The roles of network in the knowledge transfer process

Master’s Thesis, 15 ECTS

Authors:
Pattamawan Chaikiturajai (Koy)
Ying-Sze Tang (Virginia)

Supervisor:
Sven-Olof Yrjö Collin

Examiner:
Jonas Gabrielsson
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Authors: Pattamawan Chaikuturajai (Koy)
         Ying-Sze Tang (Virginia)
Supervisor: Sven-Olof Yrjö Collin
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Key words: Knowledge transfer, network, knowledge transfer by network
Purpose: To examine the roles of network in the knowledge transfer process

Method:

The aim is to examine the roles of network in the knowledge transfer process by using theories as a foundation and then relating literatures with empirical data. An abductive approach and qualitative case study approach would be conducted.

Theory:

The theoretical framework of reference consists of knowledge transfer, network and knowledge transfer by network. The conceptual models which are developed by the authors will be described at the end of chapter 3.

Empirical method:

Secondary data such as companies’ information from website and annual report are used for data collection. Since the comparison could be made, this study is to perform interviews with two international companies which are HMS Industrial Networks AB and Synovate Limited. The interviewees are the persons who participated in the communication with overseas people.

Analysis:

The analysis part consists of two sections. The first section is a within-case analysis of HMS Industrial Networks AB and Synovate Limited while the second section is a cross-case analysis of both companies.

Conclusion:

The major finding after doing this thesis is that all main networks including home country network, host country network and subsidiaries network are crucial factors in knowledge transfer process. Home country network acts as an ‘Advisor’ to get assistance and guidance for gaining knowledge. Host country network acts as a ‘Punching Tool’ which helps company to enter into an unfamiliar and difficult foreign market due to language and culture.
barrier. Subsidiaries network acts as a ‘Knowledge Booster’ which help each other about transferring knowledge between host countries to enhance the whole process. It is because business operations are conducted in subsidiaries locally but not in the headquarters.
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1. INTRODUCTION

The introduction constitutes the first chapter of the paper and gives general information about the process of knowledge transfer and its problem. Network as a tool for helping knowledge transfer will be illustrated. It will follow by a discussion regarding the research problem, which leads to the purpose of the thesis.

1.1 Background

Knowledge is very important to be the organizational resource since knowledge is a tool for gaining a competitive edge (Argote & Ingram, 2000). According to Grant (1996) and Hansen (1999), knowledge is in the first ranking among the hierarchy of strategically relevant resources.

One of the critical reasons for the firms can succeed is that they are efficient for creating and transferring knowledge across borders, regions and countries (Gupta & Govindarajan, 1991; Kogut & Zander, 1993). With the view of the resource-based and knowledge-based of the firm (Penrose 1959; Eisenhardt & Schoonhoven 1996; Grant 1996; Nonaka, Toyama & Nagata, 2000), access of external knowledge is vital for sustainable innovation and long run survival. The creation and transfer of knowledge are a foundation for competitive advantage in firms (Argote & Ingram, 2000). However, it is a wonder how knowledge can be transferred while providing mutual and positive impact.

The problem of knowledge transfer was stated in the research by Szulanski (2003) and Yayavaram and Ahuja (2008). It is explained that knowledge transfer and flows in complex organizations is not an easy task due to uncertainties and barriers. Since there are high risks of transfer failure in complicated environment, transmitter cannot guarantee knowledge will be well received by the other party.

The research by Argote & Ingram (2000) showed why knowledge transfer can be a problem and hard to be implemented. They identified the kinds of knowledge that are the most difficult to transfer into different contexts. It is the knowledge embedded in the interactions of people, tools and tasks. They provide the curial ground for competitive advantages in firms. However, at the same time, they are the most difficult to transfer.

Since knowledge transfer in corporate level would involve at higher levels of analysis, such as the group, product line, department, or division (Singley and Anderson, 1989), it is defined the problem of knowledge transfer in organizations would be a greater challenge compare with the individual level.

In an overseas office, the problem of knowledge transfer was also stated from the subsidiary-specific perspective, with the condition of the same company, it might also vary dramatically across subsidiaries due to different country market (Gupta & Govindarajan, 1991).
difference of local cultures, business practices, languages, regulations and local preferences creates an ambiguous picture for the foreign corporation, as a result will cause increased costs and delay (Pedersen, 2004). Pedersen (2004) concluded that the attempts of internationalization would be largely affected due to struggling in solving with the unfamiliarity of local market. With these potential risks, only knowledge transfer as a bridging is difficult to overcome the hurdles.

Meanwhile, Hollensen (2001) elaborated the problem of knowledge transfer. If a company is lacking market language of the host country market, the company cannot pick the best foreign markets and implement knowledge transfer. It is argued the approach of inappropriate knowledge transfer mechanisms may cause loss of knowledge in the transaction process. In an overseas office, it may create unavoidable high communication costs which will establish a negative impact on the overall performance of the firm (Pedersen et al., 2003).

In order to improve the quality of interaction and the outcome of the knowledge transfer, continuous exchange helps to form the same and mutual expectations towards trustful behavior (Axelsson, 1992; Lundvall, 1993; Powell, 1990; McEvily & Zaheer, 2006). Both transaction costs and risk can be lowered, with the same time getting the important access to valuable knowledge from the regional networks (Malmberg & Maskell, 2002). However, Jones, Hesterly and Borgatti (1997) cautioned that the advantage of the network would be varied by the frequency of exchanges, the complexity of tasks and the specificity of the demand.

The success of a company is considered to be subject to the ease and speed by which valuable knowledge is transferred throughout the organization (Hedlund, 1986; Bartlett & Ghoshal, 1989; Gupta & Govindarajan, 1991). Pedersen, Petersen and Sharma (2003) argued that if valuable knowledge remains in or only diffuse slowly between host country market and home country market, opportunities for worldwide leverage will be lost. They further suggested that appropriate knowledge transfer mechanisms should be in place. It can ensure dissemination of knowledge, resources and capabilities are in the right path.

Network plays a vital role by getting better understanding of knowledge when it was transferred by different countries. In an overseas office, problems of transferring knowledge are misunderstanding because of culture differentiation and language barrier. This lack of device can be solved by networking.

Zahra, Ucbasaran, Neway (2009) found that when the company is exposed in a wide international market scope, it can obtain a very in-depth and valuable network and knowledge. When they have many connections in overseas such as participate into global exhibition or related to some conglomerations with business. They indicated that by this network, it encourages the knowledge transfer, future development and product innovation.

Some researchers suggested that networking may have benefit in the knowledge transfer process (Audretsch & Feldman, 1996; Feldman, 1999; Fritsch & Slavtchev, 2007) since local
network is something rooted and cannot be transferred. At the same time, some scholars said that knowledge transfer is implementing within the network and it is efficient. Firms with limited resources can use networking to get assistance and guidance in order to start the business (Carson & Gilmore, 1999). They further explained that a network can help to obtain contacts that potentially let the entrepreneur or manager to create new opportunity, share knowledge or improve the firms’ performance.

Networking would be a good tool when interacting with people in various situations like social, trade and business activities (ibid). But Carson and Gilmore (1999) reminded that networks can be changed continuously by the different stages of the firm’s development cycle. The authors are going to examine networks in home country, host country and between subsidiaries. These three areas would play different roles in the knowledge transfer process.

### 1.2 Problem

Within the scientific world, there are a lot of researches about knowledge transfer. Many of them are focusing on its process and outcome. What still lack within the scientific world is, what are the different functions and roles of networks playing in the knowledge transfer process.

Johanson and Vahlne (2009) argued that the increased level of knowledge may have impact on building trust and commitment. They noticed that company needs to commit to network in order to gain knowledge. Some researches talk about the perspective from corporate view, home country market is always regarded as the leading role on the creation, extension and the root of the knowledge within the firm (Piscitello & Pabbiosi, 2006). At the same time, host country market is being regarded as a passive role and a receiver with little or no contribution on the knowledge transfer process. There has been an ongoing discussion about what is the role of the network in the knowledge transfer process.

Moreover, Bartlett and Ghoshal (1989) mentioned that new knowledge creation or other kinds of innovations can be developed on a joint basis by both home and host country market, they suggested that positive integration of resources and capabilities will be mutually beneficial worldwide within the firm. Gupta and Govindarajan (2000) provide further argument that host country market can also participate in the process of knowledge transfer proactively with the home country market.

Since network is one of the important factors in the success of knowledge transfer process, the authors would like to examine the role and capability of network in the knowledge transfer process in the home and host country markets.

The reason for examining the network in knowledge transfer process is beneficial within the scientific would. It is expected to let the authors understand about knowledge transfer. At the same time, the authors will analyze what are the roles of network in the knowledge transfer
process. With the main vulnerability of the research field identified, the authors will now further develop the thoughts in the following chapters.

1.2.1 Research question

What are the roles of network in the knowledge transfer process?

1.2.2 Purpose

The purpose of this thesis is to examine what are the roles of network in the knowledge transfer process. The authors would illustrate different networks playing various functions in the process of knowledge transfer. The authors’ own conceptual model will be created to further explain the importance of local networking in Chapter 3.

1.3 Concepts

The following section briefly introduces and defines different concepts which are frequently used throughout this thesis. The concepts explained in more depth in the chapter of theoretical framework.

Information

In common ground of information theory, there is numerous meaning of the word ‘information’. From ‘The lattice theory of information’ by Shannon (1993), it is difficult to have a single concept of information. According to Sveiby (1996), the word information can refer both to facts themselves and the transfer of facts. Information can be seen from a content sense or a communication sense (ibid). According to Wiener (1948), the information was mentioned in his cybernetic theory that it is something used by a mechanism or organism, a system, for steering the system towards a predefined goal.

Knowledge

There are a lot of arguments in term of knowledge which are identified by many researchers. There is no exact definition of knowledge. However, some scientific researches proposed that, in the scientific perspective, knowledge is the combination of experiences, values, contextual information and expert insight which provide new experiences and information for users (Davenport & Prusak, 1998). To apply in the social world, knowledge is the capacity to act which enable the individual or organization to achieve the goals (Sveiby, 1997, p. 37).

Knowledge transfer

According to Argote and Ingram (2000), knowledge transfer is something affected by the experiences of another which will be proceeded through group, department or division etc.
On the other hand, for the business perspective, knowledge transfer is the process of making available knowledge of routines activities and common phenomenon which can be affected and extended knowledge bases of organization with cost-effective way (Kalling, 2003).

**Network**

According to Scott (1988), network is a powerful reproduction of social structure. It can be analyzed in the studies of “kinship structure, social mobility, science citations, contacts among members of deviant groups, corporate power, international trade exploitation, class structure, and many other areas.” (Scott, 1988, p.109). Meanwhile, Doole and Lowe (2006) stated that network is to create relationships by communication and interactions in order to establish mutual knowledge and trust.
2. METHODOLOGY

The methodology chapter will contain and describe the methods to gain information about the thesis. The research strategy and method is being conducted with an abductive approach and qualitative case study. This chapter will be divided into two parts; research purpose and research design.

2.1 Research purpose

Academic researches is conducted because when the readers are reviewing the literature on a subject, they can understand the reflection on what is happening in the modern organization and what kind of problems they are encountering (Bryman & Bell, 2007). They further defined that through reading the literature can lead the reader to notice a gap or an inconsistency between various studies or some unsolved hurdles.

Gummesson (2000) pinpointed that the management consultants in the business world contributes to the practical world while the academic researchers contributes to the theories and knowledge which are based by fragments of practice. Gummesson (2000) further illustrated that both of them are closely related and are both involving in investigating problems and concluded their findings are valuable and constructive to the business world or management team.

The purpose of this thesis is to examine what are the roles of local network, home network and subsidiaries network in the knowledge transfer process. The authors plan to reach the aim of the thesis by using literature and theories. The theories include knowledge transfer, network and ties. The conceptual models which are developed by the authors will be described at the end of chapter 3. The authors illustrate these theories because it would be the foundation of the whole study. Firstly, the types and characteristics of knowledge bring out clear ideas about what kinds of knowledge are being transferred. Secondly, the authors elaborated about the types and process of knowledge transfer. This would help to provide steps about the transfer formation. Thirdly, the criticism would state the insufficiencies of the knowledge transfer process. The authors then will continually introduce various kinds of network: local network in host country, network in home country and network between subsidiaries. The authors use these three networks because it would be the main network areas an internationalized company would deal with. Furthermore, strong and weak ties would be illustrated in order to provide a further idea inside network. Eventually, a conceptual model will be presented for better understanding.

Furthermore, through seeking empirical data, relevant data from the practical business world will be presented. The authors finally seek aid from two companies for the thesis. As a result, analysis will be connected both the theoretical framework and the empirical data. Two single
case analysis and a cross case analysis will be presented. Conclusion would be conducted in
the final.

2.2 Research approach

Bryman and Bell (2007) mentioned that “a research design provides a framework for the
collection and analysis of data” (p. 40) with “a research method is simply a technique for
collecting data” (p. 40). It is very important the right framework and technique are chosen in
conducting the thesis.

Deduction and induction are two popular terms which are commonly used when picking a
research approach. An inductive approach begins with the empirical data that has been
observed with a connection to theories that are overall valid. Normally, data collection is
started with findings and analysis are followed. As a result of tentative theories are created.
On the other hand, a deductive approach means that the researcher begins with some theories
about the subject is mentioned. It followed with the creation of a research question that needs
to be investigated. Revision of theories is required in the later part of deductive approach.

According to Bryman and Bell (2007), there is no study in an absolute way of deductive or
inductive approach. It is because there will be a need of supplementary theories after the
creation of conceptual model and empirical data. The authors are required to search extra
theories to enhance the formation of the entire framework and analysis for better and precise
explanation. As a result, the study will be described as abductive.

According to the research methodology discussion by Grant and Perren (2002), the
importance of network can only be interpreted by investigating the content and significance
of relationship which the individuals connected (Mitchell, 1969). In order to let the empirical
data to connect with the theories so that the research questions can be answered, a deductive
approach would be firstly used. But there is a need to search more theories in order to support
the data, an abductive approach is finally adopted.

In view of this thesis, the authors chose a qualitative approach. Below the authors would
explain the reasons of the choice. According to Bryman and Bell (2007), there are two of the
main features about qualitative approach.

Firstly, it is less structured. The research ideas are more general and interviewee’s
perspectives and point of views are very crucial in the whole process. It would be suitable for
this thesis since the authors would like to understand the roles of network in knowledge
transfer process. So, the explanation and examples of the real business world are very
important.

Secondly, interviewers do not have to stick to the schedules or guides when conducting
interviews. Qualitative approach is fairly flexible and easy to adjust during the interview.
Interviewee’s point of views can also be used to lead the questions to different directions. It would be suitable for this thesis since the authors would first introduce some introductory questions to the interviewees. Then, flexible follow up questions would be asked upon the feedback from the interviewees.

At the same time, the authors would consider the qualitative approach is the most appropriate. It is because the role of network is complex and with plenty of variables and uncertainties. Network can be many and continuously changing. In order to get the respondent’s interpretations and ideas of the real life that they are living in, a qualitative approach is essential (Mujis, Harris, Chapman, Stoll & Russ, 2004). It would be suitable to conduct an approach with flexible design. Qualitative approach would ensure the authors to get an in-depth understanding of the situation.

Perren and Ram (2004) suggested that the advantage of qualitative approach would allow the researcher to examine networking and prevent creating some oversimplified interpretation or analysis. They also presented that by concentrating on individual interpretations of networking, it would be easier to understand the complexity of the whole process of knowledge transfer by network. The advantage of qualitative approach is further strengthened by Holme and Solvang (1997). They indicated that a qualitative approach would let the interviewee be able to describe the knowledge transfer and networking situation comfortably through interview and conversation.

To sum up, qualitative approach is flexible and more adaptable during the interview process. In the meantime, how interviewees understand and interpret the research topics is extremely vital. The concept and themes helps the interviewer to keep in mind and concentrate when conducting the interviews. Moreover, what the interviewees think of and answer the questions should be put in the first priority.
3. THEORETICAL FRAME OF REFERENCE

This chapter will present the theories which are the fundamentals for the thesis. The theoretical framework is divided into four sections: knowledge transfer, network, ties and authors’ own conceptual models.

3.1 Knowledge transfer

The very first step to understand knowledge transfer process is to understand the different types of knowledge, the characteristics of knowledge, the different types of knowledge transfer and the process of knowledge transfer which will be illustrated as follow.

3.1.1 The different types of knowledge

There are two types of knowledge: explicit and implicit (tacit) knowledge (Polanyi, 1966; Ryle 1949). According to Nonaka and Konno (1998), explicit knowledge is the type of knowledge which can be easily expressed and communicated in words, numbers, symbols, and images.

On the other hand, Polanyi (1966) purposed that implicit knowledge is difficult to be expressed depends on perceptions and behaviors of individuals that are not easy to codify. Tacit knowledge is mostly developed by activities and experiences rather than written or verbal communication (Nonaka & Takeuchi, 1995). “Tacit knowledge flows within and between organizations through the movement of human capital from department to department, from organization to organization and from existing organization to new venture” (Cooper & Park, 2008).

Explicit knowledge is more about how and why things work. In contrast, tacit knowledge is more about what things work. According to Nonaka and Takeuchi (1995), new knowledge is created by an interaction between explicit and tacit knowledge. Cooper, Lynesis and Bryant (2002) stated that the problem of not learning from previous experiences are how hard to codify and share and how to improve after these lessons were given. Moreover, people in the company are not aware of the importance of tacit knowledge and the necessity to make it explicit (Nonaka & Takeuchi, 1995).

3.1.2 Characteristics of knowledge

According to Shariq (1999), there are three primary characteristics of knowledge: temporality, absorption and value. When it comes to knowledge transfer, it needs dynamic
and interactive communication channel which referred as temporality perspective (ibid). The temporality knowledge transfer can be illustrated when the two individuals are committed to transfer the knowledge (ibid). The dynamic and interactive communication in knowledge transfer is not only a factor during routine situations. Meanwhile, the adaptation is also a critical factor in the increasing growth and availability of information such as on the internet (ibid). However, Shariq (1999) pointed out that the knowledge transfer may lose somewhere during the process. So, knowledge in this perspective can be obsolete.

The second characteristic is absorption. According to Shariq (1999), absorption appears when someone perceives knowledge from other which can be efficiency when someone has internal cognition to explain the knowledge. The receivers of knowledge must possess their own cognition to interpret the knowledge being sent (ibid). The lack of absorption capability creates a critical problem if we were to acknowledge massive ignorance in the developing world (ibid).

The last characteristic is value of knowledge. It describes the expensive factors of knowledge. Tacit knowledge is often difficult to modify and therefore may be considered of higher value (Shariq, 1999). Besides, if the knowledge is very expensive to reproduce, very unique or require special ways to proceed, it is very value of knowledge transfer (ibid).

### 3.1.3 The different types of knowledge transfer

According to Sveiby (1996), types of knowledge transfer can be divided as direct and indirect knowledge transfer. Direct knowledge transfer, for example, someone tells the method of doing something to someone directly. On the other hand, it can be implied that indirect knowledge transfer is a kind of implicit (tacit) knowledge within the organization and networks because it is sometimes complicated and faced with communication and culture problems (ibid).

### 3.1.4 The process of knowledge transfer

There are a lot of scientific researchers proposed about characteristics of knowledge. However, the authors would like to develop from those theories to describe the process of knowledge transfer in the organization. The interactive process of knowledge transfer and its integration to existing knowledge within the company, as well as its transfer to the company, it all contributes to enhance the adaptive capabilities of the company (Zollo & Winter, 2001). The existing knowledge (implicit and explicit knowledge) in the organization can be transferred by the individuals, which are employees. The efficiency of knowledge transfer is a very critical factor to be considered in the organization (Reagans & McEvily, 2003).

Davenport and Prusak (1998) mentioned that knowledge transfer is a process that involves two actions which is sending and receiving. This procedure of sending and receiving can be based on the communication model, which has been published by Shannon (1948) in the
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theory of communication. The communication model consists of information source, transmitter, channel, receiver and destination (ibid).

Besides, there is research study about knowledge transfer process described in spiral model. Nonaka and Takeuchi (1995) illustrated the spiral model towards the managerial and organizational theories. This model explains the process of knowledge transfer and conversion. Besides, it also shows the differentiation between explicit and tacit knowledge. According to Nonaka and Takeuchi (1995), there are four modes of knowledge conversion:

1. Socialization: tacit knowledge to tacit knowledge. This is created through sharing experiences. New tacit knowledge can be created through shared mental models and technical devices.

2. Externalization: tacit knowledge to explicit knowledge. The tacit knowledge is articulated and symbolized before turning into explicit knowledge to share with others.

3. Combination: explicit knowledge to explicit knowledge. The explicit knowledge is converted into more systematic knowledge which is acquired from internal or external sources and then combined together. This process is supported by communication technology devices such as video conferences and internet.

4. Internalization: explicit knowledge to tacit knowledge. The explicit knowledge is circulated within the organization and absorbed by the individuals in organization. It is closely related to learning by doing (Nonaka and Takeuchi, 1995, p.69).

Moreover, Gilbert and Cordy-Hayes (1996) proposed that there are five steps of the process of knowledge transfer in the organization as follow:

1. Acquisition: It is the very first step to get knowledge. The knowledge can be from past experience, on job training and perceive from others in the organization etc.

2. Communication: This step can be done by verbal and non-verbal communication. Communication is a critical factor that can create efficiency of knowledge transfer.

3. Application: After receiving knowledge from communication, the knowledge will be applied in this step. The important concern in this step is to utilize the knowledge, not only to possess knowledge.

4. Acceptance: In this step, individuals in the organization must agree to adopt new knowledge.

5. Assimilation: This is the very important step of the process of knowledge transfer. The knowledge needs to be transformed into organizational routine activities.

However, Shannon (1948) argued that noise, anything which hampers the transmission of knowledge, is a crucial barrier. Rogers and Steinfatt (1999) supported that it will be very
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complicated if the context and the destination of knowledge are very different and ambiguous. The complexity of knowledge transfer depends on social constructions. If employees work in groups with high level of cooperation, transferring knowledge will be improved (Parent, Roy and St-Jacques, 2007).

3.1.5 The criticism of knowledge transfer process

However, Polanyi (1996) argued that explicit knowledge can be easily expressed. It is information or data that can be formulated in words or symbols, and then can be stored, and then can be copied or transferred (Mackenzie, 1996). On the other hand, implicit knowledge is explicit knowledge that cannot be stored or transferred efficiently because some certain aspects can hardly be expressed (Mackenzie, 1996). So, some knowledge misses during the process of knowledge transfer. For this reason, the implicit knowledge tends to be more indirect knowledge transfer due to the different perceptions and behaviors of receivers of knowledge. The receivers interpret the knowledge differently and understand it in the different way.

The authors take the internationalization of company as an example. The culture and language differentiations between home and host country can affect the misinterpretation of knowledge during the transfer process. Besides, the understanding of culture and market trend of host country are the concerning issues. So, the following section will be illustrated about another crucial factor, local networking, which has an impact on the knowledge transfer process.

3.2 Network

Networks are always in a state of movement (Shaw, 2006). Some factors would vary the importance of networks, for instance, ethnicity, religions, local community, as well as regional and national cultures (Dickson, Smith & Woods, 1994). There are findings about small firms relied on network since network can provide access to a wide range of resources (Aldrich & Zimmar, 1886; Fiet, 1996; Johannisson, 1986; Szarka, 1990; Waldinger, Aldrich & Ward, 1990).

In the following, the authors will present three areas about the characteristics of network in host country, home country and between subsidiaries respectively.

3.2.1 Local network in host country

Hill (2007) presented that a company can obtain benefits from local network and partner by their knowledge of the host country market. This included the knowledge, costs and risks sharing within the network. According to the Network Theory by Johanson and Mattsson (1988), they indicated that local network is the important tool for a foreign company to set up
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an overseas firm. They emphasized that one specific advantage of local network in host
country is the firm can enter the new market before their competitors due to this established
local network.

Local networking would be a very critical tool in Asia. There is a study by Hedlund and
Kvenneland (1985) about Swedish companies in Japan. It indicated that in a Japanese
business world, gaining a contact with a local partner is being regarded as the first priority
because a local partner already built network and trust in Japan. The local network in host
country provides important assets and open-gate which foreigners are difficult to get into the
access if there is no connection with a local network. A local network is well established and
can last a very long time. Every businessman in Japan respects the network seriously. It is
very difficult for a foreign company to set a subsidiary if there is no aid from local network in
the host country.

3.2.2 Network in home country

From the perspectives of the home country market, the root of the problems is lacking local
market language and knowledge (Johanson & Vahlne, 1977). The penetration and adaptation
of local market knowledge is therefore very crucial (Lord & Ranft, 2000).

In the home country market, Forsgren, Pedersen and Foss (1999) identified that knowledge
among specialist or high-quality staff, product development and advanced technological
expertise are the internal factors while relationships with supplier, personal contact, and
accurate insight into competitors are business network factors. They are all the factors
affecting the formulation of network in home country.

Since a national company consists of numerous business units, all the units developed with
their own and unique network in the home country (Holm et al, 1995). It is noted that
headquarter in the home country market are enjoying a superficial knowledge of octopus-
liked network with multiple extension and various length (ibid). Headquarter normally would
have a longer history and already experienced stages of error and failure, they selected the
candidates carefully within their network.

Hertz and Mattsson (1998) presented that customers, competitors, suppliers and potential
partners are all elements in home country. They elaborated that trust and commitment are the
leaders to manage the flow throughout the network and utilize its function. Moreover,
personal networks might be one of the critical issues in home country market since personal
network can help for providing new opportunities (ibid).

3.2.3 Network between subsidiaries

According to Kogut and Zander (1993), the integration and absorption of knowledge are
dependent upon the networks of overseas subsidiaries. It is claimed that not only headquarter,
but also communicate between subsidiaries can help to receive latest knowledge since business operations are conducted in subsidiaries locally but not in the headquarters. They further presented that after some arrangement and filtering, the knowledge can finally transfer internally to other subsidiaries.

Holm, Johanson and Thilenius (1995) explained that if two subsidiaries are sharing some crucial knowledge or connection, for instance, some suppliers, service providers and a global customer, the networks of these two subsidiaries will be overlapping. The networks will meet in the middle. It is regarded that other than own unique network in its area, subsidiaries are in an interconnected relationship because of network sharing. One subsidiary maybe connected with other subsidiary due to the external party like a supplier or a customer.

### 3.3 Ties

The authors are going to present two different kinds of ties – strong tie and weak tie.

#### 3.3.1 Strong tie

In the view of the exchange and transfer of knowledge, according to the research by Fritsch and Kauffeld-Monz (2010), strong connection is more beneficial than weak connection. Access and connection with regional innovation networks can help firms to obtain the knowledge which they cannot reach by themselves (Sternberg, 2000; Fritsch, 2001; Borgatti & Foster, 2003). Some researches stated that knowledge transfer may considerably benefit from the existence of networks and the interaction with network partners (Audretsch & Feldman, 1996; Feldman, 1999; Fritsch & Slavtchev, 2007).

Hite and Hesterly (2001) pointed out that firms at an early stage of internationalization would gain higher benefits from a more cohesive network through rapid knowledge transfer and exchange. Partners within an enclosed network tend to have closely related ideas, practices and interests (Cowan, David & Foray, 2000). Fritsch and Kauffeld-Monz (2010) claimed that the opportunities of discovering valuable knowledge in this enclosed network are comparatively high. Uzzi (1996) elaborated that social connection within a network can gain a high chance of guarantee the received knowledge are reliable, credible and interpretable. Within the same network, close ties tend to provide rapid and accurate feedback while appropriate suggestions, solution and new ideas are generated (ibid).

There was a finding by Byosiere, Luethge, Vas and Salmador (2010) indicated that strong ties are highly important when the focus is on tacit knowledge transfer. It is elaborated by Kase, Paauwe and Zupan (2009) that intrafirm knowledge transfer can be motivated by incentives, interpersonal relations, training and development.

#### 3.3.2 Weak tie
Nevertheless, Granovetter (1973) had an opposite opinion and argued that weak tie is better in seeking innovation. It is claimed by Granovetter (1973) about the theory of "the strength of weak ties" where weak ties are able to reach populations and audiences that are not accessible by strong ties. This is because when people with close tie always interact frequently, the knowledge sharing within this circle will be redundant and duplicate. Granovetter (1973) illustrated that new knowledge is principally gained through the relationships outside of this circle of strong tie, new knowledge are from the weak tie. The theory mentioned that weak ties are effective for knowledge sharing since it creates the entry by building a bridge. On the other hand, strong ties cannot provide the same function as weak ties since everyone inside the circle already knows and received the same details (ibid). No new knowledge can be shared.

Fritsch and Kauffeld-Monz (2010) pointed out reason why "the strength of weak ties" may be debatable. One of the reasons is that weak tie is good for the occasion on sharing of job offerings and new technologies. But it did not concern about the generation and transfer of knowledge among the innovation activities. Hansen (1999) claimed if a project team needs to search useful and not complicated knowledge in other subunit, weak tie can help on this and speed up the whole process. But weak tie hinders the transfer of complex knowledge since complex knowledge requires strong ties to transfer and interpret. It is because Sutcliffe and Weber (2003) mentioned the complex knowledge is the kind of knowledge which requires high professional or CEO to handle. Complex knowledge is difficult to transfer or create coding in a distant relationship. Complex knowledge is not the things can only interact with them in a short time; as a result of understanding. It required sophisticated technologies to come close and complicated measurement is normally needed.

### 3.4 Conceptual model

After the authors read through many literatures, knowledge transfer has been regarded as an important role in organization. The following figure is a developed model to examine how the knowledge is transferred from home country company to host country markets and from host country markets back to home country.
The roles of network in the knowledge transfer process

With help from many literatures above, the authors come up with own conceptual model. Once the home country market is in the process of expansion to other country markets, the knowledge is acquired from many sources as fast as possible. Besides, in this thesis, knowledge can be everything such as company’s cultures, experiences, values, contextual information and expert insight combined together which provide new experiences for users. Secondly, the knowledge is transferred to the individuals who have responsibility to take care of host country market. Thirdly, the individuals can utilize the knowledge received in the different ways according to different country market situation. Meanwhile, each host country market also transfers the knowledge between each other to increase the new knowledge and experience of each country market. Fourthly, new knowledge will be accepted by employees. Conversely, the new knowledge and experience during the working process in host countries will be passed through the knowledge transfer process back to home country market and between host country markets. Finally, the organization routine activities will be set in each host country market.

So, the knowledge will be transferred among home company and all host companies in different markets as shown in figure 1.

From the author’s point of view, however, knowledge transfer process is also not enough or too expensive (value characteristic of knowledge transfer), for example, cost of R&D. After the authors study a lot of related scientific discussion about knowledge transfer, the authors have developed the conceptual model which explains how network is another crucial factor.
The following figure is a developed model to examine the roles of network in the knowledge transfer process.

Figure 2: The conceptual model developed by the authors.

In figure 2, the authors assume that there are three main types of network related to this thesis are: *home network, local network and subsidiaries network*. These three types of networks are described in chapter 3.2.1, 3.2.2, and 3.2.3. Each company may have many different types of networks within the same time. Meanwhile, the relationships of each network can also be different by weak tie and strong tie as described in chapter 3.3.1 and 3.3.2.

After the company expanded to other country markets, knowledge has been started to transfer. When the host country markets need support which may hardly find in their own countries such as advance IT and R&D from outsources of home country market, home network plays an important role of knowledge transfer to host country markets.

The local network, in the same time, can help the foreign companies to know more about local market trend and environment of each own country market. Besides, the local network can also develop the company by finding other sales lead and development potential within each own country market which the individuals may familiar with.

Meanwhile, the network between host country markets, in parallel, also helps the organization to transfer knowledge to other host country markets which called subsidiaries network in this conceptual model. The network between subsidiaries can help to receive latest knowledge and some different aspects to run the business smoothly.
So, it can be concluded that local network, between subsidiaries network and even home network are helping organization to transfer knowledge and get the business done. This is not only one way of transferring knowledge from home country market to host country markets. The host country market also plays an important role to transfer knowledge back to home county market by giving some useful local information for company improvement. Moreover, these will help the company spends less time consuming of internationalization process. However, the above explanation is only assumption by the authors. The authors will examine the conceptual model and analyze the results from the organization in later part.
4. EMPIRICAL METHOD

This chapter begins with an explanation of how the authors have implemented the study. The research strategy and design are firstly presented. Data collection will be elaborated. Sampling and operationalization will then be illustrated. Finally, data analysis, validity and reliability are discussed.

4.1 Research strategy

There are two useful and most popularly adopted research methodologies for research method: qualitative and quantitative.

According to Bryman and Bell (2007), interviews between qualitative research and quantitative research are very different. They further explain the features of qualitative approach. Firstly, it is less structured. The research ideas are more general and interviewee’s perspectives and point of views are very crucial in the whole process. Secondly, interviewers do not have to stick to the schedules or guides when conducting interviews. Thirdly, it is fairly flexible; interviewee’s point of views can also be used to lead the questions to different directions. Fourthly, more detailed and in-depth answers are expected from researchers. Fifthly, interviewees may be interviewed on several occasions. To sum up, qualitative approach is flexible and more adaptable during the interview process. In the meantime, how interviewees understand and interpret the research topics is extremely vital. The concept and themes helps the interviewer to keep in mind and concentrate when conducting the qualitative approach. Moreover, what the interviewees think of and answer the questions should be put in the first priority. On the other hand, quantitative method is related to measurements for testing the theories.

From chapter 2, the authors discussed about qualitative approach to be the suitable approach for this study.

Firstly, it is less structured. The research ideas are more general and interviewee’s perspectives and point of views are very crucial in the whole process. Secondly, qualitative approach is fairly flexible and easy to adjust during the interview. Interviewee’s point of views can also be used to lead the questions to different directions. At the same time, it is because the role of network is complex and with plenty of variables and uncertainties. It would be suitable to conduct an approach with flexible design. Furthermore, in order to get the respondent’s interpretations and ideas of their existing life, qualitative approach would be a suitable choice (Mujis, Harris, Chapman, Stoll & Russ, 2004). Qualitative approach would ensure the authors to get an in-depth understanding of the situation.

4.2 Research design
There are five different types of research designs: experimental design; cross-sectional or social survey design; longitudinal design; case study design; and comparative design. They mentioned there are many typical examples for qualitative approach in an intensive study or interviewing, it may involved an organization, a group of employees within an organization, or an individual. They described that qualitative methods are often concerned with unstructured interviewing since it is useful in the generation of the case. (Bryman and Bell, 2007)

The suitable research design is to conduct a comparative case study design. It is because by compare with two companies, overview pictures of the knowledge transfer process can be drawn in the first step. The authors can understand different functions of network by comparing the various cases. The six interviewees with extensive international exposure can generalize their ideas, difficulties and solution about knowledge transfer. But most importantly, they shared the importance of network by their experience.

The comparative research design can provide a comparison to each other. So that the authors can find its same and difference. Undoubtedly, how they apply network in the knowledge transfer process can be contrasted. The comparative research design can also present diverse or identical results.

4.3 Data collection

There are primary and secondary sources in data collection. The authors can save time and get extra information from the extensive resources in the company’s annual reports, press and websites which are all secondary data. However, sometimes the secondary data might not be accurate and up-to-date. Therefore, first hand data from primary sources are very curial in this study since the subject is related to network which can change rapidly.

Secondary sources such as company websites, annual reports, press release and other official business documents would be used as the description of background. Primary sources such as feedback from interviewees would be used to describe the knowledge transfer and network for the companies in the empirical data.

Interview can indicate the realities and facts of network in the knowledge transfer process by describing stories or examples. Through providing stories and examples, it would be more reliable since it gets stories that differ between people. The authors can get indications of how different people perceive situations. It is because every person has different access to the networks, and therefore to the knowledge transfer process. Then, the authors will conduct some follow up questions based on the feedback from the interviewee. The follow up questions can lead the interviewee to come close with the exact and detailed present situation of the company.
Eisenhardt (1989) and Yin (1994) suggested variety of methods including conversations with staff, client, owners, and competitors. Hoang and Antoncic (2003) also recommended a multi-method approach which including observation in meetings or some work-oriented activities. They argued that the multi-method approach can create a wide horizon for understanding of networking process and its aftermath. It is because observations can be used in the same phenomena but from different prospective, which makes it possible to reduce the disturbance created.

4.3.1 The interview

A pilot-interview would be conducted before conducting the interviews in the company so that the authors can test the questions and amendment might be needed in order to improve the preciseness. The authors would also practice how to raise the questions to the interviewee and how to record the conversation.

Bryman and Bell (2007) suggest that unstructured interview and semi-structured interview are the most common types of interviews in qualitative research. The authors would first contact the company and explain the purpose and the theme of the thesis. After received the consent of the interviewee, a draft of questions would be sent by email so that the interviewee can have a hint of the questions and background of the interview. If there are some unclear questions, the authors can amend and consult ideas from supervisor before conducting the interview. The authors put the whole interview guide in the appendix. Appendix A shows the questions for headquarter while appendix B shows the questions for subsidiaries. Appendix C shows the questions to the person who is the participants in the network and linked to the subsidiary network.

Bryman and Bell (2007) suggest face to face interview can get a bigger and clear picture rather than phone or email interview. The authors conducted face to face interviews with HMS. It took place in a very quiet and bright conference room without any noise or disturbance. Then, the authors started with background questions. Follow with questions related to international business, knowledge transfer, network, ties and culture difference. The guide is semi-structured which means a lot of follow up questions are raised according to the response. It helps to get a precise picture which enhances the data analysis. All questions and answers were recorded in tape which ensures the authors get the entire transcript.

Due to the constraints of location, the authors conducted other interviews with the remaining five interviewees by phones and emails. The respondents are located in Thailand and China. The phone interviews were also conducted in a very quiet environment. The consequence of the questions is similar to face to face interviews. The authors started with background questions. Follow with questions related to international business, knowledge transfer, network, ties and culture difference. Some follow up questions are raised according to the feedback from interviewees. All questions and answers were recorded in tape which ensures the authors get the entire transcript.
One of the advantages using qualitative approach is the flexibility. The authors can make adjustments and follow up questions during the conversation. Data collection will be more precise. Bryman and Bell (2007) also suggest two interviewers are better than one interviewer. It is because one interviewer can be the one who raise the question and focus on the conversation. Another interviewer who acts as a controller can analyze the conversation and bring out immediate follow-up. In this study, the authors worked as a team and a lot of useful information is given by the teamwork.

4.4 Sampling and selection

In the following, sampling and selection of ideal companies and interviewees for the qualitative approach will be presented and explained.

4.4.1 Companies

This study was to perform interviews with two companies since comparison can be made. The authors would attempt to find a company with internationalization experience which the case company had experience of setting up overseas. Zahra, Ucbasaran, Neway (2009) found that when the company is exposed in a wide international market scope, it can obtain a very in-depth and valuable network. In order to check for both home and host countries, the ideal case will be able to interview the employees in both locations, home and host countries. This is because the authors can check the interpretation of employees in home and host countries.

**HMS industrial networks AB**

The first case study is HMS industrial networks AB. The authors choose HMS industrial networks AB as the first priority company because this company is a kind of IT industry which is very fast driven market. This could help us to examine how they can deal with knowledge transfer and networks within this dynamic market. Moreover, the authors can interview both interviewees from headquarter in Sweden and subsidiary in China about the roles of network in the knowledge transfer process.

Moreover, more than 70% of the revenue of HMS comes from outside Sweden (HMS Network AB (publ) Year End Report 2009, 2010). The internationalization of HMS is very high which is very suitable for the case study. At the same time, the distributor network has been established in countries worldwide. Moreover, HMS has a customer base of more than 1,000 companies. Most of HMS customers are international business to business companies which need connect IT devices. (HMS Industrial Networks, 2010)

HMS has an average growth sales of 30% per annum in last ten years which placing the company at the top of Swedish high-growth lists for several years. HMS has also been elected to Sweden’s best electronics company and most recently, HMS has been awarded to Sweden’s best Export Company 2008. This makes HMS become the ideal company for
interview since knowledge is transferred rapidly throughout headquarter and every overseas offices. The transfer is not limited to technical knowledge, sales knowledge and human resources knowledge.

**Synovate Ltd.**

According to the finding by Bjerre and Sharma (2003), they indicated that most of the knowledge in an internationalized firm is come from and deposited in the host country. The authors find a subsidiary to collect the data.

The second case study is Synovate Ltd. It is an international research agency company. The research market is also a fast driven market which is easy to examine how they run the business by working through knowledge transfer process and networks among head office or regional offices as well as local offices. In this case study, the authors choose to interview the persons from host country which is located in Thailand. This will help the authors to understand more about subsidiary and other international business culture. At the same time, the authors can examine how the network functions in subsidiary.

Moreover, why the authors choose this company because it is a firm generates consumer insights that drive competitive marketing solutions by global network and support. This company environment can provide the authors more opportunity to understand how the subsidiaries support each other.

Meanwhile, the top management levels of every branch offices manage and run business by using their specific strategies to match with local markets. It would let the authors know the problem of culture difference, language barriers and other potential problems of running an overseas market.

**4.4.2 Interviewees**

The ideal interviewee is the person who participated in the communication with overseas people, for instance, setting up overseas offices, joining international exhibitions, promoting overseas marketing activities, conducting international trade and overseas sales lead, or recruiting overseas employees. It is because when the person gains international experience, they are the first hand transmitter or receiver for the knowledge between the two ends. They will be aware about the feasibility of network during the knowledge transfer process within the company. Meanwhile, this would be beneficial to the study since the interviewee is the first hand of data receiver while real life and practical business experience is highly recommended.

Other than the people who are working either in head office or subsidiary office in overseas, person who is the participant in the network is the ideal candidates for this study. With interviewing both parties for a shared phenomenon such as network, it can make the interpretation more reliable.
HMS industrial networks AB

The interviewees involve in HMS industrial networks AB are sales and marketing managers.

For head office, Mr. Christian Bergdahl is a Sales & Marketing Manager Asia of HMS Industrial Networks AB. He works in HMS for fourteen years. His main responsibility is to take care of Eastern Asian sales and marketing areas especially Japan and China. The authors decided to interview Mr. Bergdahl because he has special experiences of Asian countries more than ten years. He is familiar with international business. Besides, he described that it is a very extreme culture differences between Sweden and Asia. It takes a lot of time to understand different culture and communication.

The second interviewee is Mr. Zhao, who is located in subsidiary, China, and has a close contact with headquarter and other subsidiaries worldwide. He has the responsibility for operation of HMS in mainland China including marketing, sales and support. He has worked in HMS industrial networks for five years and another eight year with a local company which cooperated with global company. He is a suitable candidate for interview because of his extensive international and local network. He can provide insight about what are the difficulties the subsidiary is facing and how he solves the problem.

Synovate Ltd.

The second case study is Synovate Ltd. The authors conducted interviews with four people. The interviewees are located in Thailand which is a subsidiary office. Headquarter is located in UK. The first three interviewees are local staffs. Moreover, the fourth interviewee is the participant in the network. She is an ideal candidate for this study. With interviewing both parties for a shared phenomenon such as network, it can make the interpretation more reliable.

The first interviewee is Ms. Rattaya Kulpradith who works as Director in Synovate. Her main responsibility is to assist the Managing Director in terms of defining business direction for the company includes putting together business plan, strategy and financial target. She works here for fourteen years. She works with global leaders regularly with the specific areas of leadership. She joins ‘Global Conference’ every year. The high participation of global network provides her a deep understanding about knowledge transfer and the importance of network.

The second interviewee is Mr. Apirak Ratanavachien who works as a Researcher – Project Manager in Synovate for three and a half years. He actually has an experience of working in international company for seven years. He based in Thai office. He meets the head office’s staff approximately four times per year in Thailand but he has never been to head office. He has to work with three main staffs of head office. He is a suitable candidate because of his frequent contact with headquarter.
The third interviewee is Mr. Sitthichai Poonphol. He is an employee of Synovate for almost two years. He works as a Researcher in Automotive Team. However, he has worked in this international research industry for nearly four years. He based in Thai office. Mostly, head office’ staffs and other international offices’ staffs come to visit him once every quarter. There are four main contact staffs from head office which he has to work with. He is also a suitable candidate because of his frequent contact with headquarter.

The last interviewee is Ms. Neeranuch Somsakul. She is the person who is the participant in the network. She is a friend of Mr. Sitthichai for many years. She works in other company. However, she is always participate in many focus group projects as part time job for marketing research projects which is a service for Synovate’s clients. She is a suitable candidate for this research since she represents the network from the subsidiary office. With interviewing both parties for a shared phenomenon such as network, it can make the interpretation more reliable.

4.5 Operationalization

In order to analyze and measure the empirical data with the theoretical framework, the authors will present the concepts throughout the interview process with the company. It included knowledge transfer, network and ties. The authors will put some introductory general questions for three areas including knowledge transfer, network and ties in this section. The detailed interview guide will be presented in Appendix A and B.

Other than the introductory questions which list below, the authors will request the interviewee by providing examples or story to better illustrate the realities. Then, the authors will conduct more follow up questions based on the feedback from the interviewee. The follow up questions hopefully can lead the interviewee to come close with the exact and detailed present situation of the company. This would much help the authors to understand what are the roles of network in knowledge transfer process.

4.5.1 Knowledge transfer

According to Gilbert and Cordy-Hayes (1996), there are five steps of the process of knowledge transfer in the organization which are acquisition, communication, application, acceptance and assimilation. The authors would base on these steps to understand whether the knowledge transformed into organizational routine activities.

In our interview guide, the following questions will be used as an introductory general question:

- Please explain how can you communicate with your branch office’s staffs? (To transfer knowledge), or please give us an example.
• Please explain how can your branch office’s staffs communicate with you? (To transfer knowledge), or please give us an example.

• Do your subsidiaries transfer knowledge or communicate with each others? If yes, please explain how.

Through the above three introductory questions, the authors would like to understand did the knowledge transferred successfully through the five steps - acquisition, communication, application, acceptance and assimilation by examples described from the interviewees. At the same time, the feedback from interviewees can reflect whether network is required in the knowledge transfer process.

4.5.2 Network

For the ideal network, the number of people can be reached by the primary contact is the reflection of efficiency. After certain of times, the total number of people who can receive the knowledge is the reflection of effectiveness.

During interview, the authors would focus on below areas.

1. The frequency of communication (such as meetings)
2. The significance and impact of personal or company network
3. The importance of trade show or international exposure

In our interview guide, the following questions will be used as an introductory general question:

• How do you start the expansion to foreign market?

• What is the role of supplier, customer and overseas employees in the expansion to foreign market? These people included previous or existing supplier, customer and overseas employees.

• What is the main function of exhibition and trade show?

Through the above three introductory questions, the authors would like to know what kind of network and its importance to influence the knowledge transfer process. For instance, the authors would like to understand the impact of setting up network in trade show and the knowledge they can receive from this network.

4.5.3 Ties

The authors would ask about the ties within the interviewed company.
During interview, the authors would focus on the accuracy and adoptability of knowledge from both strong and weak ties.

In our interview guide, the following questions will be used as introductory general questions:

- How frequent and how close of the relationship between 1/company and supplier, 2/company and customer and 3/ headquarter and subsidiary?

- What is the credibility of knowledge received between 1/company and supplier, 2/company and customer and 3/ headquarter and subsidiary?

4.6 Data analysis

After collecting the data, the authors listen to the tapes several times in order to prevent missing information. Then, conducting the analysis is started. In fact, the analysis started already during the data collection. The background and problems are examined from the beginning of the thesis with the theoretical framework as a foundation. However, the major analysis part would be the linkage and comparison between the theories and the empirical data. In chapter 6, the authors will apply the theoretical frame of reference and compare with the gathered empirical data from interviews. The authors will attempt to find connections and differences in order to answer the research question. The analysis part consists of two sections. The first section is a within-case analysis of HMS and Synovate while the second section is a cross-case analysis of both companies.

4.7 Reliability and validity

Reliability is defined and to check the consistency of measures (Bryman & Bell, 2007). Validity is defined as in what degree of the instrument can measure the subject based on its prior intention for measurement (ibid).

Bryman and Bell (2007) presented that both qualitative and quantitative data would require various criteria for high validity and reliability. They suggested that in order to validate the response from the interviewee, it is not going to double confirm with the interviewee but to obtain further information from other sources. It implies that different channels can obtain information so that the interviewers can check the reliability from the interviewees. The authors would check in secondary data such as company website, annual report, press release, related industry news and articles.

In this thesis, the authors would conduct a qualitative approach with semi-structured interview. All the questions are put in Appendix. Appendix A lists the questions for home country while Appendix B lists the questions for host country. Based on the feedback from
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the interviewee for the introductory general questions, some follow up questions will be immediately asked so that the authors can lead the interviewee to provide detailed picture and realities.

The authors made two face to face interviews with Mr. Bergdahl in HMS Industrial Networks AB. The first interview is mainly focused on understanding the background of the company and it is conducted in December 2009. After three months, the second interview is conducted in April 2010 and is focused on the enquiries of knowledge transfer and network. The reasons why the authors conducted two interviews because it can make sure the credibility of the study is good. Through several conversations with Mr. Bergdahl in his office and email, the authors can understand the impact of network in this company.

Meanwhile, since one of the authors used to work in Synovate Ltd. in Thailand, the interviews with Ms. Rattaya, Mr. Apirak and Mr. Sitthichai are easy to conduct with emails and telephones in April and May 2010. The interviewees are very open to discuss and provide details since they are friends with one of the authors. They feel very comfortable and free to present their thoughts and the real situation about the impact of network in the company. These all can enhance the reliability of the study. Furthermore, there is one interviewee who is the participant of the network can enhance the creditability of the data. With interviewing both parties for a shared phenomenon such as network, it can make the interpretation more reliable.
5. EMPIRICAL DATA

The empirical data begins with background of companies’ case studies. The interview information will be followed and divided into two sections: knowledge transfer process and networks.

All data that the authors collected from interviews will be described in this section. There are two case studies from two companies. In both companies, the data are divided by three main topics to make clear understanding of their background, knowledge transfer and networks. These will help the authors to compare the results easier than combine them together.

The first case study is HMS industrial networks AB. The authors conducted the interviews with one staff from headquarter in Sweden and one staff from subsidiary in China. For head office, Mr. Christian Bergdahl is a Sales & Marketing Manager Asia of HMS Industrial Networks AB. He works in HMS for fourteen years. His main responsibility is to take care of Eastern Asian sales and marketing areas especially Japan and China. The authors decided to interview Mr. Bergdahl because he has special experiences of Asian countries more than ten years. He is familiar with international business. Besides, he described that it is a very extreme culture differences between Sweden and Asia. It takes a lot of time to understand different culture and communication. At the same time, the authors collect the data with one Chinese staff for subsidiary office. The authors do not have an opportunity to have the information from other Chinese staffs and Japanese staffs as the expectation due to the busy business time in this quarter. Mr. Jianying Zhao, or Jerry, is a Marketing & Sales Manager in HMS Beijing representative office. Mr. Zhao has the responsibility for operation of HMS in mainland China including marketing, sales and support. He has worked in HMS industrial networks for five years. HMS is the first international company which he works for. However, he used to work at local companies which cooperated with global company for eight years. All interview questions are presented in Appendix A for headquarter.

The second case study is Synovate Ltd. The authors conducted interview with four people. The interviewees are located in Thailand which is a subsidiary office. Headquarter is located in UK. The interviewees include three local staffs and one person from a outsource network. This person is the participant in the network. With interviewing both parties for a shared phenomenon such as network, it can make the interpretation more reliable. Moreover, this will help the authors to understand more about subsidiary and other international business culture. The first interviewee is Ms. Rattaya Kulpradith who works as Director in Synovate. Her main responsibility is to assist the Managing Director in terms of defining business direction for the company includes putting together business plan, strategy and financial target. She works here for fourteen years. She works with global leaders regularly with the specific areas of leadership. She joins ‘Global Conference’ every year. The second interviewee is Mr. Apirak Ratanavachien who works as a Researcher – Project Manager in Synovate for three and a half years. He actually has an experience of working in international company for seven years. He based in Thai office. He meets the head office’s staff
approximately four times per year in Thailand but he has never been to head office. He has to work with three main staffs of head office. The third interviewee is Mr. Sitthichai Poonphol. He is an employee of Synovate for almost two years. He works as a Researcher in Automotive Team. However, he has worked in this international research industry for nearly four years. He based in Thai office. Mostly, head office’ staffs and other international offices’ staffs come to visit him once every quarter. However, it depends on specific projects and clients. There are four main contact staffs from head office which he has to work with. The last interviewee is Ms. Neeranuch Somsakul. She is the participant in the network and a friend of Mr. Sitthichai for many years. With interviewing both parties for a shared phenomenon such as network, it can make the interpretation more reliable. She works in other company. However, she is always participate in many focus group projects as part time job for marketing research projects which is a service for Synovate’s clients. She mentioned that when her qualification matches with target group of focus group, Mr. Sitthichai always calls her to work for Synovate. All interview questions with three local staffs are presented in Appendix B. And the interview guide with Ms. Neeranuch Somsakul is presented in Appendix C.

5.1 HMS industrial networks AB

The authors choose HMS industrial networks AB as the first priority company because this company is a kind of IT industry which is very fast driven market. This could help to examine how they can deal with knowledge transfer and networks within this dynamic market. Moreover, HMS is located in Halmstad which is easy to conduct the interview during the study.

5.1.1 Background

HMS industrial networks AB, a Swedish small-medium size enterprise, had been established since 1988. HMS is an independent supplier of communication technology for automation equipment which provides reliable solutions to connect devices to any major network protocol and products enabling interconnection between different industrial networks. The company has employees over 165 people globally, of which 30% are full-time engaged with R&D. The head office, product development center and main manufacturing, is located in Halmstad, Sweden. HMS also has sale representatives or sales support offices in Karlsruhe (Germany), Chicago (US), Shin-Yokohama (Japan), Beijing (China), Milano (Italy) and Mulhouse (France). HMS has at least two or three staffs and no more than fifteen people in one representative office. The distributor network has been established in countries worldwide. Moreover, HMS has a customer base of more than 1,000 companies. Most of HMS customers are international business to business companies which need connect IT devices. (HMS Industrial Networks, 2010)
The vision of HMS industrial networks is that all automation devices will be intelligent and networked. HMS shall be the market leader in connectivity solutions for industrial devices. There are also five core values of the company are: "Customer Commitment", "Growth and Innovation", "Long-Term Approach", "Building Relationships" and "Cost Awareness". (ibid)

HMS has an average growth sales of 30% per annum in last ten years which placing the company at the top of Swedish high-growth lists for several years. HMS has also been elected to Sweden’s best electronics company and most recently, HMS has been awarded to Sweden’s best Export Company 2008. The Grand Export Prize was handed over by H.M. the King of Sweden. (ibid)

More than 70% of the revenue comes from outside Sweden (HMS Network AB (publ) Year End Report 2009, 2010). The internationalization of HMS is high. All the products sold from HMS are under their own brand name of “Anybus.” Many leading automation companies worldwide such as ABB, Panasonic, HITACHI, Sony, Kawasaki, TOSHIBA, SIEMENS, and GE use Anybus technology. The most important selling areas for HMS are Germany, US and Japan (HMS industrial networks, 2010).

As having an interview with Mr. Bergdahl, he pointed out that the industrial marketing strategies which HMS always emphasizes on are sales force, meeting with customers and exhibition participation. He said the sales representatives will know about customers’ needs and then report to HMS head office. Normally, he travels to visit his international customers for 5-6 times per year. He will meet customers more often if it has special issues. He will go out with the local sales representatives both in Japan and China. Moreover, HMS always joints with its partners and distributors to participate in many industrial or business-to-business exhibitions all over the world.

5.1.2 Knowledge transfer of HMS

Mr. Bergdahl explained that all HMS’ staffs normally use email and telephone conference to transfer knowledge. He has to talk with his local staffs at least once a week and email them every day. “This makes our staffs feel that I’m here to help them all the time. If you are a manager, you should be visible”, he said.

“We use email list when we have a new product. Actually, it’s dry information, you know what’s happen but it is hard to have face to face meeting, so it’s good to present it in the good way by email list. It may be a long email”

Mr. Zhao from Chinese subsidiary supported that he normally contacts with head office and branch offices’ staffs by email. However, he rarely contacts with Japanese offices’ staffs.

Besides, HMS has “Webinar”, a kind of web tool is similar to web seminar, for technical explanation to everyone. They also have intranet which contains a lot of knowledge, internal
information, internal news, order status in all offices for the last week, HMS stock etc. All employees have access to this page and it is an important tool for most staffs as well.

Mr. Bergdahl explained more:

“We also have a program called “Net Meeting” which our staffs can get presentation about technical devices and other materials along to the telephone conference but not face to face or video conference. So, we need to improve this kind of things. We plan to have video conference system within the next six months. The reason why we don’t have it now because we want the best one but it’s expensive.”

Mr. Bergdahl pointed out that Technical Supported Department or Development Department uses email and telephone conference as well, however, everybody thinks it is not enough. Besides, a manager of Global Marketing Group is located in Germany try to meet the marketing staffs once a year. However, they have to improve a lot about more internal training and communication.

He added that HMS always concentrate more on business growth, however, they have just realized how important of knowledge transfer two or three years ago. The result is that the top management level members agree on having four meetings per year for managers and staffs who have the responsibility of technical equipments, two face to face meetings and two telephone conferences. For product training, he said it should be trained in head office because it is lacking technical equipment in local offices. For sales training, it can be anywhere and anytime because he trains the staffs by himself and he can access the internet system all the time. Normally, he has to visit Japanese staffs and clients every two months. He also added that the meeting is arranged about two or three times per year for other departments. Mr. Zhao supported that he meets the head office’s staffs four or five times per years. Besides, he visits head office in Sweden for one or two times per year which have four to five people to contact frequently.

Meanwhile, HMS will have an international meeting called “Kick off Meeting” in this year. Mr. Bergdahl and Mr. Zhao mentioned that it has been arranged almost every year. The objective is to kick off growth. The events include presentations also with discussion, so they can exchange the knowledge with each other. The number of attending staffs depends on local managers to decide. Moreover, they have leadership trainings as well. Mr. Bergdahl said, “We need to train the organization quite often”.

He also commented that:

“You have to be clear in your communication, so you may not have to communicate that much if you have 100% corrects information. But the problem is we are not clear enough. For training case, I will sit when my engineers train the local staffs, if I cannot understand my own engineering after training, so no one could understand it either.”
Besides, Mr. Bergdahl mentioned the differentiations of knowledge transfer process in these two countries. In Japan, the Japanese staffs have to present a brief report once a week. In China, on the other hand, Chinese staffs have a quarterly followed up of business, customer, and product report. Mr. Bergdahl and his Chinese staffs also meet 4-5 times per year. He mentioned that he lets go of control for China because he believes in his staffs that they are very good in working.

“It is very important to have face to face communication especially for Japanese staffs because they are more afraid of speaking English. It can hardly know what they are thinking. There is one example case, my Japanese customer told me that my staff had called him and he did not like it. He asked me to tell my staff not to call him. ‘I don’t want to talk on telephone.’”

The board of director from head office always set the budget and policy for branch offices every year, however, he has to apply them for the real situation and the different business cultures of each country.

“I have to break the target and guideline form headquarter down. I have my view and ask our Chinese leader view and set our own target and guideline again to suit the market.”

Mr. Bergdahl also added that he obtains useful market knowledge of each country through the local employees, international exhibitions, partners, customers and user organizations.

In parallel, he explained that the staffs in head office transfer the knowledge to host country markets by:

“We found some good persons in other countries. Looking for the persons than other things, need local staffs but they need to understand HMS thinking, culture and everything, so it make sense to sending HMS staff to stay in that country for at least one year, Carrier of culture. And I am that person in China and Japan.”

There are also problems occurred during the knowledge transfer process. The business cultural differentiations of each country are critical issues needed to be concerned. Mr. Bergdahl suggested that the best way for running international business and overcoming the cultural differentiations is to respect for other countries’ cultures and bring own culture, and then make it possible way to mix them as well as get the best thing and apply to use in the company.

Mr. Bergdahl explained the Swedish business culture:

“It’s like family member when they do business. We are afraid of conflicts. We prefer nice atmosphere, we are too nice. We need to be a little bit tougher. We need to find the mix that is working well. You need to understand the country you come to and bring the best of your country and the best of that country.”
For Chinese office side, Mr. Zhao commented that equality is one of HMS culture, so it maybe also business culture for Swedish.

In Japan, he mentioned that they think about quality and service all the time. Mr. Bergdahl, on the other hand, thinks that they do it too much and it costs a lot of money. Meanwhile, he said Swedish should learn from them. “Get the best part from both sides and find the balance”, Mr. Bergdahl said.

In China, he mentioned that they are a bit aggressive and rude. They just do what they have been asked after they told their own opinions. If a company has another different way, they will say “Let’s do it as company decided”. They still follow the company decision. They are more straightforward than Japanese business style. Chinese always have short term project but they are more business focus. The customers do not call only HMS but they call others to compare. However, Japanese people are very polite. They do not say their own opinions. They said “we will consider” which almost means ‘No’ in Japanese cultural language.

Swedish culture is similar to Japanese culture. For Chinese staff’s point of view, Mr. Zhao claimed that one unique business culture of China is that Chinese often mix personal relation with business activity.

Meanwhile, Mr. Zhao pointed out that the business culture differentiation is one of the main issues to be concerned. He gave an example that Chinese customers do not like to make a forecast for their manufacturing. Sometimes they place an order without any notice in advance but need an as soon as possible for delivery. The solution is that they need to communicate with both parties. They tell the customer that HMS needs time and resources to arrange production. Besides, they have to try to get a forecast from the customers. On the other hand, Chinese local staffs explain the business behaviors to HMS head office and hope the head office management will understand the point.

“Sometime our sales strategy is not easy to be understood by colleagues from other offices. We need to understand their situation and try to explain the differences”, he said.

Mr. Bergdahl explained:

“You do not decide unless everybody agrees which means it takes longer time to decide. Japanese business cultures always have long term projects. They have more discipline but it is both good and bad, for example, they will stick with us. It is hard to get into the market in the first place but once you get in they will stick to us. They believe and trust in our company. So, it’s long term relation focus.”

Mr. Bergdahl mentioned that time zone is the important problem as well. He explained:

“The head quarter management thinks we should confirm the delivery date, for example, In Japan, we confirm them tomorrow and our technician promised it will be done tomorrow evening which is the night in Japan. So, I am the one who in charge to answer the questions
from Japanese customers why it’s late. There is the conflict of interest. I have to tell our staffs and teach the organization. I can tell them but they have to experience by themselves.”

The third problem is that local markets have their own opinions about what is important for their markets. The good local point then maybe influence the headquarter managers to change the plan to adapt for local markets. The managers can make an exception but it should have a clear target or road to follow before head office. If there is no frame from head office, then everything has just get fussy. He said, “It should have clear target and clear structure in the first place.”

5.1.3 Networks of HMS

Mr. Bergdahl explained that he has both private and professional networks when he thinks of business. His father is the one who know best when it comes to how to deal with employees. His father used to tell him that he knows only Swedish employees but he does not know about Japanese employees. “Even it is Japanese staffs, my father is right every time”, he said. Besides, he mentioned that his wife can really help him as a private consultant for work as well. He added that he always meets with his college friends once a year for ski trip. They are from different industries. However, these people help him to know the different angles of work and especially comparison of salary. More importantly, there are a lot of European people who work and stay in Japan. These people help him to know all the things related to business and Japanese culture. For professional networks, Swedish embassy is a very good consultant in the beginning of the internationalization process and then local staffs help HMS a lots to run the business. Moreover, he mentioned that social network website called “LinkedIn”, a web base which is worked in the professional way, really helps him to find good employees.

Mr. Bergdahl gave us an example of the expansion to China that the first two staffs had used to work at HMS’s distributors four years before joining HMS.

“The distributor decided that they will not focus in this area anymore. So, those employees contacted us that do we have any plan to expand in China? So, I think we should do it now, and be quick because these two guys are really good. I had to present to the board of director. It is very tough in the very first place because I have to fight for this. It is not in the company’s plan in the first place.”

He also mentioned that these two guys have to contact with local distributors which have customers contact in China. Besides, the staffs’ duties are to meet with customers, to cooperate with distributors. Distributors are required to have import license in China. They need to find the reliable distributors.

Moreover, Mr. Bergdahl told us about other country markets that there is almost the same situation with Chinese market.
“We found some good persons in other countries. Looking for the persons than other things”

For subsidiary network, Mr. Zhao, a Chinese office’s staff, told us that he uses other branch offices as network for business as well. “I have asked my colleague in Germany and USA to provide application information for Mettler-Toledo (a global company which is HMS customer in many countries). Mettler-Toledo contacted with us for product design in China”, he said.

Besides, Mr. Zhao mentioned that they take part in a lot of marketing events sponsored by their global partners like Rockwell Automation and Schneider Electric. It is a good opportunity to build their networking with people in those companies. However, he said it is not fixed for the frequency of those networks. It may be three or four times per year approximately. He added that those networks can help him a lot in business. Besides, he has never had any problems with those networks.

5.2 Synovate Ltd.

Synovate Ltd. is an international research agency company. The research market is also a fast driven market which is easy for the authors to examine how they run the business by working through knowledge transfer process and networks among head office or regional offices as well as local offices. In this case study, the authors choose to interview the persons from host country which is located in Thailand because one of the authors used to work there and have networks there as well.

5.2.1 Background

Synovate Ltd. is the market research arm of Aegis Group plc. This company generates consumer insights that drive competitive marketing solutions. The network provides clients with cohesive global support and a comprehensive suite of research solutions. Synovate has more than 6,000 employees across 62 countries. The company had been established since 2003. The head office of Synovate is located in London, United Kingdom. Meanwhile, the top management levels of every branch offices manage and run business by using their specific strategies to match with local markets. However, they will help each other in some research projects. Synovate has $961 million annual turnover as of December 2008. The company values consist of 3Is which stands for international, integration and innovation. (Synovate, 2010)

Synovate Thailand employs over 160 local employees. There are three main departments: research department, operation department and accounting department. For research department, it is divided into different sub-teams for specific fields such as automotive and financial teams. Members of top management level are the key persons who contact with other branch offices.
5.2.2 Knowledge transfer of Synovate

Ms. Rattaya explained that Synovate Thailand’s staffs normally communicate with other offices by email and telephone conference. When it comes to special research projects which require some technical skills, they will arrange the training called “MOLM Meeting”. The required persons who should participate in this training depend on each project. It sometimes is arranged for only local staffs and it sometimes includes other branch offices’ staffs by using telephone conference as a communication channel. Besides, Mr. Apirak and Mr. Sitthichai mentioned that they always communicate and transfer knowledge by using email and telephone. However, they meet the head office’s staff three or four times per year. Normally, the knowledge and information are from clients. Head office’s staffs, international offices’ staffs, Mr. Apirak and Mr. Sitthichai do the projects according to the brief information from clients. During the process, they always discuss and communicate by both email and teleconference. The head office’s staffs and clients come to visit them in Thailand only for some special cases. The head office’s staffs and other international offices’ staffs will request only some research findings from Thailand to study for some cases. However, Mr. Apirak and Mr. Sitthichai mentioned that there are some specific events for gathering international staffs together and exchange the knowledge but not in their team. The international events are mostly for top management level like Directors. The global manager will design when and where they will have an event depends on the market situation. Mostly, the global conference is arranged every year.

Moreover, Synovate has the intranet called “Syntranet” which provides all marketing information, policies, email contact list of every staffs in Synovate worldwide and project detail. Every staff can log in and find most information there. They can even compare or study other projects or cases related to the project they have on hand.

Meanwhile, there are some problems during knowledge transfer process as well. If some staffs are lack of background knowledge of other contact countries which reflects on how a certain respondents act, they will get some problems. In this point, Mr. Sitthichai solved the problems by calling to explain and sometimes using extra bits of information to support is given. For Mr. Apirak, he thinks that language barrier, time zone and communication devices are the main problems. It is sometime can hardly use the devices. He cannot do anything except keep calling to head office’ staffs and talk to them.

Mr. Sitthichai explained that the business culture differentiation of each country is very crucial factor of knowledge transfer as well.

He told us:

“I think Thai business culture is a kind of hierarchy. However, different company tends to have it differently. Some people mingle together really well. Some classed people by education while some by experience. So, people will perceive that and find the different ways to communicate to others. For head office business culture, people always consult each other
The roles of networks in the knowledge transfer process

among the team if there are any problems. They are not very concern about hierarchy. The best solution for successful knowledge transfer is that people from different business culture should understand how the others work. They can have cross functioned training."

For Mr. Apirak, he mentioned that the main business cultures of Thai people are politeness, personal relationship, and compromise. They always try to be nice when they do business. He explained the main business cultures of head office’ staffs, for example, they are more punctual and concern about profitability. Meanwhile, Mr. Apirak added that there are some cultural conflicts between the international offices. “Chinese staffs are over aggressive than others”, he said.

There is another problem of knowledge transfer which Mr. Apirak mentioned. He needs video conference.

“It’s kind of face to face communication via good quality video conference with cheap expenses and user friendly would help to meet much more effective communication performance and reduce culture gap.”

5.2.3 Networks of Synovate

Ms. Rattaya explained about overall networks that Business Development and Marketing Department is in charge of sharing clients list with every branch offices including head office. The regional and global teams take a lead on business development. The global or head office of customers always has policy to use Synovate as research agency for every branch offices by using the global connections. To have more business with customers, the local staffs have to find local companies as new customers as well. The local staffs sometimes have connection with new customers, for example, they used to work with them before moving to Synovate. Friends of the local staffs know the prospective customers, so they give the client database for the local staffs. Moreover, Ms. Rattaya mentioned that Managing Director of Synovate Thailand is one of the members of British Chamber of Commerce Thailand which is one of the good business networks which he can talk to other members about creating business and having more potential clients in Thailand. British Chamber of Commerce of Thailand always arranges the activities for members to participate and keep on relationship with each other. The authors also observe Synovate’s information from British Chamber of Commerce Thailand Website at http://members.bccthai.com/BCCT/asp/corpdetail.asp?CorpID=356 to prove that Synovate is really a member of commerce.

For the operational level staffs, Mr. Sitthichai mentioned that the networks are important for work as well. Most of his networks are media planners and advertising agencies people outside his head office’s country who help him during the projects. Meanwhile, he has no networks outside of branch offices’ country. He added that he has local networks as well. Mostly, these networks come from the size of client business and partnership with head
office. Mr. Sitthichai said that he contacts these people very often. He cannot count how many times he contact with them but that also depends on the projects’ detail and requirement. He always contacts with friends and ex-colleagues when he needs help for some specific projects which need technical skills. He consults with them that they do know other persons to work as a part time for some projects or not. For example, he asks for someone who can dub the video, professional photographers and translators for qualitative research projects. Mr. Sitthichai and Mr. Apirak also consult with their old friends from university and school about the business occasionally. They cannot really count for how many times per year as well. However, they mentioned that they consult with their closed friends quite often. Mr. Sitthichai pointed out that these networks really help him to understand the objectives of the clients from different points of view. However, there are some conflicts when he works with international branch offices.

Mr. Sitthichai explained:

“Sometimes things are delayed. For example, some samples need to be tested and we need to see it in advance but they don’t come in time. So, it is better to keep the clients updated on the project’s progress. Before the delivery is done, many times the actual progress is far behind the deadline. When this happened, it is better to inform the client beforehand. Asking them what kind of information do they really need? Is it possible to submit raw data without digesting it? Or it is better to submit in batch, topics by topics.”

Ms. Rattaya supported that she sometimes have conflicts with other branch office’s staffs, however, it is not really big problems. It was just only some disagreement or misunderstanding because of cultural differentiation. Her solution is to work together with them more to understand the root causes of the problems and to identify action plans to address them in a timely manner. She said, “Clear communication is the key here”.

Ms. Rattaya added more:

“Running business is not a job of one person. It needs strong teamwork. Each function has its own importance just like playing jigsaw. If only one small piece is missing, the picture will be incomplete.”

When it comes to local network, Ms. Neeranuch who used to participate in focus group explained that she always attend focus groups if her qualification matches with the need of customers. She mentioned that she is a friend of employee in Synovate for many years. So, every time her friend needs help, she can be there as a part time job. She transfers knowledge by explaining her thought and idea for market research. Mr. Sitthichai said that this is the good way to find someone who can trust and work with the company because you have already known how your friends work.
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6. ANALYSIS

In this chapter, the authors will apply the theoretical frame of reference and compare with the gathered empirical data from interviews. The authors will attempt to find connections in order to answer the research question. The analysis part consists of two sections. The first section is a within-case analysis of HMS and Synovate while the second section is a cross-case analysis of both companies.

6.1 Within-case analysis

The following section will be presented about how the theories and empirical data can be connected. The HMS analysis will be firstly illustrated about the roles of network in the knowledge transfer process. The second case will be Synovate Ltd. Analysis will be conducted separately for these two companies in this section.

6.1.1 HMS – single case analysis

In this section, the authors will use HMS industrial networks AB as a single case study. The following analysis will be divided in three parts: knowledge transfer, network and ties.

6.1.1.1 Knowledge transfer for HMS

According to Nonaka and Konno (1998), explicit knowledge is the type of knowledge which can be easily expressed and communicated in words, numbers, symbols, images etc. What the authors can see in the case is that HMS has product menu in giving out the guidelines for the research and developed products. On the other hand, Sveiby (1996) mentioned that implicit (tacit) knowledge within the organization is sometimes complicated and faced with communication and culture problems. Since HMS is a company provides communication technology, not only headquarter but also subsidiaries needs to understand the advanced technical advice. The authors note that HMS would provide plenty product and technical trainings in headquarter and subsidiaries. Leadership training will also be used to strengthen their skills. The authors notice from the case that the best way for running international business and overcoming the cultural differentiations is to respect for other countries’ cultures and bring own culture, and then make it possible way to mix them as well as get the best thing and apply to use in the company. At the same time, the authors can see that they regard communication as a very important tool to overcome different opinions.

Shariq (1999) divided characteristics of knowledge transfer into three main types: temporality, absorption, and value perspective. The authors notice that HMS uses “Net Meeting” and company intranet as temporality knowledge transfer which staffs can get presentation about technical devices and other materials. Meanwhile, face to face meeting,
telephone conference and international meeting are used as temporality knowledge transfer. The authors see that the annual “Kick Off” meeting, product and leadership training are regarded as absorption knowledge transfer because it needs someone who has internal cognition to explain the knowledge to others. Furthermore, the authors note that value knowledge transfer like video conference is still in need for HMS since they are expected the best quality which costs much money.

When it comes to the process of knowledge transfer, Gilbert and Cordy-Hayes (1996) proposed that there are five steps: acquisition, communication, application, acceptance and assimilation. They proposed that the first step of knowledge transfer process in the organization is acquisition. The knowledge can be from past experience or job training. This further strengthens the reason why the existing Chinese staffs are come from HMS previous suppliers since experience with dealing the high-tech product is compulsory. The authors note that company intranet, email, telephone, video conference, and face to face meeting will be the second step of knowledge transfer inside HMS as communication. In the third step about application process is focusing about applying and utilizing received knowledge. The authors notice that no matter headquarter in Sweden or subsidiaries; they put training as a vital path to transfer knowledge. It is especially important for them since HMS always provide product, leadership and engineering training. After product training, staff can understand the operations of technical device and accept the knowledge as the following step. Employees in various department and levels can acquire knowledge through trainings. Finally, the very important step is to assimilate the knowledge. The authors check that HMS attends plenty international trades and exhibitions in order to promote the company and boost the sales. By these activities, the authors notice that it encourages the knowledge transfer, future development and product innovation.

If compare the knowledge transfer process of HMS with the existing theories from Nonaka and Takeuchi in 1995, HMS creates tacit knowledge through sharing experiences in international training and exhibition with partners and as socialization. During the process of working, HMS uses combination of knowledge to transfer explicit to explicit knowledge such as reports and users menu. The technical training will be transfer to customers as explicit knowledge as externalization. Besides, everybody will circulate knowledge and absorb the knowledge within organization as internalization mode in spiral model.

### 6.1.1.2 Networks for HMS

According to the conceptual model, a company can obtain benefits from local network and partner by their knowledge of the host country market. The authors can see in the case that Chinese often mix personal relation with business activity. Moreover, the case shows that Japanese market is very focused in local network, too. Japanese business cultures are always focused on long term projects. It is hard to get into the market in the first place. However, once you get into their network, the relationship will be life-long because of trust. It is related to Hedlund and Kverneland (1985) mentioned that local network in host country provides
important knowledge and information which foreigners are difficult to get into the access. There is no connection with a local network. The authors interpret that because local network in host countries helps the individuals to utilize the knowledge received in the different ways according to different country market situation. Besides, the local host network can also develop the company by finding other excellent external sales lead and development potentials within each own country market which the individuals may familiar with. For example, Chinese local staff participates in local exhibitions every year and talks with other potential partners and then ask them for potential business. The authors see the opportunity that it is very useful network to transfer knowledge since Swedish staffs cannot communicate with other Chinese partners in Chinese language. Besides, those potential partners can also give some tricks as knowledge for operating business in China.

Hertz and Mattsson (1998) also presented that customers, competitors, suppliers and potential partners are all elements within the business networks to transfer knowledge. The authors can see from the case because other HMS overseas offices are almost the same situation with Chinese market. Getting a trustful person by network in an overseas offices are important. The authors notice that Swedish staffs used to work with these Chinese local staffs since they worked in suppliers’ companies. Swedish marketing manager has already known how these two Chinese staffs work for four years, so he trusts their abilities of work. Then, it can be analyzed that, in parallel, Chinese local staffs know how to deal with other local partners and may use to work with them before. This would create trustfulness. The authors notice that HMS always considers interdependent network to gain knowledge in exploring overseas markets. The authors interpret that because local network in host countries helps the individuals to utilize the knowledge received in the different ways according to different country market situation. The authors can see an opportunity from the case and explain HMS put finding the reliable people through business network is the top priority in operating overseas office. The existing staffs in China are from HMS’s previous suppliers which HMS has a high level of confidence on them. The authors interpret that because local network in host countries helps the individuals to utilize the knowledge received in the different ways according to different country market situation. Besides, the local host network can also develop the company by finding other excellent external sales lead and development potentials within each own country market which the individuals may familiar with.

Furthermore, Hertz and Mattsson (1998) identified that customers, competitors, suppliers and potential partners are all elements within the business networks in home country. In HMS case, it is very obvious that they enjoyed the benefit of knowing the previous suppliers in result they can set up a new office in China. The authors can see that they put finding the trustful and correct people in overseas as a very top priority. Their established network with a good supplier helps HMS in China business. Meanwhile, the authors notice that family members such as father and wife, in addition of personal network such as college friends who now working in various industries can be the private consultants for work. They all provide ideas, solutions and suggestions for some of his difficulties in workplace. Undoubtedly, the authors interpret that knowledge gained from home country is a valuable asset. The authors
notice that network in home market helps the company to strengthen its base and transfer knowledge.

According to Kogut and Zander (1993), the integration and absorption of knowledge are dependent upon the networks of overseas subsidiaries. It is claimed that not only headquarter, but also communicate between subsidiaries can help to receive latest knowledge since business operations are conducted in subsidiaries locally but not in the headquarters. The authors notice that network between subsidiaries in this case is important. A lot of marketing events through this internal networking helps them in knowledge exchange and new business development. The authors note that HMS China office has a good internal network with German and USA office for new product design ideas.

### 6.1.1.3 Ties for HMS

When it comes to network in knowledge transfer process, the authors have chosen to see that strong connection with family members such as father and wife; in addition of personal network such as college friends are being the role of private consultants for the work. This personal and strong network provides ideas, solutions and suggestions for some difficulties in workplace. Undoubtedly, the knowledge gained from personal network is a valuable asset. In the view of the exchange and transfer of knowledge, according to the research by Fritsch and Kauffeld-Monz (2010), strong connection is more beneficial.

On the other hand, Mr. Bergdahl will meet some of European people who work and stay in Japan. These people help him to know all the things related to business and Japanese culture. These people are in infrequent connection with him but it may help explore some new business and knowledge sharing. It is claimed by Granovetter (1973) about the theory of "the strength of weak ties" where weak ties are able to reach populations and audiences that are not accessible by strong ties. The theory mentioned that weak ties are effective for knowledge sharing since it creates the entry by building a bridge. Meanwhile, Swedish embassy and social network website called “LinkedIn”, a web base which there are random people putting details ad it really helps him to find good employees.

### 6.1.2 Synovate – single case analysis

In this section, the authors will use Synovate Ltd. as a single case study. The following analysis will be divided into three parts: knowledge transfer, network and ties.

#### 6.1.2.1 Knowledge transfer for Synovate

According to Nonaka and Konno (1998), explicit knowledge is the type of knowledge which can be easily expressed and communicated in words, numbers, symbols, images etc. What the authors can see in the case is that Synovate staffs mostly transfer explicit knowledge like charts and reports which are the end products to customers or even to other branch offices. It
The roles of network in the knowledge transfer process

does not cause any problems. When it comes to internal training issue, the authors assume that company’s training is tacit knowledge according to Cooper and Park (2008) mentioned “Tacit knowledge flows within and between organizations through the movement of human capital from department to department, from organization to organization and from existing organization to new venture. There are some problems. The authors have chosen to see that, according to Polanyi (1966), the reason is the staffs have to perceive the knowledge depends on perceptions and behaviors of individuals that are not easy to codify. As Sveiby (1996) mentioned that implicit (tacit) knowledge within the organization and networks is complicated when communicate caused by cultural problems. The authors notice from the explanation of one respondent that the local staffs who have experience of working with Chinese staffs and head office’s staffs, they sometimes have the culture different problems. Then, they need to concentrate more on communication. The local staffs try to explain as much as possible. Besides, the local staffs have to find out more information about each individual issue.

Shariq (1999) divided characteristics of knowledge transfer into three main types: temporality, absorption, and value perspective. When it comes to knowledge transfer characters issue, the authors see in this case that most of the interviewees have face to face meeting and international meeting as temporality knowledge transfer because face to face and international meeting are dynamic and interactive communication. International training by telephone conference and local training are absorption knowledge transfer because the staffs have to perceive knowledge from other. According to Shariq (1999), absorption knowledge can be efficiency when someone has internal cognition to explain the knowledge. Finally, what the authors see in this case is that value knowledge transfer like video conference is still in need for Synovate which costs much money if they want to have a good quality device for international communication.

When it comes to the process of knowledge transfer, Gilbert and Cordy-Hayes (1996) proposed that there are five steps: acquisition, communication, application, acceptance and assimilation. As the authors see in Synovate Thailand, the very first step is that the local staffs acquire knowledge from their past experience or on the job training when they think of how to deal with head office and other branch offices’ staffs. They communicate with head office and other branch offices’ staffs by email and telephone conference as the main communication channels. Meanwhile, they meet with head office and other branch offices’ staffs when they have to do international projects together at least three or four times per year. Moreover, the top management team always joins the international meeting almost every year. After receiving knowledge from communication, the knowledge will be applied and utilized to the work and organization. The local staffs try to understand it from communication plus with their experience with working with other branch offices as an acceptance. Finally, the very important step is to assimilate the knowledge. The local staffs have to transform what they get into organizational routine activities and work on the projects. Those above five steps in Synovate are supported by Zollo and Winter’s Theory in 2001 that the interactive process of knowledge transfer and its integration to existing
knowledge within the company, as well as its transfer to the company, it all contributes to enhance the adaptive capabilities of the company.

If compare the knowledge transfer process of Synovate with the existing theories from Nonaka and Takeuchi in 1995, Synovate creates tacit knowledge through sharing experiences in international training as socialization. During the process of working, Synovate uses combination of knowledge to transfer explicit to explicit knowledge. The marketing research results will be transfer to customers as explicit knowledge as well. This is known in the theory as externalization. Besides, everybody will circulate knowledge and absorb the knowledge within organization as internalization mode in spiral model.

6.1.2.2 Networks for Synovate

According to conceptual model, a company can obtain benefits from local network and partner by their knowledge of the host country market. As can be seen that one local staff consults with his old friends and colleagues about business occasionally. The authors see another support this theory that the local staffs have connection with the potential local customers, for example, they used to work with them before moving to Synovate. Besides, friends of the local staffs know the prospective customers, so they give the customer database for the local staffs. It is related to Hedlund and Kverneland (1985) mentioned that local network in host country provides important knowledge and information which foreigners are difficult to get into the access there is no connection with a local network.

Furthermore, Hertz and Mattsson (1998) identified that customers, competitors, suppliers and potential partners are all elements within the business networks in home country. The authors see it relates to one of interviewees that most of his networks are media planners and advertising agencies people outside his head office’s country who help him during the projects. These people give him knowledge for doing his research projects.

To concern about subsidiary network, Kogut and Zander (1993) pointed out that not only head office but also communication between subsidiaries can help to receive latest news and knowledge since business operations are conducted in subsidiaries locally but not in the headquarters. For Synovate Thailand case study, all interviewees agree on this theory that they transfer knowledge with other branch office frequently for specific projects by email, telephone conference and face to face meeting because they have to coordinate for the projects. Customers may require the reports from many countries.

6.1.2.3 Ties for Synovate

Fritsch and Kauffeld-Monz (2010) proposed about knowledge transfer by network that strong connection is more beneficial than weak connection. It can be seen in the Synovate Thailand case study that the customers’ head office or global office have policy for their branch offices
to use Synovate in each country as the research agency because of great connection of global office.

On the other hand, Granovetter (1973) argued about the theory of “the strength of weak ties” where weak ties are able to reach populations and audiences that are not accessible by strong ties. Kauffeld-Monz (2010) talked about the same thing as Granoetter that one of the reasons which create the strength of weak ties is that weak tie is good for the occasion on sharing of job offerings and new technologies. The authors see that these theories match with one expression that the local staff asks his ex-colleagues for third party referral such as professional photographer, translators for qualitative projects and someone to dub the video who he has never known before. Another example related to this theory is weak tie of network from British Chamber of Commerce Thailand which can generate more clients and information from other members. British Chamber of Commerce of Thailand always arranges the activities for members to participate and keep on relationship with each other. The authors also observe Synovate’s information from British Chamber of Commerce Thailand Website at http://members.bccthai.com/BCCT/asp/corpdetail.asp?CorpID=356 to prove that Synovate is really a member of commerce. The authors see the opportunity that Director of Synovate could make a business deal and get more knowledge about business from British Chamber of Commerce as Ms. Rattaya mentioned in the interview.

6.2 Cross-case analysis

In this section, the authors will present and compare the two case studies. This will form an overview of HMS and Synovate companies. It is divided into three main areas of research: knowledge transfer, network and ties. It will be followed by the summary of the cross-case analysis. The answers will be further discussed below.

<table>
<thead>
<tr>
<th>Theories</th>
<th>HMS (Head Office + Subsidiary Office)</th>
<th>Synovate (Subsidiary Office)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Knowledge Transfer</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Explicit knowledge</strong></td>
<td>Easy to express and communicate by words, numbers, symbols and images etc.</td>
<td>Product research and daily operations (e.g. reports and user menu)</td>
</tr>
<tr>
<td>Implicit knowledge</td>
<td>Complicated communication. The receivers may perceive knowledge differently depend on individual perception and behavior.</td>
<td>Leadership, product and technical trainings held in headquarter and subsidiaries</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Temporality</td>
<td>Need dynamic and interactive communication channel.</td>
<td>Employees use “Net Meeting” and company intranet to get all knowledge such as presentation about technical devices. Employees have face to face meeting, telephone conference and international meeting to transfer knowledge such as how to deal with customers and what kinds of things customers need.</td>
</tr>
<tr>
<td>knowledge transfer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absorption</td>
<td>Someone perceives knowledge from other which can be efficient when someone has internal cognition to explain the knowledge.</td>
<td>Employees in Head office and subsidiary offices absorb knowledge from annual “Kick Off” meeting, product and leadership training. They also absorb knowledge by their own experiences or story telling from colleague during the job.</td>
</tr>
<tr>
<td>knowledge transfer</td>
<td></td>
<td></td>
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</tbody>
</table>
### Value knowledge transfer

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>When it costs a lot of times, money or anything else.</td>
<td>Members of management team agree that the company needs high standard and quality video conference for better knowledge transfer from headquarter to subsidiaries and subsidiaries to headquarter. So, people can see an interaction and notice some signal even others do not speak out. They are unaffordable now due to high cost of the device.</td>
</tr>
</tbody>
</table>

### Spiral model of knowledge transfer

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socialization</td>
<td>Tacit knowledge to tacit knowledge. This is created through sharing experiences. One staff explains how to use the devices in the international training, then others absorb the tacit knowledge and may use the knowledge later.</td>
</tr>
</tbody>
</table>

| Externalization | Tacit knowledge to explicit knowledge. The tacit knowledge is articulated and symbolized before turning into explicit knowledge to share | The employees transfer technical knowledge training to customers by explaining and note down as a handbook. | The employees transferring research results receiving from interview to customers in the form of figures, text |
The roles of network in the knowledge transfer process

<table>
<thead>
<tr>
<th>Combination</th>
<th>Explicit knowledge to explicit knowledge. The explicit knowledge is converted into more systematic knowledge which is acquired from internal or external sources and then combined together. This process is supported by communication technology devices such as video conferences and internet.</th>
<th>All employees use an internet as device to transfer explicit knowledge to explicit knowledge such as the product information and presentation as combination.</th>
<th>All employees using an internet as device to transfer explicit knowledge to explicit knowledge such as presentation and marketing information.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internalization</td>
<td>Explicit knowledge to tacit knowledge. The explicit knowledge is circulated within the organization and absorbed by the individuals in organization.</td>
<td>Everybody in the company will circulate knowledge and absorb the knowledge within organization.</td>
<td>Everybody in the company will circulate knowledge and absorb the knowledge within organization.</td>
</tr>
</tbody>
</table>

The process of knowledge transfer

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Acquire knowledge from their past experience or on the job training.</th>
<th>In most branch offices, HMS hires staffs from previous suppliers since they have experiences. For example, the local staffs explain that customers are not care about</th>
<th>Local staffs explain to head office staffs how they work locally with customers. Local staffs use their network to ask for help such as asking their friends to join</th>
</tr>
</thead>
</table>
The roles of network in the knowledge transfer process

<table>
<thead>
<tr>
<th>Services</th>
<th>focus groups because they know and trust each other.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication</strong></td>
<td>By verbal and non-verbal communication.</td>
</tr>
<tr>
<td>Verbal communication has been transferred by intranet, email, telephone, and face to face meeting.</td>
<td>Verbal communication has been transferred by intranet, email, telephone, and face to face meeting.</td>
</tr>
<tr>
<td>It is really hard to transfer knowledge by non-verbal communication. HMS mostly uses face to face meeting. However, they are now lacking of video conference to transfer non-verbal such as facial expression and body language.</td>
<td>It is really hard to transfer knowledge by non-verbal communication. Synovate mostly uses face to face meeting. However, they are now lacking of video conference to transfer non-verbal such as facial expression and body language.</td>
</tr>
<tr>
<td><strong>Application</strong></td>
<td>Apply and utilize received knowledge.</td>
</tr>
<tr>
<td>After product training, staff can understand the operations of technical device.</td>
<td>The local staffs try to understand received knowledge from communication plus with their experience when they work with head office and other branch offices’ staffs.</td>
</tr>
<tr>
<td><strong>Acceptance</strong></td>
<td>Individuals in the organization must agree to adopt new knowledge.</td>
</tr>
<tr>
<td>Accept the work’s result and will set as routine job later.</td>
<td>Accept the work’s result and will set as routine job later.</td>
</tr>
<tr>
<td><strong>Assimilation</strong></td>
<td>Transform the knowledge into</td>
</tr>
<tr>
<td>Employees analyze knowledge they got in their brain and</td>
<td>The local staffs do it as routine jobs when they have to work</td>
</tr>
</tbody>
</table>
The roles of network in the knowledge transfer process

<table>
<thead>
<tr>
<th>Network Type</th>
<th>Description</th>
<th>Customer Relation</th>
<th>notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local network</td>
<td>Company can obtain benefits from local network.</td>
<td>Chinese always use personal relation in business while Japanese has a close and sealed network with trusted friends.</td>
<td>Old friends and colleagues of local employees are the main network.</td>
</tr>
<tr>
<td>Home network</td>
<td>Company can obtain benefits from home network e.g. customers, partners, suppliers and competitors.</td>
<td>Colleague friends, family and suppliers.</td>
<td>Customers of head office or global office e.g. media planners and advertising agencies.</td>
</tr>
<tr>
<td>Subsidiary network</td>
<td>Subsidiaries can help to receive latest news and knowledge.</td>
<td>Gain knowledge from other branches about product design and marketing events.</td>
<td>Working together with other branch office to get the projects done.</td>
</tr>
</tbody>
</table>

Ties

<table>
<thead>
<tr>
<th>Tie Type</th>
<th>Description</th>
<th>notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong tie</td>
<td>More beneficial than weak connection.</td>
<td>Old friends and families tend to help transfer experiences as knowledge to local employees. International colleagues help to transfer policy from</td>
</tr>
</tbody>
</table>
The roles of network in the knowledge transfer process

<table>
<thead>
<tr>
<th></th>
<th>The strength of weak ties</th>
<th>Europeans people living in Japan about cultures, Swedish embassy about internationalization aids, and social network website for employee hiring.</th>
<th>Third party referral by others local employees know e.g. professional photographer, translators and someone who can dub the video.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weak tie</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in the table above, the responses of both companies are similar for knowledge transfer related issue. HMS and Synovate use both explicit and implicit knowledge transfer. The main products/services’ information is explicit knowledge. However, both companies have the specific training as implicit knowledge which it is really need to be concerned about the understanding of cultural differentiation of each country. Besides, these two companies have the similar characteristics of knowledge transfer such as intranet, face to face meeting, telephone conference, international meeting, and training. Moreover, the staffs of both companies commented that they need more value knowledge transfer such as high quality of video conference to improve knowledge transfer.

For spiral model of knowledge transfer process, the respondents of these two companies have almost the same answers in the interview. The process of transferring knowledge is the same but the contents of knowledge are different depend on their objects, products and industries that they belong. For example, HMS mostly transfers technical devices training while Synovate mostly transfer figures, reports and charts as knowledge. However, both companies also transfer tacit knowledge such as leadership training brand and marketing training to others branch offices.

When it comes to the process of knowledge transfer, there is the differentiation in the acquisition process since HMS mainly focuses on acquiring knowledge by hiring local people who used to work in the previous suppliers to transfer local knowledge to head office’s staff as illustrate in conceptual model. The authors see that HMS’s staff used to work with these local people before and building trusts these people. Meanwhile, local staffs in Synovate mostly use their past experiences and apply the knowledge depend on difference cultures of each international office as the process of transferring knowledge. Local staffs in Synovate also use their network to ask for help such as asking their friends to join focus groups because
they know and trust each other. The reasons why the answers of these two companies are different because the answer received from HMS is about head office while Synovate is from subsidiary. For other steps of knowledge transfer process, the answers are very similar as shown in the table above.

HMS and Synovate have all local network, home network and subsidiary network. The result is almost the same. Headquarter can obtain the knowledge and benefit from local staffs of each subsidiary. Each staff even in head office or subsidiaries has their individual networks like friends and families to support them. Besides, each subsidiary has to work together as a network to complete their tasks. Finally, customers, partners and suppliers are also referred as the good network of both companies.

As consider to knowledge transfer by network, both case studies have strong tie and weak tie for doing business. However, it is difficult if compare these two companies together due to the different situation and industry. They also have the different way and examples to handle with complex knowledge as shown in the table above.

After the authors analyze and compare the two companies’ case study, the following chapter will be concluded all what we contribute for this thesis.
7. CONCLUSION

In this chapter a conclusion for the whole thesis will be made. Firstly, discussion of findings is presented. Then, there is implication. Limitation and further research will finally be pointed out.

To answer the research question of this thesis: ‘What are the roles of network in the knowledge transfer process?’ requires to first understanding the process and interaction of knowledge transfer. Then, it would be feasible to examine network in the knowledge transfer process with the help of the authors’ own conceptual model in Chapter 3 which explain the importance of network in host country, home country and between host countries. After reviewing the theoretical framework of reference with the empirical data, the authors interpret that network in host country, home country and between subsidiaries having different roles in transferring knowledge.

7.1 Discussion of the findings

The findings of the study can be summarized as below:

**Home Country Network as an ‘Advisor’**

- From a corporate perspective, the home country market is always regarded as the leading role on the creation, extension and the root of the knowledge within the firm (Piscitello & Pabbiosi, 2006). With regard of the study about headquarter, network in home country acts as an ‘advisor’ to get assistance and guidance for gaining knowledge. This is because advisor is generally a party or a person with extensive and deeper knowledge in a particular area. During the knowledge transfer process, due to the network in home country, this ‘advisor’ generates knowledge related to technical, human resources and market potential. The creation and transmission of professional knowledge is advised by the home country network.

- Network in home country are related to strong and weak ties, too. Home country network is a good tool when interacting with people in various situations like social, trade and business activities. When it comes to weak tie such as new and random people met in social activities and Internet, the authors see that it acts as a source to get assistance and guidance for gaining general knowledge. When it comes to strong tie such as family members and close friends, this network works as a consultant for dealing and transferring with professional and complex knowledge.

**Host Country Network as a ‘Punching Tool’**

- Pedersen (2004) mentioned that it would be largely affected for overseas market due to struggling in solving with the unfamiliarity of local market. Hedlund and
Kverneland (1985) further strengthened that local network in host country provides important knowledge and information which foreigners are difficult to get into the access there is no connection with a local network. From this study, the authors notice that network in host market helps the company to strengthen its base and transfer knowledge by understanding the local culture and value. Its role is a ‘punching tool’ which helps to enter into an unfamiliar and difficult foreign market due to language and culture barrier. A sharp and rapid press is driven by a ‘punching tool’. During the knowledge transfer process, the host country network can generate local assistance in a short time and give a fast aid. It is because the local language, value, culture, practice and market from the host country network are important. Without a ‘punching tool’, transferring knowledge will encounter hurdles and unexpected risks may arise.

- With regard of the study about the subsidiaries in China, Japan and Thailand, network is undoubtedly cannot be neglected. It is because local network in host countries helps the individuals to utilize the knowledge received in the different ways according to different country market situation. Besides, the local host network can also develop the company by finding sales lead and development potential within each own country market which the individuals may familiar with.

Subsidiaries Network as a ‘Knowledge Booster’

- Kogut and Zander (1993) claimed that not only headquarter, but also communicate between subsidiaries can help to receive latest knowledge since business operations are conducted in subsidiaries locally but not in the headquarters. With regard of the study about subsidiaries between China, Japan, Germany, USA and Thailand, the authors notice that these subsidiaries help each other about transferring knowledge between host countries. Its role as a ‘knowledge booster’ which can enhance overall knowledge transfer process. Without headquarter, subsidiaries network can also generate and transfer knowledge. This ‘knowledge booster’ is intended to increase the speed of knowledge transfer and provide direct path for operation and communication. Shorten the transmission time boost the efficiency of transferring knowledge. This internal network helps the organization in transfer knowledge to other host country markets such as product and marketing know-how.

Result from this thesis shows that network is a vital tool in knowledge transfer process. The authors interpret that network in host country, home country and between host countries are having different roles in transferring knowledge. At the same time, this thesis contributes to an increased understanding of the relationship of knowledge transfer in host country, home country and between subsidiaries.

Other than the above findings, the authors also notice below two points.
• Research by Fritsch and Kauffeld-Monz (2010) argued that strong connection is more beneficial than weak connection. However, from the analysis, the authors can notice that both strong ties and weak ties are useful when transferring knowledge. They can transfer knowledge in various circumstances.

• Except network, the authors notice that time zone and technical equipment should also be the concerns of transferring knowledge. Since the speed of transferring knowledge worldwide will cause problem due to different time zone. Meanwhile, advanced technology with high quality tools are essential for transferring knowledge. The authors notice that both companies demand good technical equipment.

### 7.2 Implication

The findings from this thesis recommend several implications for the roles of network in knowledge transfer process which conduct with two companies as the case study. The results provide some valuable implications to other international companies.

According to the findings of this thesis, the authors divide implications as follow:

• Implication of home country network as an “Advisor”
  o To increase “Strength of weak tie”, the management team of companies can create more strength of weak tie by going to visit local embassy frequently to recognize how many activities they arrange and always participate in those activities to have some new knowledge as well as create new networks. This can help company to find some other advisors from other companies for market opportunities and potential business.

• Implication of host country network as a “Punching Tool”
  o It starts from human resources department. Human resources team, as a punching tool, should arrange training and let each local representative staff to come and share idea about local business cultures and setting the based company culture. So, the employees can find the balance of doing their jobs

• Implication of subsidiaries network as a “Knowledge Booster”
  o Job rotation and regional meeting can create knowledge booster in the organization. Headquarter should send one key staff to perform the headquarter business culture. The local staffs in each subsidiary will absorb the culture automatically. Conversely, headquarter staff who is assigned to temporary work in subsidiary offices will also absorb the local culture of each subsidiary. Headquarter management team may assign representative staff to work in other subsidiary offices for at least one year. For regional meeting, for example, Asian subsidiaries should arrange regional meeting at least semi-annually. They can share some Asian details or marketing information. It would be easier since they have similar culture background and time zone.
Then, they can have a clear knowledge of their own region and present to headquarter to boost the new knowledge.

7.3 Limitation

The limitation to conduct this thesis is mainly about the period of time. The authors at first planned to interview Japanese staffs who work in another Asian subsidiary of HMS to compare the differentiation with Chinese office. Due to the busy Japanese business period in second and third quarters, they are not available for an interview or answer by email. However, Sales & Marketing Manager from headquarter had already given some examples about Japanese office. For Synovate case study, they cannot give an example of which topic and company that the respondent in this interview used to participate in the focus group due to the company policy to conceal the clients’ company names which will affect to their business.

Unfortunately, there are six respondents for the case study from both companies. The reason is about personal network and other outsources networks are also hard for the authors to ask for an interview due to the weak connection. However, the authors try the best to add more secondary data to make it stronger in the case study.

In this paper, the authors focus only network in knowledge transfer process in Sweden, China and Thailand due to the lack of resources. As can be seen in the two case studies, the headquarters are all located in Europe. HMS’s head office is located in Sweden and Synovate’s head office is located in UK. Meanwhile, all subsidiaries of our case studies are located in Asia: China, Japan and Thailand.

Besides, the two case studies are limited only in IT and market research agency industries because these two companies can be the very clear examples of fast driven industries which really need to concern very much on knowledge transfer and network. Moreover, these two companies, the kind of business-to-business industry, show only the business-to-business perspective.

Another important thing of limitation is that the interview and data collection were conducted with middle level employees in HMS case study and middle to top level employees in Synovate case study. Due to the business time limitation, the authors can hardly contact with lower level employees.

7.4 Further research

During the writing process of thesis, the authors realize more about the other issues related to this thesis. This work is based on and limited to the activities of two companies’ case study. These following issues may be useful for someone who consider about further research.
The very first interesting issue for further research is negative impact of network. In this thesis, it is not really outstanding when the authors conducted the interview and collected data. There is only one interviewee who mentioned about conflict within network. There are not many data for comparison in this thesis. However, one of the interviewees pointed out that cultural differentiation is the main issue which can cause the problems during the network. The other researchers who are interested in the conflict within network or negative impact of network can dig deeper in this issue. There might be more interesting factors for study.

In this thesis, the authors concentrate more on Scandinavian and Asian countries like Swedish, China and Thailand including some examples about Japanese office. Meanwhile, there might be some interesting different aspects about knowledge transfer and network in other parts of the world such as South American and South Africa etc. These emerging regions might have the different ways how they can deal with knowledge transfer and network issues.

The final interesting issue is about different industry. As mentioned in the limitation section, this research finding is only about business-to-business industry, the authors think that it would be interesting to look further into the differentiation of research finding in business-to-consumer market for further research.

The authors hope that this thesis can contribute and be useful for other researchers who might interest in network in knowledge transfer process or other related issues.
8. REFERENCE


The roles of network in the knowledge transfer process


The roles of network in the knowledge transfer process


The roles of network in the knowledge transfer process


The roles of network in the knowledge transfer process


The roles of network in the knowledge transfer process


9. APPENDIX A

9.1 Interview guide

The purpose of these interview questions is to understand more about how the international business is run successfully by knowledge transfer, communication and networks. There is also interesting issue of business culture differentiation among head office and other branch offices. These questions could help to examine the situation in the real business world recently.

9.2 Interview questions for head office

9.2.1 Background questions

As a starting point, could you briefly describe your duties?

How many years you have worked in this company?

How many years do you have an experience of working in international company?

How many times approximately do you travel to visit your staffs and customers?

How often do you visit your foreign offices per year for example in China?

How many staffs in Japan?

How many staffs in China?

9.2.2 International business related questions

What is the biggest challenging issue recently?

What are your main international business strategies?

What are the differences of market between China and Japan?

9.2.3 Knowledge transfer related questions

Please explain how can you communicate with your branch office’s staffs? (To transfer knowledge), or please give us an example.
Please explain how can your branch office’s staffs communicate with you? (To transfer knowledge), or please give us an example.

Do your subsidiaries transfer knowledge or communicate with each others? If yes, please explain how.

What communication channels or technologies are used in the transfer process?

How does the company obtain useful market information (how does the company do market research?)

Do you have any special event for gathering international staffs together and exchange the knowledge? If yes, how many times per year? Please explain the process.

What problems can occur in the knowledge transfer process?

How would you solve these problems?

How can you know that your staffs receive all knowledge correctly? If you have any measurements please explain?

How can you trust the staffs?

**9.2.4 Networks related questions**

How do you start the expansion to foreign market?

What is the role of supplier, customer and overseas employees in the expansion to foreign market? These people included previous or existing supplier, customer and overseas employees.

What is the main function of exhibition and trade show?

Do you have any help from other persons or company outside head office’s country to do business in your own country? If yes, please explain how or give us an example.

Do you have any help from other persons or company outside branch office’s countries to do business in your own country? If yes, please explain how or give us an example.

How can you have networks within your own country? Please give us an example.

How frequently do you contact with those persons?

Do they really help you with the business?

Do you have some conflicts or any problems of network during the business? If yes, please give an example.
9.2.5 Ties related questions

How frequent and how close of the relationship between 1/company and supplier, 2/company and customer and 3/ headquarter and subsidiary?

What is the credibility of knowledge received between 1/company and supplier, 2/company and customer and 3/ headquarter and subsidiary?

9.2.6 Business culture differentiation related questions

What are the main business cultures of Swedish companies?

What are the differences between Japanese business cultures and Chinese business cultures?

9.2.7 General question

Anything else you think it needs to be improved or any devices to help better in running business?
10. APPENDIX B

10.1 Interview guide

The purpose of these interview questions is to understand more about how the international business is run successfully by knowledge transfer, communication and networks. There is also interesting issue of business culture differentiation among head office and other branch offices. These questions could help to examine the situation in the real business world recently.

10.2 Interview questions for subsidiaries

10.2.1 Background questions

As a starting point, could you briefly describe your duties?

How many years you have worked in this company?

How many years do you have an experience of working in international company?

How many times approximately do you meet the head office’s staff(s) per year?

How often do you visit your head office’s staff(s) per year?

How many head office’s staff(s) do you have to work with?

10.2.2 Knowledge transfer related questions

Please explain how can you communicate with your head office’s staff(s)/ regional’s staff(s)? (To transfer knowledge), or please give us an example.

Please explain how can head office’s staff(s)/ regional’s staff(s) communicate with you? (To transfer knowledge), or please give us an example.

Have you ever transferred knowledge to other branch offices? If yes, please give us an example.

What communication channels or technologies are used in the transfer process?

Do you have any special event for gathering international staffs together and exchange the knowledge? If yes, how many times per year? Please explain the process.

What problems can occur during communication (knowledge transfer process)?
How would you solve these problems?

10.2.3 Networks related questions

Do you have any help from other persons or company outside head office’s country to do business in your own country? If yes, please explain how or give us an example.

Do you have any help from other persons or company outside branch office’s countries to do business in your own country? If yes, please explain how or give us an example.

How can you have networks within your own country? Please give us an example.

How frequently do you contact with those persons?

Do they really help you with the business?

Do you have some conflicts or any problems of network during the business? If yes, please give an example.

10.2.4 Ties related questions

How frequent and how close of the relationship between 1/company and supplier, 2/company and customer and 3/ headquarter and subsidiary?

What is the credibility of knowledge received between 1/company and supplier, 2/company and customer and 3/ headquarter and subsidiary?

10.2.5 Business culture differentiation related questions

Please explain what are the main business cultures of Thai companies?

Please explain what are the main business cultures of your head office/ regional office?

Do you have some conflicts or any problems during the business? If yes, please give us an example.

How do you solve the problems?

10.2.6 General question

Anything else you think it needs to be improved or any devices to help better in running business?
11. APPENDIX C

11.1 Interview guide

The purpose of these interview questions is to understand more about local network in knowledge transfer process. The interviewee is the participant in the network. These questions could help to examine the situation in the real business world recently.

11.2 Interview questions for local network

11.2.1 Background questions

As a starting point, could you briefly describe what did you do for Synovate?

How many times you have the interaction with people in this company?

11.2.2 Networks related questions

How can you have know and come to work in this company?

How frequently do you contact with those persons?

Do you have some conflicts or any problems of network during the business? If yes, please give an example.

11.2.3 Ties related questions

How frequent and how close of the relationship between you and company?