational structure.

"… We first created the Marketing forces or areas, Marketing Intelligence, Marketing and Communications, Sales and Product development […] we described the responsibilities […]. Then we look for the people to form these departments [...] we transfer the knowledge in the every-day life" García, L, phone interview. 19 December, 2003.

"Every telecom company that is in the hands of the State has some kind of defect […] meaning that it is really difficult to make them understand that the important things are

not the organizational structure, but the market. And in all telecom companies before they started to be market-oriented it was the technical part, the network people, who was always directing the whole company, and they were always limited by what their technology was able to do. And we had to change that, and now Marketing and Sales leads the company and that the technical and the network people, the administration and everyone have to support and make all efforts in order to give new services, to satisfy the needs of the market. […] It takes many, many years. The organization is still changing" García, L, phone interview. 19 December, 2003.

4.9 Agents of Change

Swedtel perceives agents of change not only the expatriates but also the local staff members who have the potential, skills and capabilities to become a manager in the future.

"…If we [Swedtel] feel this person […] has potential to be a manager in the future within the Organization, […] he or she probably sees that if I manage to turn around the company there would be a good company in the future and there would be a good company for all of us working here. So this person is also an agent of change" Magnusson, J, personal interview. 18 December, 2003..

In addition, Swedtel also sees the new local people recruited into the firm as an agents of change, because they had no experience of working in a Stated Owned Telecom Company (SOTC) and they bring fresh ideas, new minds, routines and processes.

"They give a new improvement of the culture of the company" Magnusson, J, personal interview. 18 December, 2003.

The Management Training Programs are developed for the agents of change within the company, and these are responsible to spread the new skills among the rest of the staff.

The age of the people in managerial positions within formerly SOTC is of considerable importance to Swedtel. The main reason for this is that Swedtel is not willing to train and develop people who will soon be retired. However, Swedtel also recognizes the value of experience of old employees so they create mentorship programs (experienced employee-recently recruited employee) in order to balance the Organization.

4.10 Barriers in Knowledge Transfer

Interviewed expatriates identified language and bad relations on personal level (differences of characters) as barriers in knowledge transfer. In most of the cases English is a second language for both expats and their local counterparts. If expat translate his ideas from Swedish to English, his or her counterpart has to interpret it from English to

Lithuanian or Spanish. Lack of personal commitment and lack of trust were also identified as a important barriers in knowledge transfer.

"If my counterpart does not like me personally, there is no way I can transfer anything to him, then it is a mission impossible." Bengtsson, B, personal interview. 18 December, 2003.

Each person needs time to understand the new knowledge, and these individual processes delayed the knowledge transfer within the team. This speed to assimilate new knowledge was identified as a barrier by local staff members.

"When it was time to communicate to people what was the main direction, what was the main goal, why are we having these organizational changes, we had a difficult time. […] Even if you communicate the same message, we are human beings, some people understand more quickly, for others it will require more time to assimilate and you will need to repeat the information several times" Gailiunaite, S, phone interview. 22 December, 2003.

Another barrier revealed by the local staff interviewed, is the resistance to change.

"It doesn't matter when someone else succeeded, to our country it would be the opposite. It would be like 'No, this is not possible to implement in our company'. So, that is why at the beginning there is always resistance to the change. […] it is like 'why do we need to do it? What does it bring to us?' It should really be step-by-step process so we understand it. It should be gradual and natural […] And it is also relates expats. Do they really know how to do it? Why are they here? Maybe we can do it by ourselves? This is how human beings behave." Gailiunaite, S, phone interview. 22 December, 2003.

4.11 Distribution of new knowledge and competence to the whole organization

In order to successfully distribute the acquired knowledge inside LT, the local counterparts first implement this knowledge in their daily operations, so the others will learn from the example. Then, they also have meetings to share the testimonials of the local personnel involved in the knowledge transfer process, such as the High Potential Development Program participants, who share their experience with the others. Moreover, when local staff returns from a business trip/ study visit to TeliaSonera's headquarters, they make a presentation to share their knowledge with their own staff. Another tool of knowledge distribution among local staff is LAN (Local Area Network/ IT network) where all participants can exchange learned practices.

"…of course we started programs for training, for dialoguing, for going around the whole organization, to give internal organization leaflets that start to change the whole personnel's point of view.[…] they [the tools] started to change the mind of the people,

we [expats] changed the culture in some way." García, L, phone interview. 19 December, 2003.

"Lithuanian people are very open to learn and very open to know more and to be better." Bengtsson, B, personal interview. 18 December, 2003.

Some of the expatriates are working in LT since 1998 to the present, and some of them have left LT after 3 years of working and their local counterparts are successfully continuing their work.

4.12 Client company performance improvement

"What we promised in the bid has been delivered" Magnusson, J, personal interview. 18 December, 2003.

All interviewees (expats and locals) were absolutely confident about outstanding performance improvement of the local companies after Swedtel's involvement. This confidence is supported by financial reports of both. The most common areas of improvement mentioned by the interviewees (both, local and expatriates) were: business orientation of the company, focus on results and follow up.

"…it was quicker to adapt the experience expats brought, we probably could do that by ourselves but that would have required more time, and specially under tense competition, the time is more crucial. If you want to be leader you need to do something right now." Gailiunaite, S, phone interview. 22 December, 2003.

Table 4.1 Swedtel Project Summaries (Source: Capabilities and Experience, Swedtel AB, 2003)

Country	Client	Duration	Scope
Lithuania	Lietuvos Telekomas	1998 --	Transformation, management and operations and bid coordination
Nicaragua	Enitel/ Terra	2001 --	Transformation, management and operations

Table 4.2 Key performance indicators of projects in Lithuania and Nicaragua (Source: Capabilities and Experience, Swedtel AB, 2003)

Country	Client	When Swedtel came in			At present/ When Swedtel left		
		Year	Revenues (mUSD)	Customers	Year	Revenues (mUSD)	Customers
Lithuania	Lietuvos Telekomas (fixed)	1998	168	1000000	2001	265	1300000
Nicaragua	Enitel (fixed)	2001	6	160000	Present	27	172000
Nicaragua	Enitel (mobile)	2002	Start-up		2002	1	43000

"One way to know if the company has changed to a more market-oriented perspective is when your amount of customer complains went down and the sales went up in a significant way as it did in Enitel […] you have to see the achievements you make in the market, products and services offered to the market. The sales of the company reflect how well the company is doing" García, L, phone interview. 19 December, 2003.

5. ANALYSIS

In this section the results of the comparisons between the theoretical model depicted in figure 3.5 and Swedtel practices discussed in chapter 4 will be described. We will provide our own interpretation for all the nodes and processes of the Knowledge Transfer model presented in Figure 3.5, but based on the empirical findings and using our hermeneutical approach. We first test the presence of nodes and processes of knowledge translation model (Figure 3.5) in practice of Swedtel. After identification of nodes and processes we will take a general view on the knowledge translation process from Swedtel to LT and Enitel and suggest a modified theoretical model that better describes the practice. In accordance with terminology suggested by the Frame of Reference chapter of this research, in this chapter of the paper we use the term *knowledge translation* instead of *knowledge transfer.*

5.1 Identification of Nodes and Processes of Knowledge Translation in Practice

The concepts provided at the beginning of the following sections come from our own reasoning and understanding. We consider them useful for the reader in order to comprehend the meaning of each concept and the perspective we took in this analysis.

5.1.1 Knowledge

Knowledge originates at the head of an individual (Swedtel expatriate) and builds on information that is transformed and enriched by personal experience, beliefs and values with decision and action-relevant meaning. Knowledge in our research is represented by all the management skills possessed by Swedtel and translated to the Client companies. This knowledge was acquired by Swedtel in different projects around the world.

As presented in chapter 4 of this paper, the knowledge that Swedtel intends to transfer in each project is already identified during the due diligence process, the bid or the first interaction with the Client. SDP Assignment Process (section 4.7) served as a tool for identification of skills and knowledge, which needed to be translated to a Client Company (LT or Enitel).

Swedtel has in-depth knowledge of many management and leadership models, including more formal models as steering models or business strategy development models as well as models covering "softer" aspects such as organizational convergence. The knowledge transferred by Swedtel is located in the Tacit-Strategic quadrant of the Figure 3.5, where most of the business practices such as decision-making processes, customer-oriented vision, etc. are located in a long-term-oriented time frame in order to provide fundaments for each decision the managers take. Interviews revealed that in general expatriates were working on a strategic level, while their counterparts were dealing with day-to-day, operational issues in managing team. During the collaborative work in team, by the end of expatriate assignment, local counterpart would receive strategic management knowledge.

5.1.2 Translation

Translation has a dual meaning. First, translation implies to the movement of knowledge from one place or person to another. Secondly, knowledge needs to be translated to understandable language so the recipient can comprehend its meaning and value. Translation - is knowledge (possessed by Swedtel expatriate) placement into a local environment, it is an overall process of bringing the new knowledge into the organization (LT or Enitel).

All interviewed expatriates expressed similar idea that their main duty was to translate their management knowledge and leave highly qualified local counterparts who are able to manage company in the most efficient way once expats are gone. Thus, the importance of *knowledge translation* from expatriates to local employees viewed as a crucial tool in transforming the Client Company. All interviewed (both expatriates and local staff) individuals stated that as a result of close work with Swedtel, the Client company staff are well-prepared to take over the management and daily operations of the company and translation of knowledge from Swedtel has increased the efficiency of local companies. These statements are supported by the performance of the Client companies and their annual reports.

The business idea of Swedtel is to become unnecessary for Client companies, meaning that the idea of Swedtel is to translate its knowledge to Clients as soon as possible (section 4.1). Swedtel since the beginning of its history developed a number of tools for knowledge translation; again, this represents the importance of knowledge translation concept for Swedtel.

Top Management Training Program, High Potential Development Program, Swedtel Team Concept – all these represent the knowledge translation tools in Swedtel's practice. Swedtel Team Concept (See section 4.6.3) is a tool to put expatriates and their local counterparts in one group working on the same task, which helps expats to get the same perspective as his/her counterpart. This eases the translation process by adapting Swedtel's past experiences to a local context. Swedtel expatriates see Swedtel Team Concept as a model for systematic knowledge transfer that empowers local staff and makes sure that proposed changes are fully implemented for the long term.

5.1.3 Understanding

Understanding is reached when the Client staff is able to recognize and comprehend the use and benefits of the new the knowledge within his or her context. Also, this stage is attained when the Client staff is able to identify the logical link between one or more different concepts (of the new knowledge).

Swedtel recognizes the importance of understanding of the new knowledge acquired by the client. When local counterparts do not understand suggestions and new processes provided by expatriates, *study visits concept* (see section 4.2.2) would be applied. The essence of the study visits is to provide local counterparts with broader perspective and bright examples of how business practices are conducted in different companies and how these practices bring positive results. This clearly corresponds to the node of *understanding* described as "the result of realizing the significance of relationships between one set of knowledge and another." (See section 3.4.1)

"I gave them 20 examples to confuse them so they start to think on their own […] Expat needs to make them [counterparts] to understand the strategic point of view on a macro level." Naveius, L, phone interview, 9 January, 2004, (See section 4.4, p. 45).

This statement by Swedtel expatriate also clearly reflects the *understanding* node of the theoretical model depicted in figure 3.5. Local counterparts were encouraged by expats to be able to grasp meaning, identify and formulate implications of the new knowledge. Client company staff could not disregard suggestions (given by expats) without full justification, nor could they accept them without fully understanding, since they are responsible for the feasibility of all proposals and recommendations. This responsibility was the main driver for ensuring that the translation of know-how is achieved. The efforts of expatriates are directed toward achieving the meaning and the realization of importance of concepts and tools used by Swedtel (section 4.4). Thus, the understanding node of the theoretical model (figure 3.5) is supported by Swedtel's practice.

5.1.4 Assimilation

Assimilation is the process that involves such domain and comprehension of the acquired knowledge that the Client staff is able to explain it by themselves and distribute it within the organization. Assimilation is a process of internal communication of the new knowledge. Hence assimilation process is reached when all the departments of the Client Company focus their endeavors on one common goal and work as a one unit.

The local employee of LT stated "*we needed to focus more on the market and on the feedback and open communication within LT […] the knowledge brought helped us to become more open and flexible within the organization […] It was about management style by involving people, by giving them more freedom to act*" Gailiunaite, S, phone interview, 22 December, 2003.

By saying this, local employee confirms that Swedtel was involving people in communicating new acquired knowledge within the LT organization.

One of the tools for assimilating knowledge within the organization was placing Swedtel staff in key positions, which eased internal communication of the new knowledge by reducing the resistance to change. Also, according to interviewed expatriates and local staff, frequent meetings took and taking place in acquired companies to communicate new knowledge to larger number of employees. The fact that local company employees, who went for a study visit to Swedtel, Telia or Sonera are encouraged to conduct presentations about their trip to their colleagues, is representing a tool for assimilating new knowledge within the client company. Agents of change concept employed by

Swedtel could be seen as another tool for distributing new knowledge within the organization to ensure that all parts of the company work in the same direction.

Swedtel encourages the discussions between managers (local or expatriates) and his or her subordinates to involve the employees in the decision making process and to have a dialogue. Encouragement of the open discussions between local managers and their expatriates, and involvement in the decision-making process reflects the readiness to act, to use acquired knowledge to make the difference to implement change. This lay in line with the *assimilation process*.

"*Swedtel develops and implements general and individual human resource development programs at all levels, from front office functions to top and middle management. As well as human resource development, staff must understand communication and information and accept and adapt to new ways of working and a new approach to business*" (See section 4.5).

In the statement above we see that Swedtel implements Human Resource Development Programs **at all levels** in order to make staff understand, accept and adapt new ways of working and new approaches to the business. Such approach confirms the presence of the *assimilation* process in Swedtel's practice.

5.1.5 Wisdom

Wisdom is achieved when the Organization's decision-makers, understand and benefits from selection of specific knowledge to use, in order to establish and achieve desired goals.

Interviews revealed that Swedtel have practices which imply to the *wisdom* node of the theoretical model depicted in figure 3.5. Local staff members were encouraged to select a specific knowledge for a specific context in order to best use the new knowledge (translated from Swedtel) in achieving goals.

"They [expatriates] provided us with their suggestions, and then we [local staff] analyze if the suggestions fit into our culture and our company." Gailiunaite, S, phone interview, 22 December, 2003.

"*I have an obligation to tell him from the start 'I don't agree on this', or 'I don't understand why so can you please give me an explanation why we should do this'." Magnusson, J, personal interview. 18 December, 2003, (section 4.6.).*

This statement by Swedtel expatriate reflects the encouragement that Swedtel staff tries to promote within their subordinates and the staff of the Client company in relation to "the use of specific knowledge for specific contexts in achieving desired goals and grasping the purpose and meaning of that knowledge" (See section 3.4.1), which implies to the *Wisdom node*.

"I think this is a very good match, foreign experience and powerful driving-force from the local people, […] Lithuanians were motivated to make it [transformation] happen." SG (section 4.6.3)

The statement above made by the local employee of LT represents the view of the client company staff. Motivation of the Lithuanians to transform the company, their ability to judge and select specific knowledge (acquired from Swedtel expats) for a specific context in order to establish goals supports the statements made by Swedtel's expatriates and represents the *wisdom node*. Thus, wisdom node as part of the theoretical model of this research finds support in the practice of Swedtel.

5.1.6 Commitment

Commitment is distinguished when the Client is aware of his or her resources and is able to successfully apply the new knowledge benefits (previously identified) to the appropriate situation. Therefore Commitment comes when the local staff is sure that they can perform tasks in the time expected and taking advantage of all the organization's resources. Commitment is confidence.

Unfortunately no clear support for this process was revealed during the empirical findings collection process (interviews or study of Swedtel reports). This maybe due to the fact, that commitment process by definition overlaps with some other nodes or processes (Figure 3.5), such as Wisdom or Understanding.

5.1.7 Action

The Action node is easily recognized when local staff changes past behavior in a specific task, obtaining successful results. It involves implementation of the acquired knowledge. Action is a practical use of new knowledge acquired from Swedtel.

According to Zander (1991), successful knowledge transfer means that transfer results in the receiving unit accumulating or assimilating new knowledge. As discussed in chapter 3, to be of value to the organization, the transfer of knowledge should lead to changes in behavior, changes in practices and policies and the development of new ideas, processes, practices and policies" (section 3.3).

In line with this statement we found that both Enitel's and LT's efficiency increased after Swedtel's involvement (section 4.12). As presented in sections 4.3.1 and 4.3.2, from 1998 to 2001 LT's revenues increased by16.6% and EBITDA grew by 77%. Revenues of Enitel grew from 6 millions USD in 2001 (when Swedtel got involved) to 27 millions USD at present time.

"One way to know if the company has changed to a more market-oriented perspective is when your amount of customer complains went down and the sales went up in a significant way as it did in Enitel […] you have to see the achievements you make in the market, products and services offered to the market. The sales of the company reflects how well the company is doing" Garcia, Interview, 2003

In Enitel local staff had no concept of marketing and practices related to marketing for telecom industry. As a result of Swedtel's involvement and *knowledge translation* from expatriates successful marketing strategies and practices were established. Thus, *knowledge translation* resulted in a positive changes and action. In LT new human resource concepts were explained and implemented as a result of *knowledge translation* process from expatriates to local counterparts. Both primary and secondary sources of information presented in Chapter 4 suggest that Client Company staff changed its behavior, practices and policies. Local staff was encouraged to take it's own decisions after acquisition of the new knowledge. New organizational structure and new services were implemented increasing company efficiency. Based on section 3.3 of this paper and the information given above we can argue that significant positive growth in all areas proves the successful knowledge translation from Swedtel to LT and Enitel.

5.2 A Bird's Eye View on the Process of Knowledge Translation

In the previous section of this chapter we identified the nodes and processes in Swedtel's practice as described by the figure 3.5. In this section of the Analysis chapter we will provide reader with the general view on the *knowledge translation* process from Swedtel to LT and Enitel.

On the whole, interviewed people had a general and complete picture of the knowledge translation process. They seemed to be conscious in describing the knowledge translation process and they were able to identify necessary steps and tools for knowledge translation from Swedtel to the Client companies (LT and Enitel). The knowledge that was acquired by Client company staff was translated due to a general interaction of the members of Swedtel and Client companies within the Swedtel Training Program, Swedtel Top Management Program, and Swedtel Team Concept.

In general, before the knowledge translation process starts, expatriates would identify the needs of the organization. After identification of the needs and upon arrival to a Client Company expatriates would initiate brain-storming and discussion with the local staff in order to identify new needs (in collaboration with Client Company Staff) and make them understand what is wrong with their company, what is wrong with their practices, what are the problems they have in an organization. Expatriates discuss it with local company employees so they ask themselves and understand what knowledge and why do they need to improve performance (section 4.6.3). So in practice, *understanding node* comes before the *knowledge translation* have actually taken place, understanding of relevance and significance of the new knowledge to the organizational needs are discussed and explained between expatriates and local staff. According to Swedtel expatriates, it eases the translation of knowledge once Client Company staff realized and understood the meaning and purpose of new suggestions. The local staff is more likely to resist the knowledge translation process if they don't understand why they are being trained. Thus, the sequence of nodes and processes depicted in Figure 3.5 does not find support in Swedtel's practice.

After achieving a level of *understanding* expatriates implement the *translation process*. As discussed in Chapter 4, the translation process is a long process implemented during the expatriate assignment (up to 3 years, sometimes longer). Translation takes place within the Swedtel Team Concept.

According to the Empirical Findings the *translation process* followed by *wisdom node*, when Client Company staff is able to best use transferred knowledge, able to identify specific knowledge needed for specific task.

Once new knowledge translated from Swedtel to LT or Enitel becomes *wisdom* within the local decision makers (local counterparts), Swedtel expatriates encourage the communication of the new knowledge to a larger number of local employees by different means (meetings, presentations, on the job trainings, etc). In other words internal communication of the new knowledge (assimilation) follows successful *translation process* and the *wisdom node*.

As a final step new knowledge causes a positive action – changes in practices, policies, behaviors, improved organizational performance.

Empirical findings, when compared to the Theoretical Model (Figure 3.5) only partially support the figure 3.5. As mentioned above, clear support for the *commitment process* was not found. *Commitment process* suggested in figure 3.5 is not well described by the researchers, whose works were studied to build the theoretical model, thus resulting in overlapping of this concept (*commitment process*) with other concepts within the same model. As a result of gathering and analyzing the empirical findings we came to the observation, that in most of the cases the concepts of *understanding* and *wisdom* include the *commitment* process. *Understanding* of the value of new knowledge supposes the understanding and readiness to use new knowledge for positive action, for changing, thus including the *commitment process* with it (understanding). *Wisdom* node describes a level, when local staff is able to identify specific knowledge (out of great amount of all new knowledge acquired from Swedtel expats) for implementing specific decision or task in specific situation. The ability to identify, wisdom, could be described as commitment to make positive changes, thus result in positive action.

5.2.1 Theoretical Model Adaptation

Based on the above said, empirical findings of this research suggest that Figure 3.5 – 'Integrated conceptual framework for knowledge translation' in its present form did not prove to be reflecting the actual *knowledge translation* process. Therefore, in this section we will suggest the new adopted theoretical model that better reflects the practice of knowledge translation between Swedtel and its' Client companies. Reader, however, should bear in mind, that all nodes and processes in practice of *knowledge translation* were identified with the help of the model in Figure 3.5. Figure 5.1 reflects the changes and adaptations that were made to Figure 3.5 in accordance with revealed empirical findings on knowledge translation process from Swedtel to Client companies (LT and Enitel).

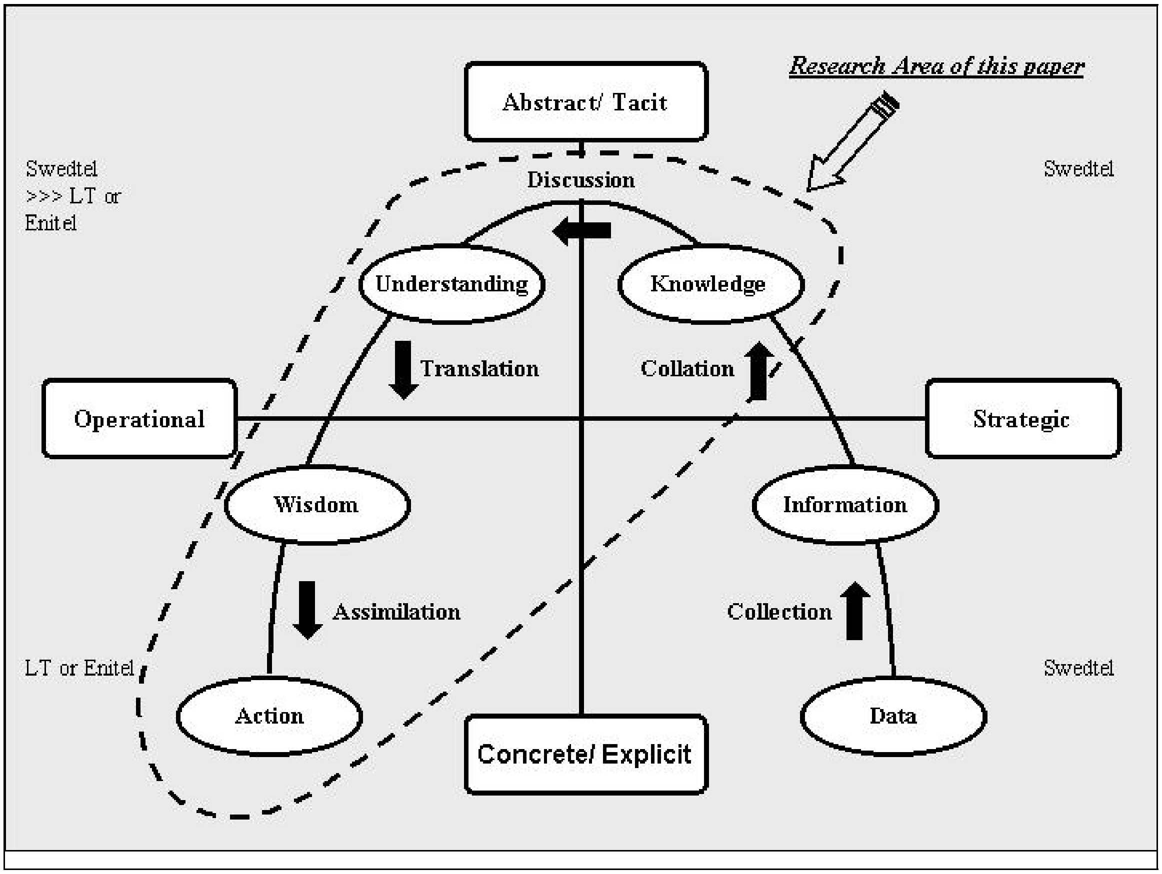

Figure 5.1 Modified Conceptual Model of Knowledge Translation
Source: Own Creation (modified from Major and Cordey-Hayes, 2000, p. 419).

Based on empirical findings, in the modified model we propose a new process of "*discussion*", which precedes the process of *translation.* This process of discussion implies to the meetings and discussions between Swedtel expatriates (upon arrival to a new company) and local staff in order to make them understand the necessity and the reasons for obtaining new knowledge. This process of *discussion* facilitates the realization of organizational needs, understanding of the relevance of new knowledge to their practice even before it was *translated*. Thus, achieving *understanding* represents a tool for avoiding barriers in knowledge *translation* process. Discussion process brings expatriates strategic and tacit knowledge into understandable operational level, however understanding remains on tacit dimension, since it lacks explicit visible character. After frequent and open discussions local staff is less likely to resist the new knowledge. In other words, discussion results in *understanding*.

When Client company staff members reached a level of *understanding*, expatriates initiate the process of *translation* to their local counterparts, with the purpose of providing local staff with knowledge and skills that they lacked (management of company in liberalized telecom environment). The process of translation itself brings the system into the Operational/ Explicit quadrant of the model. Understanding coupled with translation of actual knowledge makes it applicable on operational level. Expatriates use day-to-day cooperation, vivid examples, study visits in order to visualize and make new knowledge of strategic management explicit for their local counterparts.

Translation of knowledge from expatriates to local counterparts in the Client companies at some point results in *Wisdom*, when local counterparts (decision-makers) are able to identify specific knowledge to apply it to in specific task or make a decision in a definite situation. Wisdom must be communicated throughout the whole organization if it is to result in positive changes.

Once local counterparts of Swedtel's expatriates achieved *wisdom* (which is measured by follow-up procedures employed by Swedtel), they (local counterparts) are encouraged to communicate this knowledge to a larger number of employees within the organization to implement the *assimilation* process of the new knowledge translation. Organizations need to deal with greater uncertainty therefore their ability to *assimilate* new knowledge to make well-grounded decisions and solve problems accurately is essential.

Our study reveals that interaction with expatriates results in changes in all areas of the organization. Positive action is achieved as a last node of our model, when knowledge translation results in changes and application of the new management knowledge by the Client company staff. This node is located at the bottom left corner of the model (Explicit-Operational quadrant), since new knowledge resulted in new procedures and practices on operational level.

The results of this study indicate that there has been a transfer of strategic management knowledge from Swedtel to LT and Enitel.

6. CONCLUSIONS

In this chapter we summarize and review whole process of the research outlining the major steps and contributions presented in the framework of this investigation. The results and contributions of this research will be highlighted.

A perusal of the corporate landscape and academic literature reveal the increased attention paid to the "knowledge transfer". Knowledge Transfer (Sharing, or Translation) is a positive concept, and is valuable insofar as it involves the practice of capturing a corporation's collective experiences and sharing them efficiently with counterparts. The purpose of this research was to depict the complete mechanism of knowledge transfer (translation), to identify the processes and steps of knowledge transfer in accordance with the existing theories of knowledge transfer.

6.1 Research purpose readdressed

Our efforts in this research were directed towards *contribution to improve the understanding about the issue of successful Knowledge Translation between organizations in the context of privatized telecom companies*. This was achieved by addressing the strategic management *knowledge translation* process in international acquisition as a struggle for transforming previously state-owned company with poor performance into a successful business.

- Purpose: *what mechanisms of knowledge transfer exist in theory and practice and how complete knowledge transfer process could be described?*

In order to fulfill the purpose of this research, number of knowledge transfer models by different researchers was reviewed and resulted in identification of the most appropriate knowledge transfer model, which reflects the holistic view of the concept. After identification of theoretical knowledge transfer model (Major and Cordey-Hayes, 2000), new terminology was suggested, as used in theory. Knowledge Transfer term was proposed to be replaced by Knowledge Translation term, based on the argument that *transfer* process does not fully represents the essence of Knowledge Sharing. The dual meaning of the term translation led to naming a framework as knowledge translation framework. Theoretical model depicted in figure 3.5 was used in order to reveal the patterns of knowledge translation.

Empirical data on strategic management knowledge translation process was gathered from Swedtel and its client companies LT and Enitel (Lithuania and Nicaragua respectively). As a next phase of the research, theoretical model was tested on practice of Swedtel and strategic management knowledge translation from Swedtel to LT or Enitel. The aim of the latter was to identify corresponding links between theory and practice of knowledge transfer, and to confirm the presence of each node and process as depicted in figure 3.5. This case study provides evidence that partially support the theoretical mechanism of knowledge translation; however the sequence and steps/nodes of knowledge translation in practice did not correspond to the sequence suggested by the figure 3.5. Empirical findings reveal that complete *knowledge translation* process is a complex concept and includes quite a few steps and processes understanding and implementation of which makes it critical for the success of knowledge translation. Modifications were made to the theoretical model depicted in figure 3.5 in order to better reflect the practice (Figure 5.1) in accordance with empirical findings. New term was suggested (*translation and discussion processes*) to describe the complete process required for the successful knowledge translation.

To highlight the contributions of our research we want to mention that we identified the integrated conceptual framework for knowledge translation to provide a new, holistic perspective to the process of knowledge transfer/ translation. Comparing and appraising various knowledge transfer models allowed a new conceptual framework to be built. We further tested this theoretical framework on the practice of Swedtel and made modifications, which better reflect the practice of the *knowledge translation*. This paper identified and emphasized on the nodes and processes that organization (Swedtel) follows in translating knowledge to the acquired units. Separating out the knowledge translation process into a series of elements showed how the process might be incomplete, and consequently inefficient if some of the steps are missed out. In addition alternative terminology for knowledge transfer was suggested.

6.2 Implications for Swedtel

The findings of this study have some implications for the Swedtel staff, who wish to implement knowledge translation initiatives within its Client Company, the business that requires transformation from State-Owned Enterprise to a Market-Business oriented organization. As the Empirical Findings chapter suggests, Swedtel staff is successfully practicing knowledge translation for a long time by using different tools (Swedtel Team Concept, Training Programs, Study Visits, etc.). Visual representation of the complex mechanism for knowledge translation suggested by this research would provide Swedtel staff with better insights and deeper understanding of the processes that expatriates implement.

6.3 Suggestions for future research

While this study was interpretative in nature, empirical findings did not confirm the sequence of the processes and nodes as depicted by the theoretical model 3.5, and provided some new findings.

For the purposes of this research we approached the investigated topic with the assumption that knowledge is already possessed by Swedtel staff and is ready to be translated to the Client company staff. The area of this research did not touch the process of building knowledge out of data and information. Thus, we suggest future research targeted at revealing *the Data-Collection-Information-Collation-Knowledge* area of the theoretical model (Figure 5.1).

Also, empirical findings imply to the Swedish Management model – “steering by common objectives”. We would suggest testing of the model (Figure 5.1) on companies with non-Swedish origins with different management style (or in different industry sector).

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APPENDICES

Appendix 1: Interview Guide

- Please note: term "knowledge" in most of the questions below refers to the *strategic management knowledge*

<table>
<tr><td>Date:</td><td>Time:</td><td colspan="2">Name:</td></tr>
<tr><td colspan="2">Company:</td><td colspan="2">Position:</td></tr>
<tr><td colspan="4">Background of the thesis (Will be provided by interviewers)
• Management skills
• Type of knowledge (abstract/concrete)
• Dimensions of knowledge</td></tr>
</table>

1. To begin with, could you please us a description of your professional background and your background in Swedtel AB?

2. Could You please describe the company, its activities and its characteristics?

3. Please, describe your participation in the Enitel/LT transformation process (main responsibilities, duration of your assignment, type of involvement, direct (local) or indirect (HQ) contact with the project).

4. How did the performance of Enitel/LT changed after Swedtel's involvement?

Do you agree that knowledge transfer from Swedtel AB to Enitel/LT was successful and lead to improved performance by Enitel/LT? Why?

5. What knowledge do you consider you have transferred to Enitel or Enitel/LT during your assignment? (Management skills, modern business practices, technical skills, etc.)

6. Describe briefly the process of Knowledge Transfer from Swedtel to Enitel or LT.

7. Do you perceive transferred knowledge as valuable to Enitel/LT? If so, why?

8. How does Enitel or LT value transferred knowledge?

9. How does Enitel or LT use transferred knowledge?

10. What types of knowledge are transferable in your opinion? Can you see different models of transfer appropriate for different types of knowledge?

11. How does Swedtel identify the type of knowledge that is going to be transferred (the area where new knowledge, capabilities, skills in Enitel/ LT are needed)? (process)

12. What kind of routines does Swedtel have for knowledge transfer to Enitel or LT? (Brief)

13. To which people (in what positions) have you transferred knowledge at Enitel/LT?

14. How does Swedtel communicate its objectives to all employees in Enitel/LT? ("Swedish management model")

15. How knowledge is transferred - through knowledge codification strategy (data-bases, manuals, handbooks, written regulations, written instructions) or knowledge personalization strategy (personal contacts, meetings, seminars, on-job trainings, etc.)?

- On which type of knowledge transfer strategy Swedtel relies more (codification or personalization)?

16. In your opinion, what is the difference between the strategic and the operational Knowledge that Swedtel transfers?

17. Can you exemplify knowledge transferred in the strategic management (long-term goal) level?

18. Can you exemplify knowledge transferred in the operational management (short-term goal) level?

19. Can you identify the barriers in knowledge transfer process?

If so, please tell us what are they and the main reason why you consider them as barriers/obstacles.

20. How is *Swedtel's Team Concept* (local and Swedtel staff) formed? How *team* is formed in Enitel/LT? What are the benefits of this concept in terms of knowledge transfer?

What are the aims of this *team concept*?
How knowledge is shared within *team concept*?

21. Are there any differences between the training sessions (new staff) and retraining sessions (old staff)?

22. How is new knowledge acquired from Swedtel distributed/spread through Enitel/LT? Can you please describe the process of internal communication of new knowledge? (The means by which new knowledge/ ideas are communicated within Enitel/LT?)

23. How do you ensure the advancement of competence and skills?

24. In order for the new knowledge to be of a value or of use to Enitel/LT, it is necessary to place new knowledge into organization specific context. Based on this, how the *new knowledge* understanding is put into organization (Enitel/LT) specific context?

25. Can you describe the means, by which *new knowledge* understanding is embedded in the organization's (Enitel/LT) decision makers (local staff)?

26. Can you give an example, when knowledge transferred to Enitel/LT from Swedtel helped give an important decisions that lead to positive results (in organizational context – Enitel/LT, especially decisions made by local staff)?

27. Did the knowledge transfer from Swedtel lead to effective changes in behavior, changes in practices and policies?

28. Did the knowledge transfer from Swedtel to Enitel/LT lead to the development of new ideas, processes, and policies? (When changes were initiated by local Enitel/LT staff)?

29. Are you (or Swedtel) able to detect when the staff learned (change of past behavior) the new knowledge? If so, how do you measure this level of learning?

30. Is Swedtel staff (in key positions) in Enitel or LT has temporary or permanent status?

- If temporary, what factor determines the duration of their stay?
- Why did Swedtel placed its own staff in these specific positions?

31. What happened with the former personnel replaced by Swedtel staff in Enitel/LT? (Were they transferred to another positions, laid-off, outplace?)

32. Do you agree that knowledge transfer from Swedtel AB to acquired units was successful and lead to improved performance by Enitel or LT? Why?

Appendix 2: Interview Radiography

This document was created to help the reader understand the analysis of the information described in "Empirical Findings" chapter of this thesis paper.

- *All the Interview questions are included, but they are allocated in groups by the relevance to the topic they are intended to address.*

Classification information

Date: _____________Time: ____________ Company: _______________	
Name: ______________________________ Position: ________________	

Useful information to identify this interview among the others realized for the same purpose.

Thesis background

- Please note: term "knowledge" in most of the questions below refers to the *strategic management knowledge*

<u>Background of the thesis (Will be provided by interviewers):</u>

- *Management skills*
- *Type of knowledge (abstract/concrete)*
- *Dimensions of knowledge*

We provide our professional backgrounds, purpose of the thesis, Swedtel's contribution expectations and information about our theoretical framework of reference in order to help the interviewee, but not detailed enough to give hints with the intention of avoiding predisposition in the acquired answers.

Interviewee background

1. To begin with, could you please us a description of your professional background and your background in Swedtel AB?

2. Could You please describe the company, its activities and its characteristics?

This information helped us to comprehend the depth knowledge that the interviewee has about Swedtel practices; in addition, it gave us a wider perception about this person's point of view on the project and the Company in accordance with its professional background.

Project background

3. Please, describe your participation in the Enitel/LT transformation process (main responsibilities, duration of your assignment, type of involvement, direct (local) or indirect (HQ) contact with the project).

The information collected in this question provided us the general idea about his/her contribution and involvement in the project, as well as his/her receiver (transmitter) perspective in the knowledge transfer process in research.

Knowledge Dimensions

5. What knowledge do you consider you have transferred to Enitel or Enitel/LT during your assignment? (Management skills, modern business practices, technical skills, etc.)

10. What types of knowledge are transferable in your opinion? Can you see different models of transfer appropriate for different types of knowledge?

11. How does Swedtel identify the type of knowledge that is going to be transferred (the area where new knowledge, capabilities, skills in Enitel/ LT are needed)?

12. What kind of routines does Swedtel have for knowledge transfer to Enitel or LT? (Brief)

15. How knowledge is transferred - through knowledge codification strategy (data-bases, manuals, handbooks, written regulations, written instructions) or knowledge personalization strategy (personal contacts, meetings, seminars, on-job trainings, etc.)?
   • On which type of knowledge transfer strategy Swedtel relies more (codification or personalization)?

16. In your opinion, what is the difference between the strategic and the operational Knowledge that Swedtel transfers?

17. Can you exemplify knowledge transferred in the strategic management (long-term goal) level?

18. Can you exemplify knowledge transferred in the operational management (short-term goal) level?

These questions were very important for our research, because they helped the interviewee to realize what kind of specific knowledge they were transferring (or receiving) on a daily basis without sometimes being conscious about it. The two dimensions (tangibility and temporal nature) of knowledge determine the type of routines to be shared in the project, its goals and the time in which they will be accomplished. Swedtel has to identify the needs and the resources of the acquired company in order to know if they will need explicit knowledge support besides the managerial skills, such as manuals, facts and figures, etc.

Translation, Understanding and Assimilation

13. To which people (in what positions) have you transferred knowledge at Enitel/LT?

14.	How does Swedtel communicate its objectives to all employees in Enitel/LT? ("Swedish management model")
19.	Can you identify the barriers in knowledge transfer process? • If so, please tell us what are they and the main reason why you consider them as barriers/obstacles.
20.	How is Swedtel's Team Concept (local and Swedtel staff) formed? How team is formed in Enitel/LT? What are the benefits of this concept in terms of knowledge transfer? • What are the aims of this *team concept*? • How knowledge is shared within *team concept*?
21.	Are there any differences between the training sessions (new staff) and retraining sessions (old staff)?
25.	Can you describe the means, by which *new knowledge* understanding is embedded in the organization's (Enitel/LT) decision makers (local staff)?
30.	Does Swedtel staff (in key positions) in Enitel or LT has temporary or permanent status? • If temporary, what factor determines the duration of their stay? • Why did Swedtel place its own staff in these specific positions?
31.	What happened with the former personnel replaced by Swedtel staff in Enitel/LT? (Were they transferred to another positions, laid-off, outplace?)

The translation process in one of the main focuses in this research, questions in the box above provided enough information to depict the requirements/characteristics that Swedtel looks for in the staff that will be trained. In addition, several answers eased our research on the knowledge flow between Enitel/LT and Swedtel AB, its barriers, and both sides' expectations for the process. The team concept was the main tool used in the KT, therefore it was vital to deepen on this topic to know its affection in the decision making process of Enitel/LT.

Assimilation and Commitment

7.	Do you perceive transferred knowledge as valuable to Enitel/LT? If so, why?
8.	How does Enitel or LT value transferred knowledge?
22.	How is new knowledge acquired from Swedtel distributed/spread through Enitel/LT? Can you please describe the process of internal communication of new knowledge? (The means by which new knowledge/ ideas are communicated within Enitel/LT?)

In order the local staff commits with the acquired knowledge it is indispensable that they get through the Assimilation process. Therefore these questions provided us the value added or perceived from the new managerial skills that Swedtel taught for several years. The distribution process and the application of the knowledge described by the interviewees demonstrated the level of assimilation and commitment to these new practices.

Understanding, Wisdom and Action

4. How did the performance of Enitel/LT changed after Swedtel's involvement?

9. How does Enitel or LT use transferred knowledge?

23. How do you ensure the advancement of competence and skills?

26. Can you give an example, when knowledge transferred to Enitel/LT from Swedtel helped give an important decisions that lead to positive results (in organizational context – Enitel/LT, especially decisions made by local staff)?

27. Did the knowledge transfer from Swedtel lead to effective changes in behavior, changes in practices and policies?

28. Did the knowledge transfer from Swedtel to Enitel/LT lead to the development of new ideas, processes, and policies? (When changes were initiated by local Enitel/LT staff)?

29. Are you (or Swedtel) able to detect when the staff learned (change of past behavior) the new knowledge? If so, how do you measure this level of learning?

The answers obtained from this group of questions helped us to determine how the local company reached *Understanding, Wisdom and Action nodes*. The measurement methods, practical examples, changes on past behavior were described by the staff interviewed, which allows us to analyze the level of understanding, the acquired wisdom and the action done.

Knowledge Transfer Model

6. Describe briefly the process of Knowledge Transfer from Swedtel to Enitel or LT.

24. In order for the new knowledge to be of a value or of use to Enitel/LT, it is necessary to place new knowledge into organization specific context. Based on this, how the *new knowledge* understanding is put into organization (Enitel/LT) specific context?

32.	Do you agree that knowledge transfer from Swedtel AB to acquired units was successful and lead to improved performance by Enitel or LT? Why?

These questions briefly describe the KT process followed by Swedtel, as well as the means by which Swedtel place the new knowledge into the local company environment (contextualization). The information acquired in this section helped us to draw some conclusions and outcome from each interview, and from the empirical research as a whole.

Appendix 3: Country Information

Lithuania:

Background:
Independent between the two World Wars, Lithuania was annexed by the USSR in 1940. On 11 March 1990, Lithuania became the first of the Soviet republics to declare its independence, but this proclamation was not generally recognized until September of 1991 (following the abortive coup in Moscow). The last Russian troops withdrew in 1993. Lithuania subsequently has restructured its economy for eventual integration into Western European institutions and was invited to join NATO and the EU in 2002.

Economy - overview:
Lithuania, the Baltic state that has conducted the most trade with Russia, has slowly rebounded from the 1998 Russian financial crisis. Unemployment remains high, still 12% in 2002, but is improving. Growing domestic consumption and increased investment have furthered recovery. Trade has been increasingly oriented toward the West. Lithuania has gained membership in the World Trade Organization and has moved ahead with plans to join the EU. Privatization of the large, state-owned utilities, particularly in the energy sector, is nearing completion. Overall, more than 80% of enterprises have been privatized. Foreign government and business support have helped in the transition from the old command economy to a market economy.

Telephone system:

General assessment: inadequate, but is being modernized to provide an improved international capability and better residential access.
Domestic: a national, fiber-optic cable, interurban, trunk system is nearing completion; rural exchanges are being improved and expanded; mobile cellular systems are being installed; access to the Internet is available; still many unsatisfied telephone subscriber applications.
International: landline connections to Latvia and Poland; major international connections to Denmark, Sweden, and Norway by submarine cable for further transmission by satellite. (*Source: CIA World Fact book*)

Nicaragua:

Background:
The Pacific Coast of Nicaragua was settled as a Spanish colony from Panama in the early 16th century. Independence from Spain was declared in 1821 and the country became an independent republic in 1838. Britain occupied the Caribbean Coast in the first half of the 19th century, but gradually ceded control of the region in subsequent decades. Violent opposition to governmental manipulation and corruption spread to all classes by 1978 and resulted in a short-lived civil war that brought the Marxist Sandinista guerrillas to power in 1979. Nicaraguan aid to leftist rebels in El Salvador caused the US to sponsor anti-Sandinista contra guerrillas through much of the 1980s. Free elections in 1990, 1996, and again in 2001 saw the Sandinistas defeated. The country has slowly rebuilt its economy during the 1990s, but was hard hit by Hurricane Mitch in 1998.

Economy - overview:

Nicaragua, one of the hemisphere's poorest countries, faces low per capita income, flagging socio-economic indicators, and huge external debt. Distribution of income is one of the most unequal on the globe. While the country has made progress toward macroeconomic stability over the past few years, a banking crisis and scandal has shaken the economy. Nicaragua will continue to be dependent on international aid and debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. Donors have made aid conditional on the openness of government financial operation, poverty alleviation, and human rights. Nicaragua met the conditions for additional debt service relief in December 2000. Growth should move up moderately in 2003 because of increased private investment and exports.

Telephone system:
General assessment: inadequate system being upgraded by foreign investment
domestic: low-capacity microwave radio relay and wire system being expanded; connected to Central American Microwave System.
International: satellite earth stations - 1 Intersputnik (Atlantic Ocean region) and 1 Intelsat (Atlantic Ocean). (*Source: CIA World Fact book*)

Appendix 4: Telecommunication Indicators for two countries

Basic Indicators (Source: ITU, as of October 2003)

Country	Population		GDP		Total Telephone Subscribers	
	Total (M) 2002	Density (per km2) 2002	Total (B US $) 2001	Per capita (US $) 2001	Total (k) 2002	Per 100 inhabitants 2002
Lithuania	3.46	53	12.0	3'257	2'567.5	74.20
Nicaragua	5.37	44	2.6	490	411.6	7.66
Sweden	8.94	20	219.4	24'626	14'528.0	162.45

Telecommunications Indicator: Main Telephone Lines (Source: ITU report, as of October 2003. Available at: http://www.itu.int/ITU-D/ict/, accessed on December 4, 2003)

Country	**Main telephone lines**			**Main telephone lines per 100 inhabitants**		
	k		**CAGR (%)**			**CAGR (%)**
	1995	**2002**	**1995-02**	**1995**	**2002**	**1995-02**
Lithuania	*941.0*	*935.9*	*-0.1*	*25.35*	*27.05*	*0.9*
Nicaragua	*96.6*	*171.6*	*8.6*	*2.22*	*3.20*	*5.4*
Sweden	*6'013.0*	*6'579.0*	*1.3*	*68.04*	*73.57*	*1.1*

Telecommunication Indicators: Cellular Subscribers (Source: ITU report, as of October 2003. Available at: http://www.itu.int/ITU-D/ict/, accessed on December 4, 2003)

Country	**Cellular mobile subscribers**					***As % of total telephone subscribers***
	k		CAGR (%)	Per 100 inhabitants	% Digital	
	1995	**2002**	**1995-02**	**2002**	**2002**	**2002**
Lithuania	*14.8*	*1'631.6*	*95.8*	*47.16*	...	*63.5*
Nicaragua	*4.4*	*239.9*	*77.0*	*4.47*	...	*58.3*
Sweden	*2'008.0*	*7'949.0*	*21.7*	*88.89*	...	*54.7*

- CAGR – Compound Annual Growth Rate. The compound annual growth rate (CAGR) is computed by the formula:

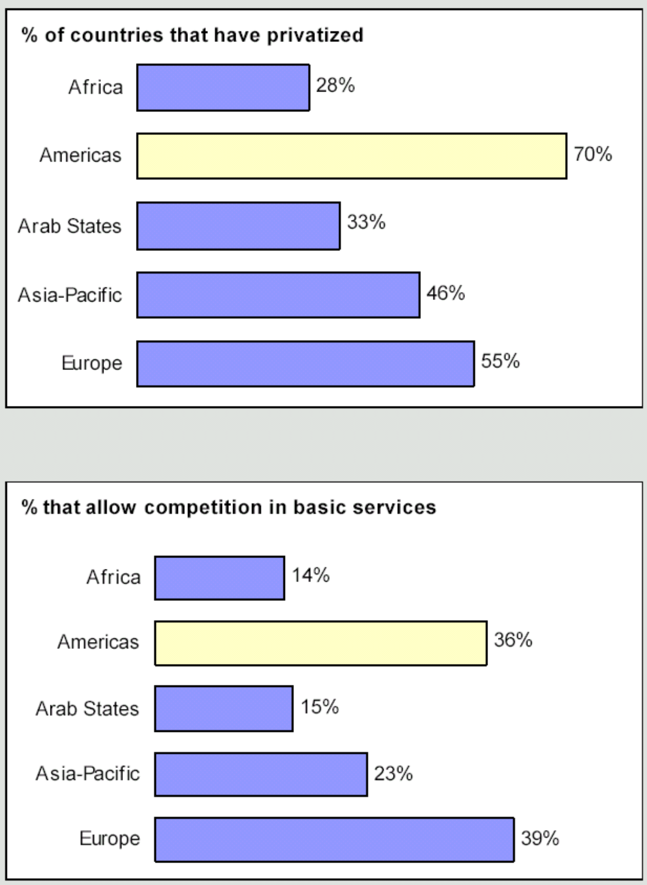
$[(P / P_{(1/n)}]-1$
where P_v = Present value
P_0 = Beginning value
n = Number of periods
The result is multiplied by 100 to obtain a percentage.

Appendix 5: Privatization

No region of the world has embraced the privatization of telecommunications as enthusiastically as Latin America. Of the 89 incumbent public telephone operators worldwide that had been privatized by the end of 1999, one quarter was in the Americas region. Even more impressive is the degree of private participation in the sector. While more than two-thirds of the countries of the Americas region have either partially or fully privatized their telecommunication companies, in other regions like Africa and the Arab States, this percentage drops to 28 and 33 per cent respectively. (*Source: "Americas Telecommunication Indicators 2000", ITU, April 2000*)

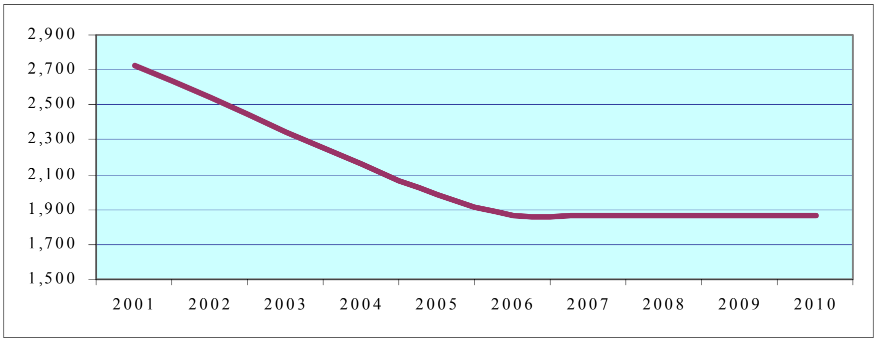
Figure 1: Increasingly private and competitive

Percentage of countries that have privatized their national telecommunication operators and percentage that allow competition in basic telecommunication services, by region, 1999

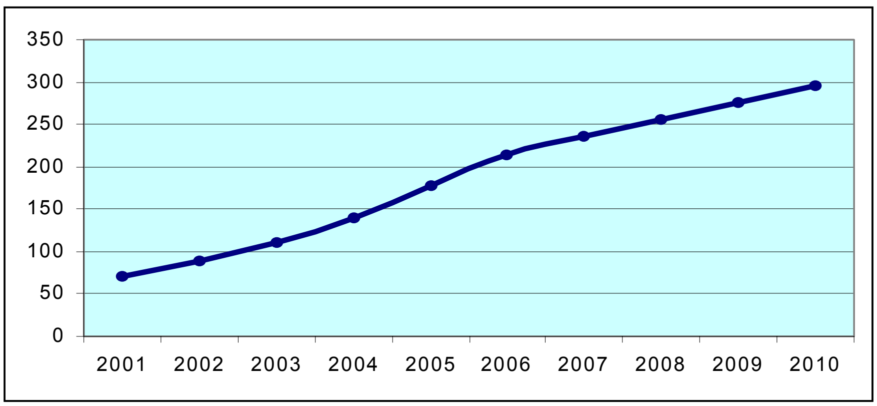


Note: In the bottom chart, basic services refers to fixed-line local or long-distance services.
Source: ITU World Telecommunication Regulatory Database.

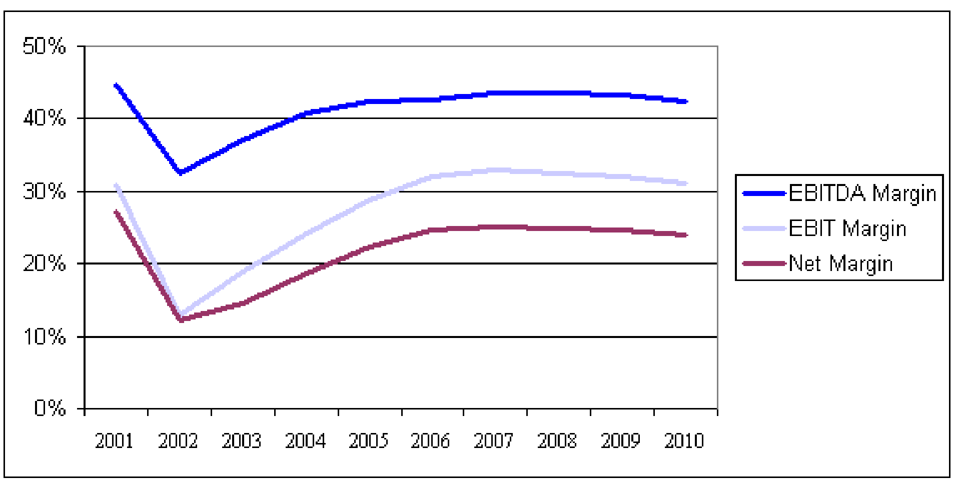
Appendix 6: Basic Facts from the Due Diligence and Business Plan of Enitel 2001



Staff Efficiency (Number of Lines/ Employees) (As discussed in 2001)
Source: "Basic Facts from the Due Diligence and Business Plan of Enitel 2001", Swedtel Report.



Number of Employees (as discussed in 2001)
Source: "Basic Facts from the Due Diligence and Business Plan of Enitel 2001", Swedtel Report.



Net Revenues in 2001-2010 (As discussed in 2001)
Source: "Basic Facts from the Due Diligence and Business Plan of Enitel 2001", Swedtel Report.

Appendix 7: Interview information

Name	Company he/she works for at the time of interview	Project	Post during the project	Date of the interview	Type of interview	Location of the interviewee during the interview
Johanna Magnusson	Swedtel AB	LT	Operations Manager/ Chairman	December 18th, 2003	Personal	Stockholm, Sweden
Båb Bengtsson	TeliaSonera	LT	Customer Service Director	December 18th, 2003	Personal	Stockholm, Sweden
Luis García	Swedtel AB	Enitel	Chief Marketing Officer	December 19th, 2003	Phone	Quito, Ecuador
Simona Gailiunaite	Lietuvos Telekomas	LT	Human Resources Process Manager	December 22nd, 2003	Phone	Vilnius, Lithuania
Lars Naveius *	Alumni AB	LT	Human Resources Consultant	January 9th, 2004	Phone	Malmö, Sweden

All phone interviews had duration of 45 minutes but Lars Naveius (*) whose interview was extended to one hour.

The personal interviews required more time in order to explain Swedtel's Knowledge Transfer Tools, therefore interview with Båb Bengtsson lasted 90 minutes, while interview with Johanna Magnusson lasted 2 hours.