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How to improve the knowledge sharing within a MNC: The case of PROACT GROUP

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Fatti non foste a viver come bruti
ma per seguir virtute e canoscenza

(Dante Alighieri, *Divina Commedia*, Inferno canto XXVI, 116-120)
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Abstract

This Project Research is the result of our Master Thesis, which concerns the attitude of sharing knowledge among managers and employees across countries inside a Multinational Corporation. This thesis deals with the question of how multinationals work with knowledge embedded in people which must be transferred within the company itself and among this latter and its subsidiaries.

According to the premise that knowledge is arguably one of the most important factor in today’s economy, the key challenge for companies, therefore, is to develop, apply and then transfer knowledge, in order to improve the competitive advantage. On the bases of it, we would like to analyze the overall transfer knowledge process and from a human resources management point of view, we would like to individuate the stones which block this process and then to discuss the probable implications for multinationals.

We have chosen PROACT Group, a consultancy services, support and systems firm in the fields of storage and archiving as our case study.

This study involves a survey on thirty-two participants among managers and employees from the eight international subsidiaries of the PROACT Group. We have used a multilevel analysis, including top line level and bottom line level to retrieve comprehensive data on knowledge sharing to do an in-depth analysis of the staff’s knowledge sharing in the organization. At bottom line level, this research tries to identify the employee’s cognitive feelings of shared knowledge. At top line level, the manager’s knowledge sharing behaviours with employees and the factors affecting knowledge sharing behaviours in teams. We also test moderating factors in both levels in order to get the willingness to share their knowledge in the organization.

This study examines three keys aspects which include transfer knowledge process, culture influences and incentives to deal with the barriers.

The structure of the study is divided into four chapters. The introductory Chapter 1 establishes the scope and purpose of the study. It also, determines the research questions that the study attempts to answer in addition to the hypothesis that the research will try to validate.

Chapter 2 presents the literature review by synthesizing relevant information about knowledge definition; stages, motivations, mechanisms, and barriers which are included in the wholly knowledge transfer process; an overview of the cultural differences and its influences across countries; and the last part, we try to explain the theoretical implications and incentives which can
improve the attitudes for collaboration inside the multinationals.

Chapter 3 outlines the research approach and describes the empirical study. It presents the organizational structure of our company case study and its contrast approach with the topic; it explains the methodology used, the data gathering and analysis strategies applied for achieving greater understanding of the research phenomenon; and then, it illustrates the results by a confront of the theoretical background with the empirical data collection.

Chapter 4 discusses the limitations of the research and it presents theoretical implications. Lastly, it puts forward managerial implications and suggestions for PROACT Group.

In sum, the goal of this study is to develop a reliable framework which can coherently and consistently explain the value of the knowledge and its transfer within and across multinationals. Again, an inherent part of our research is to demonstrate how cultural differences can play a key role in influencing the attitudes of sharing knowledge. Then, to individuate which are the most efficient tools to enhance the overall transfer knowledge process. Ultimately, we hope that the suggestion that we present in this thesis can help the multinationals challenges and above all with the PROACT Group contrast.
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CHAPTER ONE

Objective and Research Question

During our work with this thesis we have discovered that much of the work in the field of knowledge management concentrates on how companies use knowledge. There are researchers who study the barriers and mechanisms to create and share it. However, there seems to be few studies relating to the tools that can improve the attitudes to transfer knowledge from a cultural point of view and then from the human resources field.

This research aims to determine what causes the lack of willingness to share own knowledge within the members of a company, creating a dispersion of resources and lack of competition. Therefore, we want to concentrate our theoretical background on mechanisms, attitudes and cultural influences which can improve knowledge management in order to enhance the transfer approach and then the flow of work and productivity.

In particular, our thesis will focus on the study of knowledge management in the PROACT Group in order to explore and analyze how knowledge can be shared and transferred within an organization that has lacked communication across their eight international subsidiaries. The chosen organization for this research might not be a very common organizational form, but our purpose is to contribute to develop an analysis which, ambitiously, aims to enhance the attitudes of knowledge sharing.

The reasons which pushed us to focus on a similar study comes from two main objectives. Firstly, because we are interested in the role of culture and motivation mechanisms in the dynamics of a company, dealing with a problem of shared knowledge. Secondly, because PROACT has been the only one company able to collaborate with us in this research. They conveyed the need to understand the implications and barriers affecting the flow of information sharing and knowledge from workers.

At this stage, the research questions are a key part to determine what and how to plan. Hence, the following questions will be laid out and used as a guide in developing the case, as well as selecting the best method to gather data to be used in analyzing the issue involved in the case. These questions are specifically referred to the PROACT case.

1. Are the managers and employees interested in sharing knowledge across the PROACT units?
   - If yes, how do they do it? Is it possible to apply a winning method to other subsidiaries?
- If not, why is this happening? Is it possible to find a solution? Is it feasible to improve the attitude?

(2) Are there any cultural differences in sharing knowledge across countries?

According to these initial questions and the conceptual framework, we have created three possible hypotheses that will be supported or contradicted by empirical evidence. The hypothesis will be then presented in the theoretical part.

From all these inputs, we developed a survey whose results and acquired information have been funnelled into the verification of the hypothesis. But since that our is also a practical research we have to develop some guidelines for the company involved in this work. Therefore, according to the answers we received, we proceeded in analyzing them and in offering some sort of suggestions to PROACT’s problem.

CHAPTER TWO

Introduction and Literature Review

The goal of this research is to understand what exactly the knowledge sharing process is and how it is possible to improve it; in order to analyze this a theoretical perspective will be introduced, posing the pillars of the thesis.

First of all, it is important to provide a theoretical background to clarify what we consider relevant knowledge for our thesis. A definition of knowledge will be provided, based on that we will analyze the process of knowledge sharing, how to organize and transfer it.

Since we consider culture a primary factor within the dynamics of a company, specifically Multinational Corporations (MNC), which deal with several subsidiaries, we would like to present a concrete setting concerning the culture differences a company must face.

From that, once clarified exactly with what we are dealing with, we will try to provide some theoretical tools which could be useful for improving the attitudes for sharing knowledge.

We carry on a long literature overview because that is, partly, what was asked also by PROACT during the meetings: they need a lot of theoretical material to help them understanding their problems under notional concepts, in order to find also there some elements which could furnish help.
The aim of this simple graphic is to try to explain the connections of our literature arguments. Our theoretical pillars are based on our awareness that for achieving an efficient process of knowledge transfer is necessary to put into practice transfer mechanisms. However, to obtain this, a working inter-units communication, among the subsidiaries of the company which are symbolized here by a letter in the square, has to be present; but this can be reinforced or also blocked by cultural differences, use of transfer mechanisms and/or motivational factors existing within the firm itself.

2.1 Knowledge Sharing

Generally, according to the definition from the Oxford English Dictionary, knowledge can be considered as the expertise and skills a person can acquire through education and experience.
However, since we are considering the knowledge from a business perspective, it may be defined as one of the keys of a firm’s competitive advantage, in particular the ability to transfer and integrate it effectively. In fact, organizing knowledge is an important part of what firms do, even if it is often considered an individual responsibility, in reality a relevant part is produced and kept in collectivity. This is what happens when people are working together, in the so-called “communities of practice” (Brown & Duguid, 1998).

According to Levitt and March (1988), knowledge is embedded in an organization’s routines and standard operating procedures, in its products and processes, in its technologies and equipment, in its layout and structures, in its culture and norms about how things are generally done.

For the majority of the companies the creation of knowledge is the most important value, which lets them achieve a superior competency compared to competitors, thanks to this continuous ability to produce and blend the collective knowledge. This type of organizational knowledge can be also defined as “know-what” and it can circulate and being exchanged easily; but the other tricky component of knowledge sharing within a company is the “know-how” which can be defined as the “ability to put know-what into practice” (Brown & Duguid, 1998). For its own nature, this latter element is really entrenched in the work practices, as a result of direct experience, so it is more difficult to spread.

One way of seeing knowledge sharing is as the process of transfer, access and adaptation of knowledge between parties (Ciabuschi, 2005). Furthermore, Brown and Duguid believe that the shared knowledge within a firm comes from collective practices which lead to “collective knowledge, shared sense making and distributed understanding”, that doesn’t obfuscate the also valuable individual contribution. This type of collectivity is called, as we said before, “community of practice”: people have to work together, maybe coming from a similar background where some knowledge is implicit, to assemble the know-what and put it into practice for creating this valuable know-how. The knowledge and practice are deeply connected, so the knowledge can help develop the practice. Similarly, the practice can also change and improve the knowledge.

The most difficult part is to share newly acquired knowledge across the company, because sometimes it might develop in some particular areas where there are different priorities, standards, evaluation criteria compared to other “communities”. Without considering an individual’s willingness to share their own proper knowledge.

Additionally, knowledge can be defined as tacit or explicit. Polanyi (1966) defines the tacit as something that cannot be formulated, codified or expressed, while the explicit one is tangible, clearly expressed and can be easily transferred and stored. But when we consider knowledge sharing, both tacit and explicit are or can be shared. Clearly, explicit knowledge can be more easily
sharable, especially through various IT tools. Tacit knowledge requires social contacts and a developed relationship among individuals. To share knowledge and experiences, the communities of practice need to be build on reciprocal trust, which will facilitate this exchange of tacit knowledge among the members (Jonsson, 2007). Being tricky for definition, tacit knowledge has to be shared trough direction, like its codification into precise rules and organizational routines, trough which “individuals develop sequential patterns of interactions that permit integration within the need for communicating that tacit knowledge” (Jonsson, 2007).

2.1.a Transfer Knowledge Stages
The knowledge transfer can be seen as dyadic exchanges of organizational knowledge between a source and a recipient unit within the intra-firm network of subsidiaries, by means of selected mechanisms. Szulanski (1996) provides an interesting exemplification of the process of knowledge sharing divided into four stages: initiation, implementation, ramp-up and integration. Apart from the usefulness of this section for this specific company, we deeply believe that all the firms dealing with shared knowledge should keep well in mind these stages, in order for them to understand in which phase their problems might generate.

1. Initiation
This stage comprises all events that lead to the decision of transferring. A transfer begins when an organization addresses problems and needs. They must find solutions and improve knowledge in order to share these across the organization. This process can require long time of analysis and sometime it is directed by an organized anarchy rather than an orderly sequence of events.

2. Implementation
During this stage, resources flow between the recipient and the source (and maybe a third party) through social practices which are adapted to the recipients’ needs in order to begin the use of knowledge.

3. Ramp-up
This stage starts after the first day the transfer knowledge has begun and it involves a process where the recipients meet unexpected problems. At first, they use the knowledge ineffectively but gradually they improve their performance of sharing until they reach a satisfactory level.

4. Integration
The knowledge is transferred, its use becomes so routinized that it is transformed in a social pattern. As time passes a shared history is created where actors and actions are identified and linked to each others. These shared meanings and behaviors facilitate coordination of the
activities, making behaviors understandable, predictable and stable. In this way new practices become institutionalized and then these will be incorporate in the organization’s capabilities.

As described by Szulanski (1996), the success of a transfer process is often measured in terms of efficiency, quality and scope. It is of course a critical process, consequently the transfer, the adaptation and the diffusion of the best practices across the units do not follow the same way and the same speed. It is influenced by the interplay of various factors and actors from both inside and outside the MNC.

Building on the perspective that knowledge has first to be codified and transferred by some units and then received, adapted and finally reused by others, the actual motivation of the parties involved is critical for the overall sharing process.

It is also important to underline that in MNCs, the identities of subsidiaries, acting as senders/receivers of knowledge can be associated with the type of capabilities they have and which activities they are engaged in. As a result of their activities, capabilities and knowledge bases, units relate and transfer the best practices to each others in different ways such as imitation as well as common problem solving (Ciabuschi, 2005).

In addition, Forsgren et al. (2005) illustrate a model of knowledge transfer with five structural and managerial factors that have the potential of affecting the transfer of subsidiary knowledge within the MNC. These factors are the external as well as the corporate embeddedness, HQ’s relations with the subsidiary’s external network, subsidiary’s dependence on HQ and lastly shared values between subsidiary and HQ. The result from the 98 interviewed subsidiaries for this study suggests that shared values between the subsidiary and the HQ had an insignificant effect while the subsidiary’s network embeddedness (corporate and external embeddedness as well as knowledge about the subsidiary’s external network) and the resource dependence variables all had an effect on the knowledge transfers. In other words, Forsgren et al.’s study illustrated that hard factors in forms of network embeddedness and resource dependencies played a more important role in the transfer of knowledge than the soft factors in forms of shared values.

2.1.b Transfer Knowledge Motivations

The motivational factors driving such processes are various and can be classified as either intrinsic or extrinsic to the parties - the sender and the receiver - involved in the overall knowledge sharing process (Osterloh & Frey, 2000).
Employees are *extrinsically* motivated if they are able to satisfy their needs indirectly, especially through material incentives and formal requirements. Money is a “goal which provides satisfaction independent of the actual activity itself” (Calder and Staw, 1975). Extrinsically motivated coordination in firms is achieved by linking employees’ monetary motives to the goal of the firm.

On the other hand, motivation is *intrinsic* if an activity is undertaken for one’s immediate need satisfaction. Intrinsic motivation “is valued for its own sake and appears to be self sustained” (Calder and Staw, 1975). Such as giving knowledge in exchange for other knowledge, solving a common problem, or showing expert status.

Researchers have analyzed that managers and economists focus more on extrinsic incentives, whereas the proponents of the behavioral view are more focusing on intrinsic motivations. Moreover the decision to rely on and to enable intrinsic motivation depends strongly on the need to generate and transfer tacit knowledge, where prices as well as commands are unsuitable. On the other hand organizational forms that emphasize participation and personal relationships can be managed by extrinsic incentives.

However, to achieve a trade-off between these conditions is the key for direct senders and receivers inside the MNC to get the knowledge.

### 2.1.c Transfer Knowledge Mechanisms

How the companies try to boost knowledge transfer across their units is one of the focal points of this thesis.

According to a study of Adler and Cole (1993), standardization and documentation of activities are a valuable mean for knowledge transferring, because they let the knowledge flow more smoothly in all the parts of the firm.

Providing occasions where it would be possible to interact, learn the best practices and to adapt them to local conditions will be a far efficient way.

In general, “when knowledge acquired in one organization affects another (either positively or negatively), transfer of knowledge occurs (Argote, 1999).” A lot of mechanisms are present for moving knowledge from one part of the organization to another one: the *training program*, which offers as many occasions as possible of communication among the parts and lets company people see the performance of the experts. Furnishing documents and blueprints to make easier the transfer, and in particular moving experienced employees from one part to another. Moreover, mentoring and on-the-job training might help building strong social and acknowledgeable connections, while “other organizational development techniques like group training can help to
expand and integrate the mental models of different employees groups” (Burke and Cooper, 2005). Such mechanisms like group training, cross-training or job rotations push the employees to build up a common area of interest or know-how with various other employees groups to share more complex knowledge outside their traditional knowledge fields.

Argote provides an interesting concept, the **group knowledge** which can be seen as the “activities through which group members acquire, share and combine knowledge into a collective product through experience with one another.” As these groups achieve experience, they may learn how to utilize technology more effectively, how to coordinate their activities better or who is good in doing what, in order to improve their overall performance. There is always a component of tacit knowledge acquired through experience.

For learning, these groups have to acquire knowledge, through the sharing of the one already possessed by other members, generating new one through interaction or taking knowledge from outside the group. Therefore, “group learning involves the processes through which members share, generate, evaluate and combine knowledge into a collective product” (Argote, 1999).

According to a research, the performance of **heterogeneous groups**, considered from a cultural and experience perspective, in the long run are more effective than homogeneous group in finding problems and providing solutions. Much of their advantage comes from their types of information the people in it can access and then share it during discussions.

**Brainstorming** is a common technique used for creating and collecting new ideas generated in groups, encouraging members to come up with ideas freely without critique. This approach is again a form of knowledge sharing that leads to the development new or existing knowledge through interaction. This effective and useful method is more efficient when the members have different experiential background, the group is small, a leader or a facilitator is present, the group has not to be overloaded by pressure and tasks and the members should have the experience of working in team. The heterogeneity improves the potential for the creation of new knowledge.

It is important to organize rules during these activities, including the opinions of everybody in the decision process in order to encourage members to share their information.

These types of face-to face interactions lead to understanding what practices work and implementing them can tailor to their needs, without an imposition from higher level that can generate intolerance for a new practice.

The face-to-face meetings can be without difficulty replaced, once the relationship between the parts is established, by electronic means of communication (Argote, 1999).

Tacit knowledge is more difficult to transfer than the explicit one. In general, when some knowledge is codified in software or documents can be easily transferred or taught to new
employees, Argote suggests that knowledge embedded in technology is a very “powerful and effective way to transfer” it, because it is more explicit and understandable. In general, an observable, explicit and not too complex knowledge is easier to transfer across an organization. As identified by Ciabuschi (2005), information technology is currently a key tool with the potential to have a great impact on knowledge-sharing possibilities. So IT system is a mechanism that through a intranet platform allow to different units transfer, access and adopt knowledge in a efficient way in terms of cost reduction, time saving, information storage and increasing networking. However units can be more or less similar in terms of activities, capabilities and knowledge bases, thus depending on the nature of the units involved, the role of the IT system as a knowledge sharing mechanism changes. In fact it can set off a knowledge duplication process that enhance the receivers’ knowledge base through imitation between similar units or a knowledge development process that enhance sender & receivers’ knowledge base through common problem solving between complementary units. In addition, a lot of studies demonstrate that moving personnel, namely Expatriates, is an extremely effective way for easing the transfer of knowledge, in point of fact Allen (1977) argued that individuals are the most effective carriers of information because they are able to restructure information so that it applies to new contexts. In particular for the tacit knowledge, this mechanism is really effective because employees may not be able to articulate their knowledge but they can move it to a similar task, in different contexts. Burke and Cooper (2005) suggest also extensive orientation and socialization programs in order to help the employees “understand and internalize unique values, goals, history and culture of the firm and share knowledge”, also the tacit one.

2.1.d Knowledge Transfer Barriers
As much as the MNCs desire knowledge sharing across their units, achieving it is particularly difficult. There are several reasons for these difficulties. In case of tacit knowledge, it is obviously hard to transfer it because it can’t be easily communicated verbally or in a written way. Apart from that, in general moving knowledge can be difficult for the competition that might be present among the units and the challenging differences present in the different contexts. Competition can be a real wall in knowledge sharing, because members of one units can really be not motivated in giving their own information to a group they feel like a competitor. Illusion of reward deprivation, it means that some employees see in knowledge sharing the way how they can lose their work rewards, because they give their knowledge and experience to someone else who may be rewarded by salary increases. Alongside knowledge sharing is
understood as additional work. Therefore some employees expect “something more”.
Naturally, all departments of a company and those of its subsidiaries “may divide tasks in
different ways, use technologies somewhat differently, develop different ways of coordinating and
communicating and develop their own unique cultures”. In particular, as more autonomy in
strategy making is given to them, as more these features might be accentuated. Therefore, in this
situation the knowledge acquired by one group can’t be effortlessly applicable to another one.
Another important barrier concerning the hierarchical structure inside the organization, the
communication flow of information, ideas, suggestions can be inhibited by a traditional
hierarchical pyramid where the top management believes that “they always knows best” and then
the bottom line employees can misinterpreting the attitudes and actions of their superiors and to
create a wall that consequently decreases the flexibility, the innovativeness, the efficiently and the
work satisfaction in the all organization.

The lack inter-area communication, limits the transfer of learning and knowledge across
geographical areas. There are few spontaneous reason for communicating across area borders, if a
problem is solved within one area it may be prevented in an other area by communicating the
information and solution to other areas in advanced. In addition, lack of time can also affect the
flow of information, the pressure to meet deadlines, attend events etc. can leave minimal time for
communication. Limited coordination of non-routine flows is actually considered a difficult issues
to face on in almost of all the multinationals.

Researchers analyze that one of the causes of communication problems between units is due at
limited “know who” information, in other words, inter-unit communication flows became
problematic, because personnel did not know whom to contact; and it appeared more difficult
when geographic distance, language barriers and cultural differences are present.

More simply, Szulanski (1996) specifies that the barriers for knowledge transfer might be the
receiver’s lack of absorptive capacity, casual ambiguity and the difficult relationships between
knowledge sender and receiver. In point of fact, the inflows and outflows of knowledge into a
subsidiary or the HQ are usually positively associated, apart from the use of effective transmission
channels, with “the motivational disposition to acquire knowledge and the capacity to absorb the
incoming one” (Jonsson, 2007).

2.2 Cultural Differences
The second pillar of our research concerns the culture influences in the process of transfer
knowledge; behaviors that concern attitudes, socialization, communication, expectation and
working are influences by culture and they determine how an organization faces on the business
environment. But also how the top line should take care about it in order to understand the staff’s approach and to increase the overall efficiency. This overview on culture is important to create awareness of its played role within a business reality and it is one of the factor influencing, positively or negatively, the knowledge transfer.

The meanings of culture have been discussed by several authors in the last decades, some definitions embrace everything from law and religion to art and it is often seen as too soft or too vague and too difficult to grasp; in the economic literature culture has been neglected and many of the scholars considered the globalization like the disappearance of cultural differences. Nevertheless, a massive survey conducted by Harvard Business Review of 11,678 managers in 25 countries can demonstrate that “the idea of a corporate global village where a common culture of management unifies the practice of business around the world is more dream than reality”. In fact nowadays it is seen as an important key element to analyze, given that it influences the effectiveness of organizations and managers.

A key assumption differentiating the cultures is the importance of relationships over tasks. For managers in Latin America, Asia or the Middle East, business relationship is created by trust, so managers need to know each other in order to do business. They prefer hire family members and friends, because they rely on more informal social control methods to meet the goals through familiar personal relationships. Whereas North American and Northern European managers prefer to focus on the task and to keep personal relationships aside, then they tend to align themselves in the achievement of good performances. In addition the nature of relationships also includes how colleagues interact. In fact, in individualist and task focus societies people prefer to take care of themselves and remain emotionally independent from the group, it probably decrease the chance of sharing their own knowledge whereas in collective societies, cooperation is the business pillar and they define their identity by their relationships to others, through group membership and strive for a sense of belonging.

According to which has explained above, Richard Lewis (1996) has identified three dimensions which may represent such patterns and are exemplified in Table 1:
| Linear Active | People tend to be more task oriented, rely on facts and figures, prefer analytic and logical thinking, to be direct and to the point, individualist and not very emotionally expressive. | Northern European, Nordic and Anglo-Saxon countries. |
| Multiactive | People tend to be more relationship-oriented, more intuitive in their decision-making approaches, and more direct and emotionally expressive. | Latin and Arabic cultures. |
| Reactive | People value harmony and adapting, are highly sensitive to the needs and concerns of others, less direct in communication avoiding confrontation and displays of emotions. | Asian cultures. |

**Table 1**

This framework can be useful to identify the strengths and weaknesses, competencies and pathologies of these cultures and then it also allows for the discussion and appreciation of cultural differences among the industries, companies, and functions within as well as between countries.

In addition, André Laurent (1983) argues that cultural differences can reflect different conceptions of what is an organization, it means that organizations can be seen as system of hierarchy, authority, politics and role formalization. For instance, Asian and Latin managers argue that in order to be respected, the bosses expect to have precise answer to most of the questions that subordinates have about their work, because the hierarchy line could not bypassed. Scandinavian and Anglo managers, on the other hand, argue that it is perfectly normal to go directly to anyone in the organization in order to accomplish the task. Furthermore, they argue that it is impossible to have precise answers, since the world is far too complex and ambiguous, and even if you could provide precise answers, this would not develop the capability of your subordinates to solve problems.

Therefore, managers have different conceptions of organization: one which focused on the task, nominated instrumental, and one which focused on relationships, called social. For Latin European managers, organizations are considerate as a network of relationships and then the objectives are achieved through social position and roles and authority are linked with power and status. In contrast, for Anglo-Saxon and Northern European managers, the organization is seen as a functional system where to achieve the goal is more important that who has power and authority to do this. The authority is defined by function and is limited, specific to the job not the person.

With regard to the transfer, recent studies of leadership, participation and empowerment claim that these are not related to hierarchy per se, but to how authority is established: achieved versus ascribed. Participation and sharing is less likely in cultures where power is in the person, so in social cultures.
When we talk about culture we cannot neglect the socialization aspect. In fact socialization, under a business perspective, is the process through which new members absorb the corporate culture and become acquainted with the values and behaviours expected of them. These are transmitted in a variety of ways: they may be learned through arduous training programs designed to foster the *esprit de corps* (group spirit), or they can be absorbed informally by observing others members, and learning the company language and folklore (Schneider and Barsoux, 2003). Socialization techniques aim to strengthen the identification of the individual with the group or organization. However it is not easy to embed it inside the multinational, and above all between Headquarter and subsidiaries. Embedded in these practices are cultural assumptions regarding for instance, the nature of colleagues and hierarchical relationships. Furthermore, how they are transmitted, to what degree they are made explicit, is closely tied to the use of language, high-context/low-context. These differences can become a source of friction (Schneider and Barsoux, 2003).

A well known case of socialization techniques is the example of the so called “IKEA Way”, where seminars are a must for all employees in order to explain the company’s roots and values, including trips to Sweden to visit the shed where the founder started the business and to witness at first hand the difficult farm land in order to get across the important values of frugality, hard work, and simplicity.

Concerning socialization, interpersonal skill are as much as crucial. The ability to form relationships helps the manager and the employee to be integrated into the corporation as well as it facilitates the transfer of knowledge and improve coordination and control.

The theoretical background that we just have explained, it is important for understanding the overall process of transfer knowledge and how culture and its implications can influence the transfer of so-called “best practice” across national borders, thus on the bases of this we would like to identify in the next pillar, the incentives shaping the patterns of attitudes that improve the collaboration and transfer inside the multinationals.

### 2.3 Incentives and Motivation

In general, when we talk about motivation inside the working environment we can see in the literature, several tools that improve the job satisfaction and then the overall efficiency. And certain motivational factors for shared knowledge have already been discussed in a previous section.

According to the model proposed by Reeser and Loper (1973), people have needs, which mobilize energy in acting, the needs stimulate behaviors and the top line management should be careful in
recognizing that needs are unique to each individual. The authors present a classification of human needs which can be grouped into five categories: physiological, safety, love, esteem, and self-actualization.

In order to achieve the company goals, the top line should satisfy the physiological needs and physical conditions through recognition of someone’s work merit. That specific person could feel a sense of achievement or he might have the awareness of having done something worthwhile that comes from a challenging work and high degree of responsibility. People have to know that the job they daily carry on could provide opportunities for advancement, growth and development.

Similarly, the importance of recognition can be applied to push company’s members to share knowledge: knowing that what they share is valued and appreciated might help in the improvement of attitude toward it. Furthermore, it is true that people are more motivated when they feel that their jobs require them to use a wider variety of skills and abilities.

An important element to consider in this context is the commitment towards the company, that March and Simon (1958) define as the “identification with an organization and acceptance of its goals and values as one’s own”. Employees with a high commitment to the organization might have a high morale, might be less likely to leave the company and they might be more available to carry on efforts for the company’s own good.

Therefore, the concept of company’s culture becomes of clear importance when considering shared knowledge, because it is what can shape behaviour patterns within an organization and its value as a key player in its overall performance. The organizational culture can shape the company’s priorities, the appropriate behaviours, the kind of rewarded behaviour, they thing to pay attention to or to ignore, the control systems and procedures they establish, the way to respond to crises and mistakes (Storey, 2001).

Moreover, in the MNC, as suggested by Forsgren et al. (2005) the shared values could be seen like a “glue” that holds the whole multinational together. It has a beneficial effect on the performance of the multinational as well as communications within it. The desired result of this social mechanism in the MNC is a set of shared values, beliefs, same goals, norm and visions among the top and bottom line of different foreign subsidiaries with respect to the interests of the overall organization, consequently it is less likely to resist sharing any knowledge each one possesses with others. In addition to it, O’Donnell (2000) links it with the social control perspective which is divided into two types of integration, vertical integration mechanisms and lateral integration mechanisms. While vertical integration mechanisms focus on the relationship between HQ and subsidiary managers in the forms of assignments at corporate HQ, training programs and so on,
lateral integration mechanisms refer to activities that facilitate contact among managers of different foreign subsidiaries. Social identity theory suggests that organizational identification evokes individual behaviours that benefit the whole organization (O’Donnell, 2000).

On the other hand, headquarter and subsidiary goals can be aligned through the use of monetary incentives. They are considered an useful tool to push on the people to improve the performance and for the purpose of our research, we consider only the monetary rewards for their effect on knowledge sharing. We consider two sets of complementary factors on which rewards could be contingent: first, knowledge sharing behaviours and second, outcomes other than knowledge sharing, such as performance. Thus, we include in our discussion the non-monetary awards that are contingent on knowledge sharing behaviours and incentives that are contingent on performance at individual, group, and organization levels. Of course, it concerns difficulties associated with the cost and with the measurement of the outcome, in particular it is more difficult to determine when that outcome has been achieved and by whom (O’Donnell, 2000).

In addition, it would be also possible to use long term employment contracts, which might increase loyalty and commitment and avoid premature endings to valuable learning networks (Burke and Cooper, 2005).

In sum, we can add to our theoretical discussion that unless the knowledge source can have a positive response to the question, What’s in it to me?, knowledge sharing behaviour is less likely to happen. Therefore, in order to increase the prospects of knowledge sharing by employees, organizations would benefit by knowing how tools, for instance reward systems or specific transfer mechanisms, can be effective (Szulanski, 1996).

After having expressed the core theoretical framework of this research, we are going to present the three generated hypothesis, as previously anticipated.

a) The lack of shared knowledge is caused by the un-application of transfer mechanisms;
b) The lack of shared knowledge is the result of missing motivational factors or the presence of barriers;
c) The lack of shared knowledge is given by the presence of cultural differences.

The reasons behind the formulation of such hypothesis come from a sort of simplification of the theory. Considered the research questions and the conceptual framework, we assume that for PROACT the main reason for a lack of knowledge transfer derives from the three considered elements. Besides, also our educational background played a role in the choice of these factors and also some suggestions appeared during the first contacts with Mr. Hans Åkerlund.
CHAPTER THREE

Research Approach and Empirical Study Description

3.1 Case study
3.1.a. Introduction
Our case study is supported by PROACT Group, a company founded in 1994 and established in Stockholm, Oslo and Stavanger. PROACT offers services like IT solutions, education and finance in the fields of storage, backup/recovery, archiving and disaster recovery, supplying consultancy, support, operation services and systems, providing answers based on the client requirements and needs. Some of their principal clients are: Ericsson, IBM, Lithuanian Energy, MAN Diesel, Nokia, Siemens, Telia, Volvo, etc.

3.1a Characteristics of PROACT
PROACT Group employs more than 300 employees and it is present in The Netherlands, Denmark, Estonia, Latvia, Lithuania, Finland, Sweden and Norway, working in different groups of industries such as: oil & energy, banking & finance, telecoms, media, public sector, services and few others.

PROACT
“We secure mission – critical information”

PROACT has been working to develop partnerships and certifications with the market leaders such as EMC, Hitachi, Sun, Symantec, VMware, and others with the purpose of being in the vanguard of the market.

The actual CEO of PROACT IT Group is Olof Sand. He argued on the website that PROACT on the end of 2008 was reporting a profit of SEK 50.1 (40.7) million before tax for the full year, and SEK 19.1 (15.3) million before tax for the fourth quarter. This is the best result ever reported by PROACT.

Their internationalization strategy has been mainly characterized by brown-field and green-field investments and their actual focus is to enter in new countries like Germany, Belgium, Poland and Great Britain.

3.1.c. PROACT Structure
Here, it follows in table 2 a simple presentation of how PROACT is organized:
<table>
<thead>
<tr>
<th></th>
<th>Number of departments</th>
<th>Type of departments</th>
<th>Number of managers</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proact IT Sweden AB</td>
<td>7</td>
<td>Sales, Consulting, Support, Managed Services</td>
<td>11</td>
<td>146</td>
</tr>
<tr>
<td>Proact IT Norge AS</td>
<td>4</td>
<td>Sales, Consulting, Support, Managed Services</td>
<td>7</td>
<td>66</td>
</tr>
<tr>
<td>Proact Finland OY</td>
<td>5</td>
<td>Sales, Consulting, Support, Managed Services</td>
<td>7</td>
<td>38</td>
</tr>
<tr>
<td>Proact Systems A/S</td>
<td>5</td>
<td>Sales, Consulting, Support, Managed Services</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Proact Estonia AS</td>
<td>2</td>
<td>Sales, Consulting</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Proact IT Latvia SIA</td>
<td>3</td>
<td>Sales, Consulting, Support</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Proact Lietuva UAB</td>
<td>5</td>
<td>Sales, Consulting, Support</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Proact Netherlands B.V</td>
<td>3</td>
<td>Sales, Consulting, Support, Managed Services</td>
<td>4</td>
<td>7</td>
</tr>
</tbody>
</table>

Table 2

The next draw, Table 3, explains, instead, the structure of PROACT Group and their subsidiaries, called within the company countries.

Table 3

The board is formed by seven members, including the CEO, the CFO and vice-presidents.

3.1.d. PROACT problem

According to our first meeting with Mr. Hans Åkerlund, who is the Vice President Procurement & Communication of PROACT, he clearly explained to us their strengths and weaknesses in their
expansion path. We discovered that their main problem is the lack of knowledge sharing across all the Group. What they would like to know is how to improve the attitude of all the managers and employees towards a common discussion and sharing of the acquired knowledge.

3.2 Methodology
In this methodological section we would like to present how we collected our information for this thesis. It is divided in the following five parts in order to make it clear how we proceeded to gather the necessary data for the development of this work. This division follows also a chronological order, we proceeded exactly how we wrote here.

Preparing for data collection
In this first part we had several discussions together for deciding which topic to choose for the thesis and then we agreed on a common one. Then, we were able to get in contact with PROACT and we had a first meeting with Mr. Hans Åkerlund, the Vice President. During this process we found a common ground of interest in both parts, the reasons behind the lack of sharing knowledge across PROACT Group.
Therefore, we started searching theoretical material about this topic, trying to organize it and choosing the most suitable one for our purposes.
After finding the theoretical background, it was necessary to develop a tool through which collects the necessary primary data. Hence, we created a questionnaire aimed at employees and managers of PROACT, to easily acquire the first hand information we needed from the employees’ perspective on shared knowledge within their company.
The questionnaire is the key element for this thesis. It would have been quite difficult to interview directly through face-to-face meetings many employees in the different subsidiaries. Therefore, the questionnaire became an important and effective tool through which the questionnaire we created takes its origins from the theory we chose to use. We decided to divide it according to the main four areas we parted this research: knowledge, transfer mechanisms, barriers and presence of cultural differences. Mainly, the questions are multiple choices of five variables, from 1 to 5 to determine the level of perception of that particular question. Some are left open in order to guarantee to the interviewed the liberty to express himself/herself.
The goal of asking questions about knowledge is to understand and individuate the level of acquaintance and presence of the concept of sharing knowledge across PROACT Group, in order to evaluate the capacity of vertical and horizontal adaptation and exploitation of this valuable resource that is the knowledge sharing.
The goal of transferring mechanisms for us is to understand which of them is the most useful and
which of them can be the best to incentive to apply for fostering knowledge transfer process.
Similarly, we have to identify which are the barriers that block the communication flows and therefore the shared knowledge, in order to provide some suggestions for improving the situation. When we wrote some questions about the cultural differences, we were not sure if they were present within PROACT; but we believe that the culture is one of the most important player in the internal dynamics of a company, therefore we wanted to check if also for this company the possible cultural differences were interfering in the knowledge process.

**Data verification**
Firstly, our questionnaire was tested on an English speaking person, to guarantee the use of fluent English; afterward, it was sent to Professor Ciabuschi, to receive a feedback also from him, because of his experience with these type of questionnaires. Then we sent the questionnaire by email to Mr. Åkerlund, to receive his personal opinion on the questionnaire we would use in his company. Generally, we used in several occasions the emails as instrument to gather further information about the company from Mr. Åkerlund. During the first meeting with him, we did not have the opportunity to go in depth on company functions and structure. From all these people we gathered many important and useful suggestions that we promptly used to modify our work.

**Interview**
We proceeded to have a face-to-face meeting with two members of PROACT Sweden, a manager and an employee. The aim of personal interviews is evaluating directly interviewers’ ideas and reactions according to the firm’s problems, in order to avoid losing some information that with virtual interviews is possible not catch. Through these meetings we wanted to evaluate personally if the questionnaire was totally clear and we happily accepted their suggestions. However, the social interaction we wanted to create was not easy because people did not want to risk sharing their personal and sensible information with people who just met. Anyhow, during this interview we were in three and we organized ourselves so that two were managing the discussion and one was taking notes, in order to not to lose information in the communication flow. Other than useful tips we received for our questionnaire, we learnt much more about how the company is structured and some first-hand information about how, dependently of the department or the role, they might interact with other subsidiaries in sharing knowledge.
**Data collection**

After all the modifications applied to the questionnaire, we were ready to send it throughout PROACT. Mr. Åkerlund chose randomly thirty staff members of all PROACT Group. The participants were given the choice of being anonymous in filling out the questionnaire. We personally sent it by email to the thirty people involved so that they could, in total anonymity, send it back directly to us.

As we started receiving them back, we put their answers in an Excel file to simplify the process of analyzing the collected data.

**Composition of the case report**

This last phase represents the moment in which we highlighted our major findings and we put them in comparison to our theoretical background. We used the data collected through the face-to-face meeting, the notes we took and obviously the questionnaires, all elements necessary to develop our analysis.

### 3.3 Case analysis report

This section is characterized by the presence of some of the results coming from the questionnaires and interviews to PROACT members and linked them to theoretical aspects. We were unable to consider every single question with its results and implications, so we highlighted only the most important ones for the aims of this study.

The data verification process encompassed interview transcripts, summaries of the questionnaires and spontaneous comments. All the feedbacks received from the participants by email was carefully filed in order to document the research path and the methodological selection made.

As table 4 shows, the complete survey covers 32 participants and the rate of returned answers is 53% (17 out of 32).

One can assume that, in all likelihood, Mr. Hans Åkerlund decided to choose the number of participants in proportion of the number of employees for unit. And, based on the returned emails, a proportion of the participants did not bother to send their answers back because they were out of office or because of lack of time.
After finishing the data collection and transcribing the taped interviews, and in order to reduce the big amount of data we collected, we want to present the results of the questionnaires according to the major themes which we focused on: knowledge sharing, transfer mechanism, barriers and cultural differences and at last incentives and corporate values. These themes were used for sorting out data, as the data were loosely grouped under the emerging themes already in the questionnaire.

**Knowledge Sharing**

According to the opinion of the respondents, 77% of them is willing to share knowledge within their own units, but only 53% of them retains that it happens effectively. On the other hands, with regard to shared knowledge across the other units 59% of the participants is willing to do it but they argued that the level of feasibility decreases to 12%. In addition, this can be demonstrated by the 29% of the participants, who said that the level of adoption of new ideas and processes from the other units is very low.

The percentages are clearly evident in the following table:

<table>
<thead>
<tr>
<th></th>
<th>Sweden</th>
<th>Denmark</th>
<th>Finland</th>
<th>Latvia</th>
<th>Lithuania</th>
<th>Norway</th>
<th>Netherlands</th>
<th>Total</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sent</td>
<td>15</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>32</td>
<td>100 %</td>
</tr>
<tr>
<td>Rec</td>
<td>7</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>15</td>
<td>47 %</td>
</tr>
<tr>
<td>Intvw</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>6 %</td>
</tr>
</tbody>
</table>

The results demonstrate that the members of PROACT share their knowledge, even if not homogeneously throughout the company, they feel quite comfortable doing it. In particular, with their colleagues who they have daily contacts, and perceive it as important.

The ideal “community of practice”, as the one highlighted by Brown and Duguid, is not really
taking place in PROACT. Apart from the differences in the concepts of know-how and know-what which are not considered relevant by the members of the company, because considered too theoretical and not important inside a work environment, this type of unified collectivity is missing. In this case, a community of practice takes place mainly in each department, a bit less in the country but it is lacking across the different units: managers and employees have difficulties in spreading their knowledge across units, they prefer avoiding it for personal reasons of disinterest in putting effort in doing it or simply because they have to focus on their departmental goals.

In theory, this kind of environment is not easy to build and in point of fact that is what is happening in PROACT: differences in priorities and individual willingness are blocking the flow of communicating and sharing knowledge.

**Transfer Mechanisms**

Concerning the transfer mechanisms, we can confirm that 100% of the participants communicate technical, market and sensitive information by emails, 82% by phone and face-to-face meetings whereas that expatriates’ presence as tool of sharing knowledge is 0%. This outcome is not surprising considering that the majority of the participant do not have any contact with their colleagues in other units.

On the other hand, 94% of them agreed that expatriates and travelling across the units could be a useful tool for giving and receiving knowledge; therefore, the fact that respondents found travelling important, it indicates that they retain the “spatial proximity” a way to get the communication easier and then to increase the social aspect across the units which could be crucial to the exchange of embedded knowledge.

Table 6

The theory suggests several interesting mechanisms to facilitate the transfer of knowledge, but
those suggested with a lot of emphasis by Argote in particular are not so common. Brainstorming meetings, heterogeneous ones or IT solutions, though used, are not as frequent or effective. IT solutions as well should provide so many advantages but in the daily practice are difficult to implement and use them effectively.

Still, we can add that as our study reveals, the inter-area communication can be seen as a process of relations which create a network among the different units. This network might positively influence staff attitudes towards shared knowledge. Nevertheless, to create and keep this net is fundamental to use integrative mechanisms like international meetings and projects, staff transfers and the mechanisms suggested by Argote. Such means are more utilized in PROACT at the management level.

Despite of this, we can notice a small difference between our empirical case and the theory. Even if these mechanisms are more present at the management level, the level of socialization, communication and trust are higher at the employees level, with 53%, 77% and 71% respectively. These numbers show that between management level and bottom line level an effective communication channel is missing and consequently a lack of shared knowledge. Understanding this is not simple, since that in the provided answers it is stated the a strong hierarchical system is not present.

Finally, as the theory states and the empirical data also confirm, when the integrative mechanisms are efficiently employed at both levels or between them, personal relationships are developed, augmenting the communication flow horizontally and vertically and so the chances of transferring knowledge.

**Barriers and Cultural differences**

Some of the reasons behind this gap in shared knowledge can be found in the missing communication across units, 47% of the respondents did not have any contact with their colleagues which work in the other countries. Furthermore, according to the survey 53% of the participants claimed that they do not have time to do it and 35% of them agreed that they have to focus on their own business unit. Moreover 41% of the respondents perceived a competitive environment which could result in a friction which hinders knowledge sharing.
Knowledge Transfer Barriers

<table>
<thead>
<tr>
<th>Barriers</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>competitive environment</td>
<td>30%</td>
</tr>
<tr>
<td>Focus on own business unit</td>
<td>20%</td>
</tr>
<tr>
<td>Lack of time</td>
<td>40%</td>
</tr>
<tr>
<td>Missing communication</td>
<td>30%</td>
</tr>
</tbody>
</table>

Table 7

The barriers that the staff face are the same presented in the literature. In particular the lack of time and the lack of inter-area communication are quite evident from table 7.

On the other hand, 29% of the participants agree that Sweden, quite surprisingly, is the country with which they have more communication problems and the reasons behind these difficulties could be, for 18% of the participants, the different way of dealing with authority as well as the language barrier; whereas 12% of respondents retain that the geographical distance and the different ways of approaching to work are the principal problems to communicate with the other units.

Table 8

Countries with which there are more communication problems

With the answers we received, we are quite surprised to understand that, eventually, the differences in culture of the different subsidiaries are not so relevant: mainly the dissimilarities or frictions are the result of simple misunderstandings on the way of having something done. Of course, the geographical distance and languages are also relevant in the missing knowledge transfer. We believe that considering units in countries which are all so geographically close facilitates the weak presence of cultural differences.

The presence of factors such as hierarchy or authority might hinder the knowledge flows but in this case they don’t play a big role in that. On the contrary, from the results, it is evident that across
all the group the staff does not feel the an authoritative presence obstructing the communication.

**Incentives and corporate values**

Finally, following our analysis 35% of the participants do not feel motivated to transfer knowledge in the other countries and one of the reasons could be the lack of corporate values or a common company culture inside the PROACT Group. In fact, most of the respondents mixed up the mission of the company with the values of it or left the open answer blank. It is of course, an important signal which should not be neglected by the company, because it might be one of the causes blocking the transfer process. The creation of corporate values is a deep process which has to born within the company culture.

Proceeding to the final part of the questionnaire, about the monetary and non monetary incentives, it is evident as shown in table, that for 53% of the respondents give a low priority for monetary awards monetary when talking about shared knowledge. Whereas 35% of them agree that career development incentives are a more important tool for encouraging the people to improve their willingness to do it.

![Incentives for improve sharing knowledge attitude](image)

**Table 9**

As Forsgren and the other authors presented, the corporate values can work as a strong glue with positive influences on the communication. But, as it has been quite well stressed before, these are missing and this brings to an important gap in the knowledge sharing process.

The incentives, monetary and non as described by O'Donnell, are both considered as inputs for promoting knowledge transfer, but we assist to a higher importance of the non-monetary ones. The interviewees reveal some perceived constraints in the forms of ethnocentric behaviours across the units, connected with linguistic and geographic barriers. As a result the units tend to work alone, without an organizational or personal support to overcome them. The overall efficiency of
integrative mechanisms and also of the communication flow across the countries is limited.

CHAPTER FOUR

Findings and Conclusions

Concluding our research, it is appropriate to explain if our findings have given an answer to the question proposed in the introduction.

(1) Are the managers and employees interested in sharing knowledge across the PROACT units?

Statistically, we can confirm that the 53% of managers and employees are interested in shared knowledge across the units, but only 12% think that a transfer process really takes place. Coherently, none empirical model can be applied for or among the units.

Furthermore, we can state, thanks to our three hypothesis, that this lack of knowledge sharing is caused by the un-application of transfer mechanisms and a lack of motivational factors.

We believe that it is feasible to influence positively the behaviours of bottom and top line towards the shared knowledge, possibly through monetary and non-monetary incentives.

(2) Are there any cultural differences in sharing knowledge across countries?

We deduct that this argumentation does not operate a consistent barrier to knowledge transfer for PROACT Group. Even if this assumption is verified by the results of our survey, it is important to underline that the answers we received are insufficient to generalize the non-verification of this hypothesis.

Therefore, after what has been highlighted and considering the collected percentages, the reasons behind the lack of shared knowledge within PROACT Group are verified by hypothesis A and B. Theoretically, to make the knowledge transfer happen, a MNC needs to apply transfer mechanisms and the staff has to collaborate for making them effective and efficient. They have to be extrinsically or intrinsically motivated in order to create a network of communication among the countries, a network which lets the knowledge sharing to flow.

PROACT Group seems to have neglected, according to the results, the motivational mechanisms, like for instance the corporate values, making as a result the transfer mechanisms inefficient in the communication and shared knowledge processes.

4.1 Research Limitations

In this research we can personally find a series of limitations affecting our work. First of all, the
number of participants we were let to interview was quite narrow and it possibly limited the depth of our work. Apart the 2 obtained face-to-face interviews, only 15 of the 30 people whom we sent the questionnaire were able to send us back their answers, notwithstanding all the reminders we sent to them. Furthermore, in some cases not all the questions were answered so our statistical results might lack some efficiency.

It is curious to note that apart from being a thesis, the aim of this study was also to find a way for improving employees’ attitudes towards sharing their own knowledge with colleagues, focusing on PROACT Group. Unfortunately, receiving no more than the 50% of the questionnaires, our analysis lack some important elements to provide a more complete picture of the situation within PROACT. Of course, we clearly understand that all the respondents have their daily job to do, but we can’t avoid to ask to ourselves the reason behind their lack of willingness in wasting 20-30 minutes of their time to fill in a questionnaire, which deepens in their own company’s problems.

Moreover, we only had 2 personal interviews with PROACT members because carrying on such type of interviews is time consuming and resources intensive, for the interviewers but in particular for the interviewees who would have to sacrifice some of their working time without obtaining back a real benefit. During the interviews we were able to evaluate their reactions and impressions on these arguments, to interact and discuss with them, things that were missed with the questionnaires sent by email.

We noticed that, despite the guarantee of anonymity, the interviewees felt not so much comfortable on certain arguments and they answered diplomatically. This might have altered a bit the general results of the survey.

The questionnaire has been written in English and even if the respondents weren’t native English speakers, this is the second official language of all the PROACT units. This was not a communication barrier but we discovered some gaps in some concepts we used, which were not well known by them. This was confirmed either during oral interviews either in the virtual ones, where some participants confirmed that they didn’t understand some questions.

In addition, the time didn’t help us. The interviewees had just one month to answer to the survey and in the meantime there were holidays, which hinder the respondents to respect the timing of the research.

Finally, we asked to the respondents to write their positions within the company, to evaluate if the missing shared knowledge in PROACT is caused by a friction between the bottom line and the top management, instead the 90% of the respondents didn’t specify his role. Consequently, we have not been able to assess deeply this aspect and so we can only reach general conclusions on the overall Group.
Personally, we would add that working in group in a thesis has been a not at all easy experience, with difficulties in coordinating our activities and we hope that all this is not so much reflected in our work.

4.2 Implications for Theory

Concluding this thesis and before passing to the final suggestions for PROACT, we have to enhance our lack of theoretical material on how to improve the attitude for knowledge sharing. We found a lot of theory on how to improve attitude, but principally focused on the improvement of the attitude in the work environment, in the socialization, in the improvement of job quality. Mechanisms facilitating the shared knowledge or the barriers to remove for easing it are highlighted, but the way on how to improve the attitude towards knowledge sharing is lacking in the theory we consulted and consequently in our work.

In our literature review, we put a lot of concepts used then in some of the questions of the questionnaire. But during the face-to-face meeting we understood that some literature models, concepts are too rigid and a bit far from the work reality. The interviewees understood what we asked to them, but they found that all that conceptualization was too stiff and some of the differences and notions we found so important, like know-how and know-what, for instance Szulanski’s four stages, in reality they are not so relevant and also difficult to distinguish. We left these concepts in our theoretical background because we believe they are important for providing a wide base for understanding shared knowledge, but they seem as they lack a correspondent importance in the work reality.

Connected to this realization, we discovered that cultural differences, which we consider so important in managing an MNC, are not so relevant for PROACT. We consider cultural differences as one of the three hypothesis for the lack of shared knowledge within the company, but in reality they play such a minor role that we can consider almost irrelevant. We have to admit that, for this specific case, the relevance we put on this theoretical element was unnecessary.

This work does not provide a real new overview on the subject of knowledge sharing, but it can be seen as a gathering of concepts on knowledge transfer with an immediate verification on an empirical case, demonstrating the feasibility of this project.

What is really missing in this work is how to improve the attitude towards the sharing: if the mechanisms and the incentives are not enough, is there anything else the management can do? Maybe a further study could find some interesting solutions.
4.3 Implications for PROACT Group

In this last section of the thesis, we are going to try to provide some suggestions for PROACT Group, according to the considerations coming from the analysis of the questionnaires and the theory.

When we look at PROACT Group we see an organization where the knowledge and expertise are geographically widespread, revealing that the process towards the so called “community of practice” across the eight units requires a big effort to support the inter-units communication. Consequently, augmenting the frequency of communication among the units, or as they call them the “countries”, has to be one of the priority for the company.

According to our theoretical background, we believe that the process of socialization among the colleagues of the different countries should be improved, the staff should be slightly pushed to gain experience through a wider communication net: augmenting occasions for formal or informal face-to-face meeting and trips might help in the creation of a more unified culture within the company. Then, virtual meetings can follow generating an excellent way for deeper working relations.

The creation of common online platforms could help building an internal and external network of relations which would be an excellent mean for sharing information. IT solutions are very effective instruments for helping the knowledge sharing inside a company.

During the personal interviews we understood that PROACT has an IT system database in the client support section where employees from the different units can put the problems they deal with, information and so on. Language is the main problem, because everybody prefers using his own language rather than English and this creates barriers difficult to overcome.

Apart from that, several IT options can be employed and some of the respondents suggested different and important solutions that can be applied: mailing lists, internal blogs, MSM, a system which shares desktops with other people involved during telephone conferences and programs like Zylab and Sharepoint. In particular a strong, reliable and well organized intranet, updated daily, which everybody should be “forced” to use would be a great solution: it should be suggested and pushed by the management that all the newly acquired information, the innovations, but similarly also some old and useful techniques should be put in such database. A common language, in this case English, has to be used.

The real difficulty is to motivate people in sharing their “tricks” and information: we already said that for lack of time or priority to the own department, the willingness of sharing falls behind daily job duties. What the management should understand and consequently make the PROACT staff
understand, that also sharing should be part of the daily job. Thinking just about the proper
department might in the short run furnish good results, but it is in the long run as well that some
results have to be present and it is in the end that the strengths of a company appear.
Finding a way to coax and encourage the personnel to collaborate by sharing their own ideas and
solving methods, it would be easier for the future employees to fit in an unique system and to
solve the eventual upcoming problems with more flexibility, maybe looking in the database for
similar situations.
Furthermore, the corporate values have to be reinforced. According to the received answers, most
of the employees lack a common and identifying culture, that the employees can focus around in
order to feel like a part of the company. The answers show that, at the end of the day, the real
focus has to be on the local unit, as if the others are competitors. This demonstrates the lack of a
strong internal culture, which identifies the 8 countries as a part of the same unique organization,
like it is PROACT.
Even if the survey illustrates that the hierarchical structure is not a problem inside this company, it
would be useful to create or expand the channels where the information flow might stream from
top management to the bottom line, in particular in a company like this where innovation and
competition are stronger and always more dynamic. The managers, with their wider knowledge
and experience, should offer more pathways and opportunities for relationship building at
multiple organizational levels.
In addition, the creation of a rotation of expatriates might be another good instrument for
improving shared knowledge. Managers or technicians, who occupied or occupy key positions,
might systemically rotate in the different countries to spread acquired organizational routines and
implement the benefits coming from their accumulated experiences. This solution might be
difficult to implement since that the lack of willingness of people to travel for such a long time, as
required by being an expatriate, can really hinder the actualization of this mechanism. The only
solution is to use monetary and career oriented incentives, which could mean a high cost for the
company. But many empirical cases show how the use of expatriates is a very valuable instrument
for knowledge sharing and as a result, encouraging healthy competition.
Although the use of brainstorming groups or heterogeneous ones is present, it should be
emphasized. These transfer mechanisms can produce very good results in terms of exchange of
knowledge, for their intrinsic characteristic of mixing people with different experience and
backgrounds to share their knowledge.
Training programs, even if quite expensive, can provide another viable solution to improve the
attitude towards sharing knowledge. Newly acquired personnel and the “old” one as well can take
part to them in order to attend lectures on the benefits of shared knowledge and therefore be motivated, once back in their daily working routines, to share.

Thanks to the questionnaires, we noticed how PROACT personnel is well aware of the importance and the benefits connected to shared knowledge and they do it almost daily, but, as we already said, mainly in their department or country. Their lack of time and forced focus on their country are absolutely the most influent factors in their difficulties in sharing.

We can conclude saying that the seeds for knowledge sharing are already present within PROACT, its value and importance are known and recognized, but apparently not enough to guarantee more efforts from the staff’s part to use some of their time for this aim. Some of the mechanisms we mentioned can be put in practice, however we can understand that time and resources are necessary. “Fighting” against the lack of resources or time is a difficult battle to win. Nonetheless, we consider the creation of a strong company culture or of corporate values a fundamental key-player in helping spreading knowledge. If managers and employees are educated about the same values, it might be considered natural sharing what they know, without seeing it as an imposition or an unwanted obligation. Big changes at all the levels of PROACT should occur in order to find a common ground to start together creating a culture where everybody will be identified.

4.4 Contribution

Personally, we hope to have provided some important guidelines for PROACT. Due to the number of respondents, we have not been able to see a complete picture of the situation within the company and consequently to prepare a wider and deeper framework of suggestions for the company.

Anyhow, this work highlighted some problems inside the firm that we hope they would be taken in consideration by the management. Similarly, some proposals to improve the general knowledge sharing have been presented.

This study, for obvious reasons, has a clear focus on a specific company but we think that the theoretical framework we proposed can furnish some guidelines to companies facing a situation similar to PROACT’s one. In particular, using our questionnaire and putting the answers in an Excel sheet, the reasons behind the missing shared knowledge might be quite evident in front of the graphics generated from the received answers. That is also one of the reason for not having used a theoretical model: the statistical data gave us the answers we needed, for confirming or not our hypothesis.

We look forward to having been useful to the overall PROACT Group and equally to those
companies who will ever be interested in solving some of their problems in the communication process across their subsidiaries.
Reference List


Argote L. 1999, Organizational learning creating, retain and transferring knowledge, Carnegie Mellon University, Pittsburgh


March J.G. and Simon H.A. 1958, Organization, John Wiley and Sons, New York, United States


Schneider S.C. & Barsoux J.L. 2003, Managing Across Cultures, Pearson Education Limited


Appendix

A) Questionnaire

Dear Staff Members PROACT Group,
We would like to thank you for your collaboration. We are three international master students from Uppsala University, who are carrying on a thesis project about knowledge transfer problems within a MNC. We guarantee you that the information will be used only for education and research endings; moreover, all the answers will be covered by anonymity. The survey will take 20 minutes approx.

Role:  
Department:  
Country:

I. KNOWLEDGE (General Know-how: how to sell, how to create business, technical stuff, process, information.)

1. Do you feel comfortable in sharing your own knowledge with: please select a level

<table>
<thead>
<tr>
<th>No</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>With colleagues in your department</td>
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<td></td>
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<tr>
<td>With colleagues in your country</td>
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<td></td>
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<tr>
<td>With colleagues in the other countries</td>
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</tbody>
</table>

2. Do you feel any advantages in sharing your own knowledge?  
None | Many

1 | 2 | 3 | 4 | 5

3. In your opinion, which level of shared knowledge is present among:  
Low | High

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<thead>
<tr>
<th></th>
<th>1</th>
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<th>3</th>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Group Functions and your country</td>
<td></td>
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</tr>
<tr>
<td>Managers of your country with manager of the other countries</td>
<td></td>
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<td></td>
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<tr>
<td>Employees of your country with employees of the other countries</td>
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<td></td>
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</tr>
<tr>
<td>Managers and employees within your country</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Employees and employees within your country</td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

4. How often do you use knowledge from colleagues’ previous experiences?  
Never | Always

1 | 2 | 3 | 4 | 5

5. Which is the level of adoption of new ideas and processes created in your country?  
Low | High

1 | 2 | 3 | 4 | 5
6. Which is the level of adoption of new ideas and processes coming from the other countries?
   Low   1   2   3   4   High

   • INNOVATION

7. What is innovation for you? *You can choose more than one
   a. new ideas
   b. new process
   c. new technology
   d. new product
   e. Other ______

8. In your country, are there innovations?
   Yes   No

9. Which type of innovations?
   .............

10. Degree of importance of innovation for your country
    Low   1   2   3   4   High

11. Degree of importance of innovation for PROACT Group
    Low   1   2   3   4   High

12. Compared to the other countries, how innovative do you define yours?
    (Less innovative) 1   2   3   4   (More innovative) 5

13. In the last 12 months, did you notice any useful/practical innovation transfer among your country and the other ones?
    Yes   No

II. TRANSFER MECHANISMS

   • COMMUNICATION

14. How often do you share knowledge?
    (Infrequent) 1   2   3   4   (Very frequent) 5

15. In your opinion, Which is the frequency of communication between:
    (Infrequent) (Very frequent)
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<tr>
<th></th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental managers in your country</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Managers and employees in your country</td>
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<tr>
<td>Employees in your country</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Managers of your country and those of the other countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers of your country and those of the Central Group Functions</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

16. How do you communicate for sharing your own knowledge among colleagues? *You can choose more than one
   a. telephone
   b. fax
   c. emails
   d. face-to-face meetings
   e. working trips across PROACT Group
   f. Expatriates (Manager and/or employees going to work from one country to another one)
   g. brainstorming meetings
   h. heterogeneous group meetings (different professional background)
   i. IT solutions (databases, virtual networks, etc.)

17. How often do you share knowledge by:
   (Infrequent)          (Very frequent)
   | 1 | 2 | 3 | 4 | 5 |
   |-----------------------|---|---|---|---|---|
   Telephone              |   |   |   |   |   |
   Fax                    |   |   |   |   |   |
   Emails                 |   |   |   |   |   |
   Face-to-face meetings  |   |   |   |   |   |
   Brainstorming meetings |   |   |   |   |   |
   Heterogeneous group meetings |   |   |   |   |   |
   IT solutions           |   |   |   |   |   |

18. How many trips do you do to the other countries per year? 
   ...........

19. If you don’t travel, would you like to do it?
   Yes        No

20. Do you think that it might be useful for giving and receiving knowledge?
   ...........

21. Do you think that you get any benefits in participating at brainstorming meetings and heterogeneous group meetings?
   Yes        No

22. Have you ever had any expatriates coming to your country from the other countries?
   (Infrequent)          (Very frequent)
   | 1 | 2 | 3 | 4 | 5 |
   |-----------------------|---|---|---|---|---|

23. What type of information do you share?
a. Sensitive information  
b. Technical information  
c. Market information  
d. Other ….

24. How often do you share:

<table>
<thead>
<tr>
<th></th>
<th>(Infrequent)</th>
<th>(Very frequent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Sensitive info</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech info</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market info</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
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</tbody>
</table>

25. In your opinion, which kind of tools could be useful to improve sharing knowledge?

……………………..

III. BARRIERS AND ATTITUDES

26. Do you feel a competitive environment (opportunist behaviors) within your country?
   (Low)                        (High)
   1 2 3 4 5

27. Do you feel a competitive environment among the countries?
   (Low)                        (High)
   1 2 3 4 5

28. Do you fear losing your competitive knowledge (what differentiates you from the others) inside PROACT Group?
   (Low)                        (High)
   1 2 3 4 5

29. If you don’t want to share knowledge within your country, which are the reasons? *You can choose more than one.

   a. lack of time  
   b. lack of resources  
   c. competition  
   d. mistrust  
   e. focus on own business department  
   f. lack of perceived benefits  
   g. lack of monetary benefits for yourself  
   h. others…….

30. If you don’t want to share knowledge with the other countries, which are the reasons? *You can choose more than one.

   a. lack of time  
   b. lack of resources  
   c. competition  
   d. mistrust  
   e. focus on your own country  
   f. lack of perceived benefits  
   g. lack of monetary benefits for yourself  
   h. others…….
• **SOCIALIZATION** (Process that aims to strengthen the identification of the individual with the group or organization)

31. Which level of socialization do you perceive among all the employees of your country?

<table>
<thead>
<tr>
<th>Low</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>High</th>
</tr>
</thead>
</table>

31. a If the answer is high, in which aspects?

31. b If the answer is low, what are the obstacles affecting the socialization?

32. Do you perceive socialization among your country and the others?

<table>
<thead>
<tr>
<th>Low</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>High</th>
</tr>
</thead>
</table>

32. a If the answer is high, in which aspects?

32.b If the answer is low, what are the obstacles affecting the socialization?

• **CORPORATE VALUES**

33. Please describe the corporate values of PROACT Group

………………………………………………………………………………………...□

34. Do you think that you and your colleagues incorporate these values in your daily work?

<table>
<thead>
<tr>
<th>Poor Incorporation</th>
<th>Absolute Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</table>

IV. CULTURAL DIFFERENCES

35. How do you see the organization (PROACT GROUP)?

<table>
<thead>
<tr>
<th>Hierarchy</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority (control)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Politics</td>
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<tr>
<td>Role formalization (focus on specific task)</td>
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</tbody>
</table>

36. With which country do you have more communication problems?

a. The Netherlands
b. Denmark
c. Latvia
d. Lithuania
e. Estonia
37. Which are the reasons behind these difficulties?
   a. language barriers
   b. cultural differences
   c. geographical distance
   d. different ways of approaching to work
   e. different way of dealing with authority
   f. no meetings
   g. other: .............

- INCENTIVES

38. How much do you feel motivated to transfer knowledge in your department?
   Low motivation  High motivation
   1  2  3  4  5

39. How much do you feel motivated to transfer knowledge in your country?
   Low motivation  High motivation
   1  2  3  4  5

40. How much do you feel motivated to transfer knowledge in the other countries?
   Low motivation  High motivation
   1  2  3  4  5

41. How important are the monetary incentives for you in order to improve your sharing knowledge attitude?
   Low importance  High importance
   1  2  3  4  5

42. How important is the non-monetary incentives (career development, etc.) for you in order to improve your sharing knowledge attitudes?
   Low importance  High importance
   1  2  3  4  5

43. Is the hierarchical structure a barrier for sharing knowledge inside your unit?
   Yes          No

44. How do you measure the level of autonomy of your country? (Autonomy as level of country influence on deciding its own strategy and tactics).
   Low autonomy  more autonomy
   1  2  3  4  5

45. How hard is it to develop a relationship between:

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<thead>
<tr>
<th></th>
<th>Low</th>
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</thead>
<tbody>
<tr>
<td>managers inside your country</td>
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<tr>
<td>managers and employees inside your country</td>
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</table>
46. Which is the degree of commitment and trust between

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<th></th>
<th>Low</th>
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<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>managers inside your country</td>
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<td>managers and employees inside your country</td>
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<tr>
<td>employees inside your country</td>
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<tr>
<td>colleagues with the other countries</td>
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</table>

47. According to your point of view, which are the reasons of missing share knowledge across PROACT Group?

..................