Breaking the Enigma of Knowledge Transfer Performance

-A qualitative case study investigating the complexity of knowledge transfer in international acquisitions

Master’s Thesis 30 credits
Department of Business Studies
Uppsala University
Spring Semester of 2015

Date of Submission: 2015-05-29

Karin Frändberg

Supervisor: Christine Holmström-Lind
Acknowledgements

First of all I would like to dedicate a big thanks to all the respondents that have participated in this thesis. You are the solid foundation of the research and without you there would not have been any results to present. A particular thanks the visited subsidiaries that gave me such a warm welcome and showed me your organisations. Additionally, a huge thanks to my two supervisors at Uppsala University and Scania, your support and knowledge have really been imperative.
Abstract

The complexity of knowledge transfer during acquisitions is known to create a big challenge for MNEs investing abroad. Additionally, the surrounding nature in which the MNE operates is often multifaceted and diverse which put pressure on the MNEs ability to transfer necessary knowledge. However, also the transferring process of knowledge is complex and previous research has indicated that in order to be successful the MNE need to take into account both the efficiency and the effectiveness of knowledge transfer. Still, the relationship between these two determinates of knowledge transfer has not yet been explicitly studied, especially not in the setting of an acquisition. Through this study, the relationship between effectiveness and efficiency have be further investigated in the setting of an acquisition. The purpose was to gain a deeper understand of which factors that influence the relationship as well as to investigate in what way the identified factors influence the relationship between effective and efficient knowledge transfer.

In order to fulfil the purpose of the thesis an embedded case study have been conducted. By closely studying three acquisitions recently made by the Swedish truck company Scania interesting results has emerged. Through 24 face-to-face interviews respondents have been asked to give their personal opinion regarding the acquisition. The interview sample contain a high variety of respondents with different competences, experiences and professional positions. This variation have led to a rich data set. The data have thereafter been coded using an inductive analysis method.

The analysed results of this thesis indicate that the relationship between efficiency and effectiveness is dynamic and dependent upon the setting in which the acquisition take place. The research identified three type of factors (1. Institutional factors 2. Cultural factors and 3. Subsidiary factors) that through their complex interplay influence the knowledge transfer relationship during the acquisition. Still, in order to achieve a successful knowledge transfer the MNE must understand and respond to the surrounding factors of the acquisition. Only then can an optimal level of efficient and effective knowledge transfer be achieved.
## Table of Contents

1. Introduction .................................................................................................................. 1  
   1.1 Problem Background ................................................................................................. 1  
   1.2 Research Question .................................................................................................. 3  
   1.3 Case Presentation ..................................................................................................... 3  
   1.4 Disposition of the thesis ......................................................................................... 4  
2 The Conceptual Framework ............................................................................................ 6  
   2.1 The Integration Process ............................................................................................ 6  
   2.2 Successful Knowledge Transfer Performance ......................................................... 6  
      2.2.1 A Contingency Perspective on knowledge transfer performance ..................... 8  
   2.3 The cultural and Institutional Context .................................................................... 9  
   2.4 The Subsidiary Context .......................................................................................... 11  
      2.4.1 Absorptive Capacity ......................................................................................... 11  
      2.4.2 Shared Ideals ...................................................................................................... 12  
   2.5 The Corporate Context ......................................................................................... 13  
      2.5.1 Structure and Strategy ...................................................................................... 13  
      2.5.2 Headquarter Control ......................................................................................... 15  
   2.6 The Conceptual Model ............................................................................................ 17  
3 Methodology .................................................................................................................. 18  
   3.1 Research philosophy and Research Approach ....................................................... 18  
   3.2 Research Design ...................................................................................................... 19  
   3.3 Pre-understanding ................................................................................................... 19  
   3.4 Case Selection ......................................................................................................... 20  
      3.4.1 Presentation of the Selected Subsidiaries ............................................................ 22  
   3.5 Data Collection and Interview Design .................................................................... 23  
   3.6 Transcribing and Analysing Data .......................................................................... 25  
   3.7 Truth Criteria ........................................................................................................ 26  
   3.8 Ethical considerations ............................................................................................. 26  
4 Empirical Foundations .................................................................................................. 28  
   4.1 Scania Headquarter ................................................................................................. 28  
      4.1.1 Scania’s internationalisation process ................................................................. 28  
      4.1.2 Structure, Strategy and Headquarter control .................................................... 28
Figures and Tables

Figure 1. The Conceptual Model................................................................................17
Table 1. Subsidiary Identification.............................................................................21
Table 2. Cultural and institutional factors influencing knowledge transfer performance................................................................................38
Table 3. Subsidiary factors influencing knowledge transfer performance...............40
Table 4. Corporate factors influencing knowledge transfer performance..................42
Figure 2. Revised Conceptual model........................................................................43

Appendix

1. A summary of the conducted interviews

2. Interview guides
2.1 Interview Guide – Managers Abroad
2.2 Interview Guide– Employees Abroad
2.3 Interview Guide– Project Team Members

3. Thematic Analysis
3.1 Coding Manual
3.2 The Thematic Network
1. Introduction
1.1 Problem Background
How multinational enterprises (MNE) internationalise is one of the core questions connected to the existent of MNEs (Gupta & Govindarajan 1991). How MNEs respond to the environment, how they organise and how they treat their subsidiaries during the internationalisation influence the success of the company and the competitive advantage of the organisation (Lakshman 2011, Forsgren 2013). At the same time the question of internationalisation is broad and the MNE can apply many different type strategies when investing abroad (Kogut & Singh 1988). One of the more common strategies of foreign direct investments are acquisitions (Kogut & Singh 1988). Acquisitions are considered to be one of the of the most difficult entry modes a company can apply when investing abroad due to the complex task of integrating two organisations with different preferences, experiences and company cultures (Lakshman 2011, Cartwright 2008).
Still many MNEs chose this type of entry mode because it enables a rapid expansion and avoid start-up costs (Bresman et al. 1999, K Brouthers & L Brouthers 2000).

Still, the integration processes following acquisitions are difficult to conduct and is often characterised by a struggle to implement systems and routines, to motivate local employees and to create synergies between the organisations (Birkinshaw et al. 2010, Zahra & George 2002, Bartlett & Ghoshal 1987). Additionally a successful integration process put pressure on the headquarter’s ability to implement soft values such as company ideals, ethical values and corporate culture (Regnér & Zander 2011). Yet, it is difficult to define a standardized approach to how MNEs should act in order to respond to the challenges of integration. Instead acquisitions are strongly influenced by their external environment and the MNEs cannot control the local culture, laws or norms in the area (Kogut & Zaheer 1999). Neither can they fully understand the characteristics of the acquired subsidiaries before the integration process starts (U Zander, L Zander 2010). Therefore are the MNE to some extant always required to adapt to the surrounding environment and to continuously respond to the external conditions in where they operate (Forsgren 2013, Birkinshaw et al. 2002).

However, in order to understand in what way MNEs need to adapt their actions you must also understand the fundamental purpose to why multinational organisations exist. There are several different theories regarding the internationalisation and existence of MNEs varying from market imperfection theory to transaction cost theory (e.g. Dunning 1988, Hymer 1976). However one of the later theories state that the MNEs ability to internally transfer knowledge
within its global organisation is what gives the company a substantial competitive advantage against local competitors (Ciabushi 2005, Minbaeva et al. 2003). Some researchers even go so far as to declare that the MNEs ability to respond to knowledge complexities is the “raison-d’être” for MNEs existence in the first place (Forsgren 2013, Kogut & Zander 1993). Therefore one could argue that if knowledge is one of the foremost important aspect to MNE existence it must also be considered to be the most important element to implement during the integration process. This is further supported by many researchers who argue that the MNEs ability to handle the complexity of knowledge transfer is one of the strongest success factors during the integration process following an acquisition (e.g. Lakshman 2011, Bresman et al. 1999). This study will further investigate the complexity of knowledge transfer that MNEs face during an acquisition as well as the MNEs need to adapt their knowledge transfer to that complexity.

This research will study the concept of successful knowledge transfer performance which do not only investigate how knowledge flows are being transferred or exchanged but also include the discussion of how effectively and efficiently knowledge is being communicated (Daft 1998, Pérez-Nordtvedt et al. 2008). The question of effectiveness concern the depth to which knowledge is truly integrated in the receiving organisation whereas efficiency is measured by the speed and cost in which knowledge is being transferred (Daft 1998). However successful knowledge transfer performance have not yet explicitly been applied in the complex setting of an acquisition. In an acquisition there are many different types of factors influencing the process of transferring knowledge. For example, the MNE need to account for the acquired subsidiary’s ability to absorb and implement the communicated knowledge as well as its capacity to learn technical systems and processes that stretches further than within the single subsidiary (Deng 2010, Cohen & Levinthal 1990). Additionally, the MNE need to take into account the surrounding environment in which it operates (Forsgren 2013). They need to understand the local culture and laws but also the norm of how to act as a business unit within the region (Kostova & Zaheer 1999). Thereby the complexity of acquisitions also put pressure on the MNEs ability to respond and adapt its knowledge transfer process so that it is compliant both with the environment and the acquired subsidiary.

However, few researchers make any distinction between effective transfer and efficient transfer of knowledge during acquisitions (Lakshman 2011). Instead much of the previous research have focused on knowledge transfer as a consistent whole without any trade-offs in performance (Peréz-Nordtvedt et al. 2008, Ciabushi et al. 2010). By instead treating knowledge transfer as a
dynamic process influenced by many different elements it is possible to study the MNEs ability to form its knowledge transfer performance to the conditions ahead of them.

This thesis aim to further investigate a MNE’s ability to successfully transfer knowledge during the integration process following an acquisition. The focus of the thesis will be on the relationship between efficiency and effectiveness and the ambition is to gain a deeper understanding of what influences a MNEs ability to achieve these two determinates. Because knowledge transfer is a dynamic and complex subject the study will be following a contingency perspective saying that the headquarters actions and choices concerning knowledge transfer is influenced by the complexity of the surrounding environment as well as by the characteristics of the acquired firm.

1.2 Research Question

This thesis aim to answer the following two research questions.

Research Question 1

*What factors influence a multinational enterprise’s ability to efficiently and effectively transfer knowledge to its newly acquired subsidiaries?*

Research question 2

*How does the identified factors in research question 1 influence the relationship between efficient knowledge transfer and effective knowledge transfer during the integration process following an acquisition?*

1.3 Case Presentation

In order to achieve the objectives of this thesis the empirical material will be collected by studying the Swedish truck company Scania. Scania is one of Sweden’s typical old industrial companies and was founded 1911 (Scania CV AB 2011). The company have during the years been involved in various types of business activities such as passenger cars, aeroplanes, railway carriages and bicycles (Scania CV 2011). However, today the company’s main area is within trucks, buses, parts and engines. The headquarter is located in Södertälje where it employs approximately 10 000 employees. Yet Scania is a still highly international company with a total number of 42 100 employees located within 100 countries (Scania 2014).

Scania have recently gone through an intensive acquisition period where they have expanded and deepened their involvement in several international markets. The company have faced
different challenges during these acquisitions depending on the surrounding environment and the specific characteristics of the acquired subsidiary. The question of successful knowledge transfer is important to Scania since the success of their acquisitions are dependent on their ability to transfer core values, systems and processes. Scania’s strong focus on transferring knowledge makes it an interesting case to study and this thesis will further explore the company’s ability to successfully transfer knowledge to its newly acquired subsidiaries. The data of the study will be collected by studying three acquisitions that Scania recently have conducted in Finland, Iraq and East Africa.

1.4 Disposition of the Thesis
The structure of the thesis is shortly presented below.

Introduction (pp. 1-5)

The introduction of the thesis present the problem background, the research gap, the research question and the research purpose of the study.

Conceptual Framework (pp. 6-17)

In the conceptual framework previous research will be presented and discussed. The previous literature lay the foundation to the conceptual model that is presented in the end of the chapter.

Methodology (pp.18-27)

In the Methodological chapter the researcher’s choices of methods will be discussed and presented

Empirical Foundation (pp.28-35)

The empirical foundation presents the results of the data collection.

Analysis and Discussion (pp. 36-44)

In the analysis the results from the empirical foundation will be discussed in relation to the conceptual framework. The ambition of the analysis is to reflect upon the research question.
Conclusions (pp.45-46)

In the concluding chapter the contributions of the thesis will be discussed, the research question answered, managerial and theoretical implications developed and limitations and future studied suggested.
2 The Conceptual Framework

The theoretical chapter of this thesis aim to present the reader to previous theories relevant to the research purpose of the thesis. The literature review will be summarised and applied into a conceptual model creating the theoretical foundation of the study.

2.1 The Integration Process

Approximately 70 percent of all acquisitions present negative results such as eroded company values, volatile market returns and acquisition targets not being achieved (Haleblian 2009, Cartwright 2008). Still, MNEs are often tempted to apply this type of entry mode because it enables a fast expansion of the own business (Lakshman 2011). The cause of such negative outcomes during acquisitions do often origin from badly performed integration processes (Lakshman 2011). It is usually not enough to transfer only capital, the acquired company must also be integrated into the organisation of the MNE so that the competitive advantage of the two firms can be enhanced (Datta 1991). The integration process concern all managerial actions that is taken to combine two previously separated firms and is usually considered to take place after the actual investment is made (Lakshman 2011, Haspeslagh & Jemison 1991). However managerial actions influencing the integration process can also be taken before the acquisition is made (Bower 2001, Haspeslagh & Jemison 1991). For example the MNE’s strategic objectives influence the success factors and challenges of the integration process (Bower 2001, Birkinshaw 1999). In this thesis the integration process will include managerial actions taken before, during and after the acquisition.

To conclude, the complexity of an integration process following an accusation put pressure on the MNEs ability to communicate (Bresman et al. 1999). The knowledge transfer during this period of time is essential to the success of the integration and must therefore be carefully studied. This study aim to explore how knowledge transfer is influenced by the complex setting of an acquisition.

2.2 Successful Knowledge Transfer Performance

The concept of knowledge transfer have during the years been defined and redefined several times (e.g. Regnér & Zander 2011, Minbaeva et al. 2003, Ciabushi 2005, Gupta & Govindarajan 1991). As a result of previous research the definition of knowledge transfer and its characteristics is multiple and sometimes complex which call for a clarification.
Early research on knowledge transfer investigates knowledge flows between different units and how the quantity of transferred knowledge effect the performance of the organisation (Gupta & Govindarajan 1991). In the setting of the MNE researchers investigated knowledge flows between, for example, headquarter to subsidiary or subsidiary to headquarter (Forsgren 2013). Within this thesis the knowledge flow from headquarter to subsidiary will be closely studied. To investigate knowledge flows from headquarter to subsidiary is justified during an integration process where the transferred knowledge mainly is one-directional and in many aspects highly complex (Bresman et al. 1999).

However, it is not enough to only study the direction and quantity in which knowledge is being transferred. Knowledge also need to be studied in relation to its content and the value it add to the receiver (Bresman et al. 1999, Regné & Zander 2011, Ciabuschi et al. 2010). Therefore more recent research have focused on measuring the amount of knowledge that is successfully transferred and accumulated into new knowledge by the receiving unit (e.g. Bresman et al. 1999, Pérez-Nordtvedt et al. 2008). Additionally, researchers argue that knowledge transfer should be intentional and transferred between units for an articulated reason (Ciabuschi et al. 2010). Knowledge that is being transferred without being applied into the receiving organisation is purposeless and a waste of resources (Minbaeva 2003).

Even if the concept of knowledge transfer is widely used today it do not explicitly define the elements of a successful knowledge transfer. As a response, Daft (1998) developed the concept of knowledge transfer performance which state that successful knowledge transfer must be measured both on its ability to be efficient as well as being effective. Effectiveness concerns the degree to which goals are attained whereas efficiency concerns the amount of resources that are required in order to produce one unit of output (Daft 1998). To include both efficiency and effectiveness give the concept of knowledge transfer performance a multidimensional approach. Because of the complexity and intensity of cross-border business that MNEs conduct a multidimensional approach is argued to be necessary (Pérez-Nordtvedt et al. 2008, Davenport & Prusak 1998).

Pérez-Nordtvedt et al. (2008) have summarized earlier research on effectiveness and efficiency by establish four dimensions influencing knowledge transfer performance: (1) comprehension, (2) usefulness, (3) speed and (4) economy. Comprehension and usefulness are connected to effectiveness and concern the extent to which transferred knowledge are fully understood by the receiving unit and the extent in which the receiving unit experience that the transferred
knowledge is satisfactory and relevant (Pérez-Nordtvedt et al. 2008). In summary, effectiveness concern the depth in which knowledge is being communicated (Zahra & Hitt 2000). Speed and economy on the other hand are connected to efficiency and concern how rapidly and cost efficient the receiving unit can acquire new insight and skills (Pérez-Nordtvedt et al. 2008). The efficiency of knowledge transfer is important since competitive advantages quickly disappears or are being absorbed by competitors (Davenport & Prusak 1998).

In the setting of an acquisition the relationship between effectiveness and efficiency is still rather unexplored. However, on a more general level Ciabuschi et al. (2010) argue that there could be a possible trade-off between the two elements. For example a high degree of human capital invested in a project might increase the effectiveness and ease of how well knowledge is applied. Though, at the same time, the increased work force also result in increased costs and thereby a decreased level of efficiency. Hence the trade-off relationship between effectiveness and efficiency could not be proven by Ciabuschi et al. (2010) but the reasoning behind the hypotheses is solid and worth keeping in mind.

In this thesis the particular relationship between effectiveness and efficiency will be further studied. Additionally, the ambition of the thesis is to investigate how complex conditions during an integration process influence the MNEs ability to optimally transfer knowledge from headquarter to newly acquired subsidiaries, both when it comes to effectiveness and efficiency.

2.2.1 A Contingency Perspective on Knowledge Transfer Performance
In order to fully understand what influences the MNEs ability to successfully transfer knowledge during the integration process it is important to look at the major factors present during the integration processes. Different theories present different factors, however this thesis will apply to the contingency perspective saying that in order for MNEs to keep their competitiveness they need to adapt their strategies and structures to the environment in which they operates (Forsgren 2013). Only by adapting their strategies and structure to the surrounding environment the MNE can survive (Forsgren 2013). Since the environment is always changing, so must the MNE. Therefore the contingency perspective say that there is not possible for MNEs to define a “best-way” to structure is organisation but that the foremost important task of MNEs is to constantly respond and adapt to the environment in which it operates (Forsgren 2013).

Additionally, the MNE need to design its organisation so that it respond to the requirements of the whole organisation (Forsgren 2013). In the setting of acquisitions that include the MNEs ability to design its structure so that it comply also with the newly acquired subsidiary (Datta
The MNEs ability to match its structure with that of the newly acquired subsidiary is called organisational fit and concern “the ease with which two organisations can be assimilated after the acquisition?” (Datta 1991 p.281). Additionally, Datta (1991) expresses that the organisational fit can be assessed based on different determinants and implicitly the organisational fit concern the characteristics of the two organisations. Achieving a high level of organisational fit is important since it improve the MNEs ability to transfer core skills to the acquired company (Datta 1991). During the integration process following an acquisition the MNE need to respond to the specific characteristics of the subsidiary in order to achieve an organisational fit.

To adapt a contingency perspective on knowledge transfer performance imply that MNEs need to adapt their strategies to the external environment in which it operates in order to be able to optimally transfer knowledge (Birkinshaw et al. 2002). It also imply that in order to optimally transfer core skills to the acquired company the MNE need to respond to the specific characteristics of the subsidiary and strive toward an organisational fit.

Based on the above reasoning the question of what influences knowledge transfer performance have been divided into three general categories 1)The cultural and institutional context, investigating how different environments influence knowledge transfer performance. 2) The subsidiary context, investigating how the characteristics of acquired subsidiary influence the knowledge transfer performance and 3) the corporate context investigating how the MNEs strategic and structural choices in relation to its surrounding influence the transfer knowledge performance.

2.3 The cultural and Institutional Context

The environment in which the MNE operates influence the way the company conduct its businesses (Forsgren 2013). However a MNE does not face a unanimous environment but constantly have to respond to country-level differences (Kostova 1997). There are different approaches to how researchers measure the country-level effects on organizational behaviour but one of the most commonly used methods is to study national culture (Kostova 1997). The cultural differences between different nationalities has been defined as the cultural distance and implicitly consist of seven dimensions that together explain why people act differently depending on from which country they origin (Chapman et al.2008, Hofstede 1980). In general, researchers have agreed that cultural differences influence the knowledge transfer performance during an integration process (e.g. Bresman et al. 1999). However, the answer to exactly how
cultural differences influence knowledge transfer performance varies between different studies. Some researcher argue that the greater the differences the more difficult the integration (e.g. Bresman et al. 1999). They state that the cultural distance between organisations create a large distance between which values and beliefs that the organisations commit to (Bresman et al. 1999). In extent such a distance create difficulties for both the MNE and the acquired subsidiary to unit and become harmonized (Kogut & Singh 1988). However, later researchers argue that it is not enough to look at cultural distance as a unifying whole (U. Zander & L. Zander 2010). Instead they say that the MNE during the integration process need to identify those cultural differences that are most critical to the success of the acquisition (U. Zander & L. Zander 2010). Through this type of reasoning it is possible to conclude that it is not cultural distances in itself that is important during an integration processes but rather the MNEs capability to identify and respond to the values and beliefs of its surrounding environment that matters most (U. Zander & L. Zander 2010).

A second common method to study country-level differences is to take an institutional perspective (Kostova 1997). An institutional view study the environment through the aspects of cultural norms, social knowledge and the rules and regulations of a country or an area (Kostova 1997). In its essence the institutional perspective aim to explain the nature and behaviour of people and organisations in specific areas. Additionally, the institutional aspects influence the way business is conducted and in order to be successful the MNE need to respond to the custom way of doing businesses in the country (Kostova & Zaheer 1999). However, it is not enough to just adapt to the local way of doing business, the MNE also need to understand and correspond to the way people are, how they reason and how they consider it to be appropriate to behave (Kostova 1997, Prahalad 2006). Not until the MNE manage to respond to the institutional conditions present in their surrounding are they able to achieve legitimacy (Kostova & Zaheer 1999). Some aspects such as regulatory perceptions are more straightforward and easier for the MNE to respond to, others such as normative values or cognitive perceptions are embedded and might not be visible for the MNE until after the acquisition has taken place (Kostova & Zaheer 1999, U. Zander & L. Zander 2010). Still, the level of legitimacy is important to the MNEs ability to successfully transfer knowledge during an integration processes since it influence the subsidiary’s motivation to communicate and interact with the MNE (Prahalad 2006).
2.4  The Subsidiary Context

A MNE can be viewed as a large company with consistency between the different units, and with a common agenda set up to reach common goals (Forsgren 2013, Nonaka 1991). A MNE can also be viewed as a loosely united organisation exposed to opportunistic behaviour and political tensions (Regnér & Zander 2011). The tension between different subsidiaries in a MNE origin from the subsidiaries’ individual characteristics and their ambition within and outside the MNE. (Forsgren 2013). Defining the subsidiary as an individual unit also imply that the process in which knowledge is transferred could vary depending upon the specific characteristics of the receiving unit (Gupta & Govindarajan 1991).

2.4.1 Absorptive Capacity

One factor influencing the degree in which successful knowledge transfer can be obtain is the individual organisation’s ability to learn (Deng 2010). The ability to learn is generally measured through absorptive capacity and concern an organisation’s “ability to recognise the value of new information, assimilate it, and apply it to commercial ends” (Cohen & Levinthal 1990 p.128). Cohen and Levinthal (1990) further argue that in order for organizations to be able to recognise the value of new knowledge they need to have prior knowledge regarding the relevant subject. Prior knowledge is usually based on the employees’ educational background and acquired job related skills (Minbaeva et al. 2003). The higher level of prior knowledge the easier it is for the organisation to absorb new knowledge (Cohen & Levinthal 1990). However absorptive capacity is not only dependent upon an organisation’s prior experience but also on the organisation’s motivation to learn (Zahra & George 2002). In order for the organisation to be able to realise and implement the transferred knowledge the organisation must be characterised by motivated employees, organisational innovation efforts and an individual motivation to solve problems (Minbaeva et al. 2003, Cohen & Levinthal 1990).

Yet, it is still important to remember that absorptive capacity is dependent of the setting in which it exists (Easterby-Smith et al. 2008). This is particularly true in the setting of an acquisition which requires prior knowledge different from that required in many technical settings (Easterby-Smith et al. 2008). For example, Deng (2010) argue that in the setting of an acquisition it is not only the absorptive capacity of the acquired firm that matters but that it is equally important for the acquiring firm to hold enough absorptive capacity to be able to know how to communicate knowledge to the newly acquired firm. Still, organisations involved in an integration processes following an acquisition often has the drawback of not being used to each other’s language, jargon and symbols (Gupta and Govindarajan 2000). This drawback is
difficult to overcome since the organisations knowledge about each other before the acquisition always will contain a certain amount of uncertainty concerning the nature and being of the other firm (U. Zander & L. Zander 2010)

2.4.2 Shared Ideals
There are researchers arguing that the absorptive capacity of newly acquired subsidiaries is of less importance in comparison to the subsidiaries capacity of adapting to the fundamental ideals upon which the MNE rest (e.g. Nonaka & Toyama 2005, Dyer & Nobeoka 2000). Nonaka and Toyama (2005) argue that the ideals of a company is built not through systems or routines but through the interaction and ambition of humans, making the organisation more of a living organism than a predictable machine. Nonaka (1991) further argue that in order for organisations to become excellent at knowledge transfer the employees of the company must understand “what the company stands for, where it is going, what kind of world it wants to live in, and most important, how to make that world a reality” (Nonaka 1991 p. 197).

According to Dyer & Nobeoka (2000) it is the actual ideals of the company that enable knowledge transfer and if an organisation is to become truly knowledge-creating the focus have to be not only within the R&D department but throughout the whole organisation. The concept of ideals diminishes the importance of prior knowledge and instead implies that it is the cognitive feeling of knowing the organisation at heart that enable an optimal knowledge transfer performance.

Nevertheless the concept of shared ideals do not discuss the complex structure of an MNE and how the individual agenda of the MNEs multiple subsidiaries effect the knowledge transfer within the company. Regnér and Zander attempts (2011) to map the complex structure of the multiple ideals existing within an MNE. They state that the MNE in whole is tied together through a shared corporate identity frame making the organisation move in regard to the corporate vision of the company and in line with the MNEs corporate culture. However, the corporate identity frame only establish the outer boarder of the organisation, inside of that boarder there exist multiple social identities that sometimes collide and create tension within the organisation (Regnér & Zander 2011). Regnér and Zander (2011) further argue that the differences in perceptions, norms and practices are necessary in order for MNEs to establish a knowledge based competitive advantage. By internally challenging each other’s way of doing businesses subunits within the organisation can find new and innovative ways of doing business. Regnér and Zander (2011) additionally state that while the differences in social
identity between subsidiaries encourage and flourish internal development while the common
corporate social identity of the MNE keep the subsidiaries following the overall strategic
direction of the global company. During an integration process the reasoning by Regnér and
Zander (2011) would imply that it is very important for the acquired company to learn the
corporate culture of the MNE and its overall vision. It is however of less importance to control
the local deviations of the individual subsidiary’s identity that instead should be seen as an asset
to the MNE.

To summarise, prior research argue that the characteristics of the individual subsidiary
influence the process in which knowledge is being transferred. A subsidiary’s prior knowledge
and motivation to acquire new skills is argued to influence the ease in which knowledge transfer
is being performed (e.g. Minbaeva et al. 2003, Levinthal & Cohen 1990). Yet, knowledge
transfer can only be fully optimised if the MNE successfully communicate the ideals upon
which the corporation rest (e.g. Nonaka 1991, Regnér & Zander 2011). However, there is still
little research defining how the individual characteristics of a newly acquired subsidiary
influence the efficiency and effectiveness of knowledge transfer during an integration process.
This thesis aim to respond to the research gap by further study how the individual characteristics
of a newly acquired subsidiary influence the knowledge transfer performance.

2.5 The Corporate Context

It is not only the individual characteristics of the subsidiary that influence knowledge transfer
performance, so does the characteristics of the individual MNE. The choices the MNE make
during the integration process influence the result of knowledge transfer (Birkinshaw 1999).
Yet, it is important to keep in mind that all choices the MNE take must interact and conform to
its complex surroundings.

2.5.1 Structure and Strategy

Not all MNEs are structured in the same way (Bartlett and Ghoshal 1987). Different
organisations have different internationalisation strategies and thereby also different ambitions
to how they consider the newly acquired subsidiary to be integrated into the organisation in
order to provide the MNE with the greatest competitive advantage (Bartlett & Ghoshal 1987)

Bartlett and Ghoshal (1987) define three types of internationalisation strategies: global
efficiency, multinational responsiveness and international learning. Each of these strategies
differently influence the headquarters attitude toward the integration process. For example, a
global internationalisation strategy require a high degree of production integration so that
economies of scale can be achieved whereas a multinational internationalisation strategy have less focus on synergies and as a result require a less centralised integration (Bartlett & Ghoshal 1987). The different objectives during the integration process also place different requirements on the process of knowledge transfer (Bower 2001).

Birkinshaw (1999) state that the MNE can choose between two major strategies in how to manage knowledge transfer during the integration process following an acquisition, the high road or the low road. Implicitly the strategies by Birkinshaw (1999) respond to the different requirements the internationalisation strategy put on the integration process. For example, the low road strategy focus on task integration and on creating synergies between two integrating organisations aiming to decrease costs by quickly impose the systems and rules of the MNE (Birkinshaw et al. 2010, Birkinshaw 1999). In opposite, the high road strategy focus on human integration with the aim of reaching a shared identity between two organisations and to allow the acquired organisation to retain some of its autonomy (Birkinshaw et al. 2010, Birkinshaw 1999).

However, because of the complex environment facing global organisations today there might not be possible for MNEs to choose one pure internationalisation strategy (Bartlett & Ghoshal 1987). Instead the MNE must respond simultaneously to efficiency, responsiveness and global learning in order to keep their competitive advantage (Bartlett & Ghoshal 1987). As a consequence, a combined transnational strategy require the MNE to transfer knowledge that simultaneously respond to both task and human integration. Nevertheless, the relationship between the speed and cost of communicating knowledge (efficiency) and the depth to which knowledge is received (effectiveness) is not yet established and therefore the possibility of combining task and human integration is still little discussed.

The challenges facing the MNE during the integration process is moreover influenced by the intention in which the subsidiary is acquired (Bower 2001). The reasons to why MNEs decide to conduct an acquisition varies but could for example be due to market expansion, R&D investments or excess capacity in the industry (Bower 2001). The underlying strategic objectives leave marks in the integration process and different types of acquisitions face different type of challenges (Bower 2001).

By carefully establish the strategic objectives of the acquisition it is possible get an idea of which type of knowledge transfer that will be important for the specific setting in which the acquisition is performed. For example, an R&D acquisition is generally dependent upon
retaining knowledge within the firm and should therefore prioritise an effective integration process (U. Zander, L. Zander 2010, Bower 2001). Similarly, an acquisition made in order to respond to overcapacity usually has the intention of gaining market shares as fast and efficient as possible (Bower 2001).

2.5.2 Headquarter Control

Despite careful planning MNEs can never beforehand fully understand the characteristics of the subsidiary they are buying, nor the knowledge transfer that will be required during the integration process (U. Zander & L. Zander 2010). MNEs do however have the possibility to use the power of the headquarter in order to control knowledge transfer performance also after the acquisition is conducted (Ciabushi et al. 2010). Ciabushi et al. (2010) argue that headquarters can act in order to improve both the efficiency and the effectiveness in knowledge transfer through three different channels; by allocating decision-making rights, by allocating resources or by the level of headquarter involvement. By controlling the autonomy of the subsidiary through the degree of decision making given to the subsidiary the headquarter can route the knowledge transfer performance in desired direction (Ciabushi et al. 2010). However, Ciabushi et al. (2010) also argue that even if the headquarter strive toward a knowledge transfer performance where both efficiency and effectiveness is reached it might not be possible for the MNE to achieve both simultaneously. For example, the headquarter can through different control systems or incentives encourage subsidiaries to invest capital in improving the knowledge transfer of the organisation. However there is a risk that the majority of capital is invested in order to improve effectiveness and that the efficiency of transfer is negatively affected through decreased speed. Additionally, a higher headquarter involvement will promote the effectiveness of knowledge transfer but decrease the efficiency of knowledge transfer since the projects visibility, prestige and reporting requirements increase cost and decrease speed. (Ciabushi et al. 2010).

The headquarter can also control the integration processes by using informal tools such as relationship building and socialisation (Pérez-Nordtvedt et al. 2008, U. Zander & L Zander 2010). Through socialisation political tension that have occurred during the acquisition phase can be overcome (Birkinshaw et al. 2010). Moreover, by generating a “common language” between the two organisations the structural differences can be diminished and the level of comprehension improved (Pérez-Nordtvedt et al. 2008, Reagans & McEvily 2003, Becker-Ritterspach 2006). However, differences in national and organisational culture between organisations in a cross-border acquisitions influence the complexity of relationship building
and thereby require the organisations to aim for a high degree of trust and engagement (McGurk & Baron 2012, Hajro 2014). Still, MNEs that manage to obtain strong relationships will be rewarded by a knowledge transfer performance that encourage collaboration and sharing (McGurk & Baron 2012). Additionally, an optimal relationship quality between two organisations can enhance both the effectiveness and efficiency in which knowledge is being transferred (Pérez-Nordtvedt et al. 2008).

However the power of socialisation need to be placed in relation to the setting in which it exists (Bresman et al. 1999). All acquisitions are different and require different levels of socialisation depending on the surrounding condition in which the acquisition take place (Pérez-Nordtvedt 2008). Additionally, organisations will never fully understand the requirements of socialisation beforehand and should therefore not be tempted to apply a standardised way of using socialisation and relationship building in acquisitions (U. Zander & L. Zander). How to act in order to improve socialisation is therefore context-based but could still be summarised through three key points (1) By obtaining trust between MNE and subsidiary socialisation increase and knowledge is easier absorbed (Hajro 2014, McGurk & Baron 2012). (2) Interpersonal relationships increase the level of understanding between the MNE and the subsidiary and thereby also the level of comprehension obtained during knowledge transfer (Hajro 2014, Pérez-Nordtvedt et al. 2008). (3) Through shared identities structural differences can decrease which in turn improve the ease in which knowledge is transferred (Hajro 2014, Becker-Ritterspach 2006).

To summarize, the strategic and structural choices of the headquarter influence the knowledge transfer performance already before the integration process has started (Lakshman 2011). The MNE can also influence the knowledge transfer performance through control mechanisms performed by the headquarter (Ciabushi et al. 2010). Such control mechanisms can be both formal and informal. However, even if researchers acknowledge that the MNEs choices influence the character of knowledge transfer many do not explicitly discuss how those choices influence the relationship between efficiency and effectiveness. Additionally, few researchers discuss to what extent the choices of the MNE must be synchronized to its surrounding in order to promote successful knowledge transfer performance.
2.6 The Conceptual Model

The literature review of this thesis have given the reader a presentation of different factors that potentially could influence knowledge transfer performance during the integration process following an acquisition. The ambition of the literature review have been to show previous research with several different types of orientations rather than to specialise in one type of research focus. By presenting a broader picture of the previous literature the thesis is able to follow the more inductive rout it is aiming for. However, the research field of knowledge management and acquisitions is vast and therefore a deductive choice of which studies to present in the literature review was necessary. A summary of the literature review is presented below (see figure 1). However, the empirical findings guide the result of this thesis and therefore also discoveries beyond those connected to the theories below might come to be analysed.

![Conceptual Model Diagram]

Figure 1. The Conceptual Model
3 Methodology

In the methodology section choices of research design and methods will be explained and argued for. The purpose of the thesis have been used as a guideline when deciding upon how the research should be conducted. The methodological choices of this thesis have both advantages and disadvantages which also will be discussed in this chapter.

3.1 Research philosophy and Research Approach

This thesis is strongly built upon human perceptions and attitudes. It is therefore also influenced by the researcher’s own perception of the reality and attitude towards the nature of research. Consequently, it has been important to define the research philosophy of the thesis and how it influence the results of the research.

The ontology of the study have adapted a constructionism view arguing that the social actors in a setting influence the reality of that setting (Bryman & Bell 2011 pp.20-23). The constructionism view argue that no organisation or culture is absolute and that it is continuously interacting with its participants to form a reality based on the participants perceptions (Strauss et al. 1973). This reasoning imply that the presence of the researcher influence the reality of the study. Since the majority of data have been collected through interviews the researcher have been required to take into account how the interaction between interviewer and interviewee can influence the reality of that particular setting.

Additionally, the study have adapted a relativistic view arguing that social science and the perception of knowledge must be studied in relation to its setting and its participants (Bryman & Bell pp.16-17). A relativistic view have promoted a study that acknowledge knowledge as something that could be perceived differently between different organizations, cultures and people.

Furthermore, the purpose of the research has resulted in an abductive research approach where the existing theory is connected to the studied reality (Andersen 1998). The explorative nature of this thesis could also impose an inductive research approach (Bryman & Bell 2011).However, few studies are truly inductive (Bryman & Bell 2011) and so is also true for this thesis that contain a deductive literature review. The literature review have been used as an appropriate foundation to which the empirical result can be analysed.

To conclude, the above philosophical choices will help strengthen the research purpose and hopefully lead to new insight and reflections. However, the common drawback with these
choices is that its subjectivity will make the research difficult to replicate in future studies (Seale & Gobo 2002). Furthermore, it is important to acknowledge that changes in the surrounding also create changes in the result which further challenges the ability to replicate the results in the future (Seale & Gobo 2002). These drawbacks have been recognized but since the ambition of the research is to explore new insights rather than to produce solid theories the question of replication becomes less important.

3.2 Research Design

The purpose of this study is to develop a deeper understanding of successful knowledge transfer performance during the integration process following an acquisition. Therefore a qualitative research method have been chosen because of its ability to clarify the deeper causes of the research question rather than to identify its symptoms (Seale & Gobo 2002.).

Additionally, a case study research design was applied because it allowed the authors to investigate the complexity of an organisational unit from the perspective of those involved (Flyvbjerg 2006, Stablein 2006). Ghauni and Grönhaug (2010) express that a case study is an appropriate research design when the phenomenon under investigation is difficult to study outside its natural setting. The research purpose of this thesis required the setting and the theory to be studied in relation to each other since they are interrelated. A case study method did not only enable that type of approach but highlighted it.

There are several different types of case studies which all have different type of objectives (Lee et al. 2007, Yin 2003). The case study of this thesis have applied an explorative approach aiming to contribute with new insights (Lee et al. 2007). Additionally, the activities of a single company have been studied enabling a centralised focus and a deeper analysis (Ghauni & Grönhaug 2010). A drawback of applying a case study is the limited possibility to generalise the results beyond the setting of the case (Bryman & Bell 2011). In order to strengthen the generalisability of the result and to avoid success bias the knowledge transfer performance in several different acquisitions have been studied giving the case study an embedded nature (Saunders et al. 2007).

3.3 Pre-understanding

Pre-understanding concern the researcher’s previous experience, attitudes and commitment within the specific setting in which the research is conducted (Stenbacka 2001, Gummesson 2000). The pre-understanding of the researcher is important since it decrease the time spent on gathering basic information about, for example, the decision making processes, organisational structures and company philosophies (Gummesson 2000). Additionally it give the researcher
an ability to critically assess the empirical data and avoid “modish concerns of the management” (Gummesson 2000 p. 80). Yet, pre-understanding can also create a state of prejudice in how findings are valued (Gummesson 2000). In order to avoid prejudice the researcher must be mature, open and honest (Gummesson 2000) as well as being prepared to adapt to second-hand pre-understanding (Stenbacka 2001).

The pre-understanding of this thesis has been obtained through first-hand experiences gained through employment at the studied department. The pre-understanding has contributed by shortening the period of time needed to gather the necessary background information. It has also eased the process of coming in contact with potential interviewees. However, this type of pre-understanding can also lead to a biased result since the empirical data could be valued based on a predetermined mind-set (Gummesson 2000). In order to overcome such shortcomings an analytical openness and awareness of potential prejudice have been kept in mind. Additionally second-hand pre-understanding through the use of a company supervisor has been used to benchmark the results of the empirical data.

3.4 Case Selection
Since this thesis have studied three different acquisitions it is necessary to discuss how the subsidiaries participating in the case study was chosen. Because the thesis is based on a qualitative case study a purposeful sampling technique has been applied (Onwuegbuzie & Leech 2007, Patton 1990). A purposeful sampling technique allow the researcher to choose a sample based on the units specific value rather than based on the requirement to be statically possible to test (Patton 1990). Additionally the sample was selected through a critical sampling method advocating a smaller sample which “yield the most information and have the greatest impact on the development of knowledge” (Patton 1990 p.174). However, the selected subsidiaries was also required to fulfil some characteristics that enabled the researcher to draw valuable commonalities between the different subunits (Potter 1996, Bryman & Bell 2011). The required characteristics of the chosen subunits is presented below (See table 1).
**Subsidiary Identification**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The acquisitions of the subsidiaries are completed and public</td>
</tr>
<tr>
<td>2.</td>
<td>The acquisitions are not older than five years</td>
</tr>
<tr>
<td>3.</td>
<td>The company Due Diligence manual(^1) was implemented in the organisation and available to the project team</td>
</tr>
<tr>
<td>4.</td>
<td>The acquisitions concern subsidiaries outside the Swedish border</td>
</tr>
<tr>
<td>5.</td>
<td>The management team of the acquired organisation as well as the headquarter’s project team are willing to participate in interviews.</td>
</tr>
</tbody>
</table>

**Table 1. Subsidiary Identification**

Based on the requirements above three newly acquired subsidiaries was chosen and is more thoroughly presented in chapter 3.4.1. All chosen subsidiaries achieved the required characteristics but have had very different integration processes which give the study an interesting variation but still enables it to draw general conclusions across the subunits.

A major part of the collected data consist of primary data collected through interviews. The interviews where collected using the same sampling technique as for the subunits, a purposeful and critical sampling technique. In order to achieve an accurate and nuanced result interviewees was chosen to represent a variety of different positions and experiences. All interviewees had to a varying degree been involved in the integration processes and have been asked to give a personal opinion of the knowledge transfer performance during that specific time. A summary of the conducted interviews are presented in appendix 1. Because many of the interviewees have been involved in several of the studied acquisitions it is difficult to show a clear distribution of respondents for each subsidiary. However, Scania Iraq that had the lowest amount of respondents contain results origin from 4 interviews.

---

\(^1\) *Within Scania, a due diligence report is compiled before the acquisition is conducted. The due diligence manual aim to do a risk assessment of the company that Scania intends to buy (Respondent 3).*
3.4.1 Presentation of the Selected Subsidiaries

A shorter presentation of the selected subsidiaries studied in this thesis is presented below.

**Scania Iraq**

The acquisition of Scania Iraq was done gradually over a period of approximately three years. Before the acquisition the subsidiary had been in long-term collaboration with Scania through a non-captive distributor. Today the company consists of 62 number of employees and the headquarter is located in the north of Iraq. The main business consist of sales of trucks and spare parts as well as workshop activities.

**Scania Omni Express**

Scania OMNI Express (SOE) is a production unit located one hour north of Helsinki. The subsidiary is producing bodies to Scania’s own bus brand OMNI. Before the acquisition the company were a non-captive distributor fully dedicated to produce Scania bodies. Today the organisation consist of approximately 150 employees with approximately 35 white-collar workers and 115 blue-collar workers.

**Scania East Africa**

Scania East Africa is located in Nairobi, Kenya, and have been a non-captive distributor for Scania since 1989 (respondent 20). The subsidiary’s business consist of truck, bus and spare part sales as well as workshop activities. Incorporated in the business is a newly built workshop in Mombasa. The work force consist of approximately 130 employees, two expatriates (CEO and after sales manager) and one Swedish Scania employee employed on short-term contract.

In legal terms Scania East Africa is a new company that has bought parts of the balance sheet from the old distributor. The sale included the former distributor’s stocks, fixed assets and spare parts. Additionally Scania agreed to pay goodwill to the former company because of their work establishing the brand in East Africa. During the take-over Scania agreed to rent the current facilities and to rehire the majority of the work force. Even if this is not an actual acquisition the characteristics of this investment is very similar to that of an acquisition and will therefore be treated alike during the rest of the thesis.
3.5 Data Collection and Interview Design

This thesis contains a data set that originates from both primary and secondary sources as well as participant observations. The ambition of a mixed data collection is to reach triangulation and thereby also a higher reliability of the empirical data (Saunders et al. 2007, Bryman & Bell 2011). Triangulation becomes especially important in case studies where the high involvement of the researcher could result in misleading results (Saunders et al. 2007).

In this thesis observations have been conducted in a transparent and highly participating manner. The researcher has been working at the MNE’s headquarters on a daily basis trying to fit into the organisation yet still being transparent with the articulated assignment in which the study is conducted. Such an involvement increases the researcher’s ability of getting close to the organisation and to observe important nuances in the daily life of the organisation (Bryman & Bell 2011). However, it could also result in over-identification and a skewed result coloured by social and political influences (Bryman & Bell 2011). In order to avoid such drawbacks interviews and secondary data was also used. The observations made during this study have not been conducted in a structured way. Neither have they explicitly been presented in the empirical foundation. However, it is still important to acknowledge that observations have been conducted during this study since it has influenced the analysis and result of the study.

The main data of this thesis originates from material collected through interviews. The interviews have been held during face-to-face meetings with the intention of reaching a higher understanding between the interviewer and the interviewee (Welch and Piekkari 2006). Face-to-face interviews is further argued to increase the quality of the data since it allow the researcher to capture the fine nuances of the answers (Bryman & Bell 2011). Unfortunately not all interviews could be held on a face-to-face basis. Because of the insecure environment in Iraq during this time Scania did not allow not-essential travelling to the Iraq. Instead telephone interviews were held in order to gain insight of the subsidiary’s perceptions on knowledge transfer. However, since many of the managers that were present during the integration process have returned to Scania headquarters it was still possible to collect a majority of the data through face-to-face interviews. Still, within the sample there is a lack of interviews held with local employees of Scania Iraq. The lack of local responses from Scania Iraq is a drawback to the thesis. However, because the data was collected by studying two additional acquisitions it has been possible to compare the results between the different acquisitions and thereafter draw accurate conclusions.
In order to obtain the most relevant results to the study a semi-structured interview technique have been applied. Semi-structured interviews allowed the researcher to search for discoveries while still remaining focused on commonalities (Gillman 2005). Additionally, it allow the interviewer to adjust the questions so that they coincide with each individual interviewees’ particular experience and knowledge (Saunders et al. 2007). However, a semi-structured interview also require the interviewer to be well prepared before the interviews in order to be able to direct the interviewees toward answers that is satisfactory to the purpose of the thesis (Gillham 2005, Kvale & Brinkmann 2009).

Additionally, this thesis contain three different interview guides that will help the researcher to detect commonalities between the different interviews (See appendix 2). The guides was deliberately designed in an informal way with the intention of not including words or concepts that could mean different things to different people. Furthermore, the structure of the interview guide respond to the company culture and jargon of the organisation and thereby decrease the risk of the interviewer and interviewee talking beside each other regarding concepts or definitions (Bryman & Bell 2011).

The majority of the interviews were conducted at the interviewees’ regular work place. In order to increase the feeling of trust between the interviewer and the interviewee the interview started with an explanation of the purpose of the study. Additionally, the interviewer explain how the results would be used and granted the interviewee access to the result of the transcribed materials before the thesis was published. Thereafter the interview followed the structure of the interview guide. Throughout the interview it was important to highlight to the interviewees that it was their personal opinion of the integration process that was important. At the end of the interview the interviewee was asked if they wanted to add anything else that had not been discussed. Also the interviewees was encouraged to contact the researcher if they wanted to add any reflections, opinions or ideas.

The secondary sources studied in this thesis concern due diligence reports and internal manuals. Both these types of secondary data are considered very important documents to Scania since they are used in order to influence the behaviour of the organisation or as a foundation to decision making during the acquisitions. The secondary sources will be used as a tool to value the empirical data against the formal attitude of the organisation.
3.6 Transcribing and Analysing Data

The interviews were recorded and transcribed in order to enable an accurate analysis where the data is protected from preconceptions (Bryman & Bell 2011). By recording and transcribing the material it is also possible to relisting and rereading the material and thereby decrease the physical limitations during the interview (Bryman & Bell 2011, Heritage 1984). The choice of transcribing the material is based on a firm belief that even if the actual transcription process are considered time-consuming (Bryman & Bell 2011) the end result is a clearer, more accurate and faster analysis (Gilman 2005).

The empirical findings of this study were analysed using a thematic network analysis method which is a suitable when the data consists of large amount of text (Attride-Stirling 2001). The transcribed material of this thesis consist of 175 pages and it was in consideration to the relatively high amount of transcribed material that the analysis method was chosen. A thematic analysis use the method of text coding (Fay 2011) and by breaking up the text into themes it is possible to find “explicit rationalisations and their implicit signification” (Attride-Stirling 2001 p. 388). The thematic network analysis consist of several different levels of analysis. The analysis start though a coding processes where the text is categorised using a code guide based on previous literature (see appendix 3). Thereafter, in order to see a connection between the different paragraphs of text that has been coded, the paragraphs are organised into themes where similar attitudes are grouped in order to strengthen the commonalities between different statements. The last level of analysis allow the researcher to take a step back and see the overall results of the analysis without losing track of the small nuances. Together the different levels of analysis create transparent networks where it is easy to follow the analysis process of the researcher. The analysed data can consist of several different type of networks. (Attride-Stirling 2001) In appendix 3 a summary of the thematic network analysis is displayed.

The advantage of this approach is that it creates an inductive analysis where new insights is possible to detect (Attride-Stirling 2001). However, because of its inductive approach it is also difficult to know beforehand how well the results will match to the literature review. During this study the analysis method have resulted in a very rich but broad analysis. It is possible to connect results and theory well, however the method have been a bit inefficient, detecting much data that is not relevant to this particular research purpose.
3.7 Truth Criteria
Because the aim of qualitative research differ from the aim of quantitative research it is not sufficient to value the study only based on reliability and validity (Krefting 1991). Truth criteria on the other hand is developed to suit qualitative research and include the discussion of trustworthiness and authenticity (Guba & Lincoln 1994). Authenticity concern the thesis ability to reflect the interviewees’ perceptions and opinions (Whittermore et al. 2001). In order to keep a high authenticity the researcher have sent out the results of the transcribed material to the interviewees so that they are able to control that the results reflect their perceptions. Trustworthiness is divided into credibility, transferability, dependability and conformability (Guba & Lincoln 1994) and aim to strengthen the accuracy of the thesis. Credibility concern the researcher’s ability to draw the right conclusions and identify actual patterns in the data (Krefting 1991). In order to achieve a high credibility the researcher have recorded and transcribed all the material so that it easily is compared between different interviews. Transferability and dependability concern the question of to which degree results and method can be used outside the setting of this thesis (Krefting 1991). Because this is a case study with a high level of participant activity it is difficult to achieve high level of transferability and dependability. In order to improve the dependability the author have attempted to give a clear explanation to the methodological choices and approaches of this study. In order to improve transferability an embedded case study has been used. Conformability concern the author’s ability to present results in a way that is not to coloured by the researchers attitudes and way of working (Krefting 1991). Since the study is being conducted by a single authors this question is of importance. In order to improve the conformability of the thesis a continuous feedback from supervisors and peers have been used.

3.8 Ethical considerations
Bryman and Bell (2011) define four cornerstones that concern ethical consideration towards participants of a research study. Those are (1) no harm to participants (2) lack of informed consent (3) invasion of privacy, and (4) the question of deception. To not expose the participants to any harm is one of the more essential ethical requirements (Saunders et al 2007). The question of harm also include the participants feeling of stress or discomfort (Saunders et al. 2007). The interviews of the study will contain some question which could be considered highly political and thereby could create a discomfort or stress for the interviewee. In order to overcome such
a state each interviewee has been given the opportunity to review the empirical material before the thesis is published.

The ambition of this thesis is to be transparent since no gains would be achieved if the purpose of the thesis where kept a secret. However, there is an ambition to be discrete in communicating the identity of the participants in the study. Even if the secrecy of participants is made in order to protect the privacy of the individual there could exist of feeling of deception for not knowing who the other players in the study are. The best way to avoid such attitudes is to carefully explain the reasons to why such a discrete approach is chosen.

Lastly, the potential invention of privacy could be sensitive to this thesis. Even if discretion is taken the organisation has a flat hierarchy and people could easily figure out who has been involved in the research. As a response to this condition, it is important to inform the interviewees in what setting the thesis take place and what the purpose of the thesis is. Additionally, the researcher will stress the importance to communicate the empirical result in such a way that there will be no harm to the participants of the thesis.
4 Empirical Foundations
The empirical foundation of this thesis aim to give the reader the most essential discoveries related to successful knowledge transfer performance during the integration process following an acquisition. The results of the chapter is presented divided by Scania Headquarter and the acquired subsidiaries.

4.1 Scania Headquarter
4.1.1 Scania’s internationalisation process
Scania is not known for making many acquisitions and when they do they usually acquire non-captive distributors that they have worked with during many years. However recently the acquisition pace have increased and thereby also the need to developed processes connected to the company’s internationalisation strategy. The general method to how Scania approach an acquisition process is presented below.

The initial idea to acquire a new subsidiary most often origin from the sales department which also is responsible for designing the business case. However, there are exceptions to this approach, especially when it comes to future production units. When the business case have been preliminary approved by top management a project team is assembled. The characteristics of the team varies but the new market sales department and the business control development department is always included. Additionally, the composition of the team is usually constructed around the core departments such as law, treasury, human resources, real estate et cetera.

The project team is responsible for conducting a due diligence report and an assessment of the company. The approach is intended to help the project team diminish unexpected risks of the acquisition and evaluate the value of the company. Together with the business case the due diligence report represents the fundamental base to which the executive board make their final decision whether to acquire the company or not. After the acquisition is conducted the project team hand over the integration process to the regular departments.

4.1.2 Structure, Strategy and Headquarter control
The guidelines to how a Scania unit should be run is formally complied in a corporate governance manual but also informally ingrained in the mind-set of expatriates and project team members. In the dataset two major points was generally discussed of what characterises a Scania unit; a cross functional organisation and the Scania core values. The cross functionality of the acquired subsidiaries are sometimes difficult to implement because of the company’s previous way of working. As the Kenyan CFO expressed “we are changing our thoughts not
to make too much profit on the units but to get more contracts of workshop and spare parts because that is a continues business. It is a very big change in mind-set” (respondent 17). Additionally many of the local expatriates emphasised the need to implement the prestige less and respect-for-the-individual Scania culture within the organisation, expression indicating this was “I say to everybody that it is no difference between you and me, we are all employed” (respondent 21) and “we will run this together and we will work according to Scania core values, principles and methods...this is the way we work, it is our company values and our way to run the business” (respondent 15)

Scania has no outspoken or standardised approach of how to act during an integration processes. Instead the actions of the headquarter are dependent on the characteristics of the specific case and the involved peoples way of working. One respondent pinpoint to this approach by saying “it is all about people you know, relations. It is not only a business model that should be implemented it need to work locally as well” (respondent 3). The dataset indicate that it is the local CEO that chose the integration strategy but that the project team members also have opinions on how knowledge transfer optimally should be transferred, for example one project team member says “the more difficult and different the country where the acquisition take place is, the softer the integration have to be. You cannot go down there and dictate Swedish conditions, you have to softly bend the organisation” (respondent 9).

However there is an outspoken request from local management that the integration processes should be further supported by the headquarter, one local CEO expresses “the handover should not be so sharp, there are many pitfalls and that is why the conditions of the headquarter must be implemented by others with the right competences, for us it was not really like that”. Another local CEO expresses that “Maybe you should think of having a team coming down in the beginning to quick start the company. Put in resources and place Scania people at key positions in the organisation”.

Headquarter control is mainly applied through a higher presence of expatriates in the organisation as well as resources allocated into internal training and education. However both these approaches are restricted by their costs. As one respondent expressed when discussing an increased Scania presence during the initial integration “the necessary recourses are not there, the thoughts are but not the resources” (respondent 21).

Lastly, many of the respondents talked about the need to reuse the knowledge and experiences that is gained during these types of investments (respondent 15,10,9,6,8) some mentioned
suggestions was to implement a M&A team, to create an internal consultancy pool and to improve the evaluation after the end of each integration process.

4.2 Scania Iraq
The strategic objective to acquire the Scania Iraq was founded in an increased market activity and an increased amount of requests from dealers. As the former CEO (respondent 2) expresses “We had the feeling of missing potential affairs down here. So we started to think about how we could act in order to move forward”.

The subsidiary is not fully owned by Scania and that has affected the connection between headquarter and subsidiary, as the CFO (respondent 8) explain “this has never been a truly 100 percent Scania unit so it has never been truly clear that it should be run like a Scania unit”. Additionally the ethnographic differences within the country created tensions in the organisation with the new CEO and the new CFO having another ethnical origin compared to the majority of the work force. In order to overcome the above mentioned challenges Scania increased their ownership within the subsidiary in order to gain autonomy to do necessary changes “We saw that there was no connection at all between how we think and how we want to run our company...we had to reorganize and turn it into a Scania unit” (respondent 3).

The involved respondents (Respondent 2,3,6,8) all agreed that successful knowledge transfer performance during an integration is dependent upon the resources that is invested within the project. “Of course you do not want to be nose-heavy in an investment but I would still attempt to be as nose-heavy as the case allow” (Respondent 2). When the respondents discuss resources it is usually in relation to an increase in headquarter control through expatriates. Additionally the respondents agree that the resources should be implemented early on during the integration in order to implement necessary processes such as accounting and reporting structures.

One of the biggest challenges during the integration process concerned the lack of available competence within the region. The local education opportunities do not hold the same quality as in Sweden (Respondent 8). Additionally, it is difficult to obtain good expatriates because of the political instability in Iraq “you travel in bulletproof helmets and vests in armoured cars, there is no one who wants to be down there” (Respondent 2).

The respondents also discussed the complexity of time, respondent 8 said “To build up the organisation so that it becomes better and better and eventually become a true Scania unit takes time. It takes time”. However they also discussed the importance of being able to implement
processes and principles as fast as possible in order for the company to be able to run smoothly (Respondent 6, 2).

Further challenges during the integration process concerned the cultural differences between Sweden and Iraq concerning communication. The Arab way of communicating does not involve admitting not knowing or understanding a discussed topic, combined with Swedish people’s desire to search for consensus there is certain to be time-consuming misunderstandings (Respondent 6). The local CFO (respondent 8) further elaborated saying “you have to be rather assertive. You cannot always discuss everything”.

Additionally the absorptive capacity of the organisation was low “Everything was very simply handled and handled in a very local kind of way, not quite up to standard...they did not understand the Scania way’” (respondent 8). In general the way of working in Iraq is lagging behind compared to European standards. It is a lot of petty cash processes, therefore the Iraq organisation had difficulties understanding the accounting policies that Scania uses (respondent 6). Additionally, it was difficult obtaining personnel motivated to learn the Scania way of working (Respondent 8, 2).

What finally turned the integration around was Scania’s increase in ownership and thereby also the mandate to reorganize the company so that experienced Scania expatriates where given the roles as CEO and CFO. As the former CEO (respondent 2) expressed “it is the way to do it, to make sure that you have the right people there, of course it is expensive but the question is if it is not worth it?” Additionally the very good reputation that Scania holds within the region was essential to the integration since it made it possible to recruit the best competences that was locally available (respondent 2).

To conclude the difficulties of this integration was caused by a step by step acquisition strategy that did not allow Scania to implement important processes and core values. Additionally, the external environment made it difficult to obtain the right competences which made the knowledge transfer performance challenging and slow moving. The key success factor of this integration was to increase recourses and move in competences to the company from outside.

4.3 Scania OMNI Express, Finland
The acquisition of Scania OMNI express (SOE) was a result of the bankruptcy and not initiated by a strategic objective from Scania. As the project team leader expressed “We were not really interested in taking over the former organisation but we had large backlogs and an important
order to Germany and there was pressure from Scania’s shareholders that this should be solved” (respondent 4). The solution was an eight month long production agreement with the bankruptcy estate. During this time Scania decided to buy the company in order to access the R&D unit’s patents and products (respondent 4).

During the production agreement period the former company’s dependency to Scania created a suspiciousness and a lack of trust among the work force (respondent 23). There was a pressure from the other stakeholders that Scania should add more capital to the old company (respondent 4). There was also bad publicity in the local newspaper caused by the former owner (respondent 4, 23).

In order to overcome the initial challenges of the integration the CEO decided to only slowly change the organisation, as he said “in order to change the perception of Scania in the organisation we had to go carefully forward”. However he also expressed that “We had to do some changes in order to become a Scania company...because this company was lacking a lot of processes and cross functions”. The changes that was done was supported by implementing typical Scania benefits such as healthcare, dental care and English tutoring during work hours (respondent 4).

Still, Scania had a clear ambition to conduct a very soft integration process focusing on long-term objectives (respondent 4). There was a worry that if too many standardised Scania processes where implemented the subsidiary would lose its flexibility and speed when it came to producing new prototypes and bus models (respondent 23, 4, 24). However, the management team have during the year worked to create a more cross-functional organisation where information can flow more freely. Scania’s approach of having several short pulse meetings each day have also been implemented in order to promote communication (respondent 22, 23).

Also, the generally strong reputation of Scania as a brand worked to Scania’s advantage and when the acquisition of the company was announced two months into the production agreement the general perception was positive (respondent 4). As one manager (respondent 24) expressed “Scania as a brand for me is something great. I really appreciate the brand so I had quite a secure felling after that when something a lot bigger took over”.

However, the subsidiary is still struggling to find its position within Scania as a production unit rather than as a distributor. This affect the contact with the after sales departments at Scania headquarter who struggled to obtain technical information from the subsidiary “we have very
little knowledge or information exchange...before it was one thing when it was not our company but now it is and they should work according to Scania principles” (respondent 7). He further explained that this is probably caused by the subsidiary’s previous way of working “They have not been a big company and their volumes have not been so large, then you do not have the same need of exchanging information as Scania has”.

The average skill of the work force is good and many of the employees are multi skilled and can move between different positions (respondent 22, 24) and as the CEO expressed “the guys in the assembly line is not production workers they are craftsmen” (respondent 23). Additionally the motivation to learn is strong in some of the key management positions such as CFO, logistic manager and customer adaptation manager (respondent 24, 23, 5). However the history of being an independent company have created a company culture that is used to take their own decisions and to carefully protect the R&D business. This influence the employee’s motivation to transfer knowledge.

To conclude, the challenges of this integration processes consisted of finding the balance between retaining the competitive R&D advantage of the subsidiary but still manage to implement the necessary processes required in order to maintain an efficient organisation. The challenges was further strengthened because of the previous company culture of the organisation where knowledge was reluctantly shared. The success factor of the integration was to gain the trust of the employees and improve the legitimacy of Scania in the area.

4.4 Scania East Africa
The take-over of and start of Scania East Africa had been planned a long time in advance and the former owners was highly motivated to collaborate since there was no clear succession in the company and the owners was getting older “it was actually the Kenyan company that contacted us first” (respondent 1). The strategic objective of the take-over was to increase the presence in the region and to establish a local headquarter that was independent to the different ethnographic groups existing in east Africa (respondent 3).

The former company have during the years had a good corporation with Scania and in the beginning of the nineties Scania help rescuing the company from bankruptcy when the local currency unexpectedly was devaluated with 30 percent. As the former owner expressed “it was Scania who bailed us out” (respondent 20). Additionally the general attitude to Scania is strong throughout the organisation, for example the CFO stated “now I am sitting here as CFO of
Scania, very proud to be here. I think this is the most satisfying experience I have had so far” (respondent 17).

The Subsidiary seem to have a strong company culture and it is possible to observe a lot of soul and loyalty within the organisation. Additionally, the previous culture and ideals of the subsidiary have fairly well been integrated into the corporate world of Scania, for example the HR manager expressed “Scania likes the respect for the individual and they want highly motivated employees with high attendance rate, in so doing Scania will enhance the capacity of the staff and they definitely did”.

However there are some indications that the corporate model of Scania interfere with the previously flexible sales force in the organisation. For example, the internal audit manager expressed “I have heard some of them complain that there are so many controls, that they are not able to do their work” (respondent 18) and the CFO add that “sometimes I get the feeling that we are being asked too many things by too many people” and that “planning for Swedish people mean plan to make a plan” (respondent 17). However, there is also a general understanding among the employees that there is a need for Scania to control the processes of its subsidiaries, as the former owner expressed “that is how Scania does it, it is the cooperate policy, if you let it go you could lose control” (respondent 20).

The integration process of Scania East Africa is by many at Scania considered very successful (respondent 2,3,9). The evaluation of the company was carefully performed in order to eliminate risks and the integration included many visits from project team members with the intention both to teach and to learn about the organisation. The visits from the project team members help strengthen the relationship between the two organisation and where highly appreciated by the work force. Example of this is expressions like “I enjoyed working with them and I learned a lot. You always picked up something that where not always work related but still could help you” (respondent 19) and “Joakim has been so helpful, he is the person in front of Scania so we never felt the vastness of the company” (respondent 17).

One of the biggest challenges during the integration processes was the time frame of the project. The take-over was planned to June 2013 but was then postponed three times until the company went public in Mars 2014 (respondent 21). The opinions of how the delayed take-over affected the integration process varied between the respondents, some argued that the additional time frame negatively affected the integration, for example “I don’t think the increased time frame was a positive thing, a lot of people was frustrated and when the project didn’t move forward
some people maybe started to question if the take-over would take place at all” (respondent 9) and “There was no upper time limit and then of course the result is a very costly integration process” (respondent 21). However, on the positive side the long time period before the take-over allowed people to prepare for the changes, as the project team leader expressed “during a process-period time can be a good thing since it allow the organisation to get used to the changes and have time to build necessary relationships” (respondent 9). Additionally the accounting department was positive to the long process before the take-over since it enabled them to learn the reporting processes and financial guidelines (Respondent 17,18,19).

Except for the necessary implementation of Scania accounting systems the strategy of the CEO was to conduct a smooth integration process where changes was implemented at slow pace (respondent 21) and as the HR manager expressed “The good thing moving from the old company to Scania was that it was so flawless that most did not realise it was a change at all” (respondent 16). The integration process was further facilitated by both sides ability to communicate in English and the extensive Scania training that the work force received before and after the take-over took place (respondent 16,1, 21,19,18).

To conclude this integration is on a general level considered to be highly successful. However the question of time is a two-folded sword whit both drawbacks and advantages. The success factors of the integration was an extensive integration work by the project team members prior to the take-over, the strong relationship between the two organisations and the integration strategy of the CEO.
5 Analysis and Discussion
The analysis of this study will be guided by the results of the empirical foundation. The analysis is based upon the thematic network method (see appendix 2) and aim to show the impact the subsidiary, the institutional/cultural and the corporate context have on successful knowledge transfer performance.

5.1 What Influences the Knowledge Transfer Performance of MNEs?
The first research question of this thesis seeks to answer the question of what influences a MNE’s ability to efficiently and effectively transfer knowledge to newly acquired subsidiaries. Additionally, this section will also discuss how the identified factors influence the knowledge transfer performance during an integration process. The identified factors will be analysed in the context of the institutions and culture, the subsidiary and the corporate choices of the MNE.

In order to analyse the results of this thesis Pérez-Nordtvedt et al’s. (2008) four categories defining efficient and effective knowledge transfer will be applied. Those are: 1) comprehension 2) usefulness 3) speed and 4) costs. Additionally, including also Zahra and Hitt (2000) definition of depth as a determinant of effectiveness will enable the study to measure to what extent usefulness and comprehension is applied. These five determinants of knowledge transfer performance will be used in the analysis to define how the identified factors influence the MNEs’ ability to transfer efficient and effective knowledge.

5.1.1 The Institutional and Cultural Context
The answer to what type of culture factors that influence the knowledge transfer of MNEs has been inconsistent between researchers (U. Zander & L. Zander 2010). Some researchers argue that cultural distance negatively influence the effect of knowledge transfer (Bresman et al. 1999). However, other researchers argue that it is not so much the cultural distance per see that create challenges for MNEs during the integration process but more specific differences in cultural characteristics (U. Zander & L. Zander 2010). The results of this thesis support both of these two views.

For example the cultural distance between Swedish managers’ search for consensus and the Iraqi employers’ resistance to lose face negatively influenced the efficiency of knowledge transfer. In the beginning of the integration process the Swedish managers did not understand which questions they should ask in order to make sure the Iraqi employees understood. At the same time the Iraqi employees where resistant to admit that they did not understand the given
instructions. This situation created a lot of misunderstandings and made the knowledge transfer slow. The results show that in order to improve the efficiency of knowledge transfer the MNE need to adapt its way of transferring knowledge so that it corresponded to the national culture. As respondent 6 expressed "We had to learn the right way to control if they had understood our instructions, it was not sufficient enough to only ask 'do you understand?'"

Also more specific cultural differences influenced Scania’s ability to transfer knowledge. For example, the institutional environment in Kenya include a lot of bargaining and relationship building with customers which have resulted in many Kenyan organisations being highly entrepreneurial (respondent 16,20). This condition created a specific cultural challenge during the integration process where Scania attempted to implement their corporate culture to the more entrepreneurial culture of the Kenyan company. This specific difference between the two organisations caused an initial resistance from the Kenyan sales department to apply the processes Scania tried to implement (respondent 18). The resistance to apply knew processes affected the effectiveness of the knowledge transfer.

Expect for cultural differences, researchers also argue that a MNE’s ability to respond to the institutional conditions in the country is necessary for a successful integration (Kostova 1997). As Kostova and Zaheer (1999) expresses it is important that the MNE create a trustworthy base in which to conduct businesses and give the company legitimacy. The importance of legitimacy was particularly noticeable during the acquisition of Scania SOE where the employees initially had negative feelings toward Scania taking-over the business. This affected the knowledge transfer negatively since the employees showed a resistance toward applying the transferred knowledge. The employees where well educated and had the ability to comprehend the communicated information. However, since they had a limited motivation to change their way of working the effectiveness of knowledge transfer was low.

In comparison, during the Scania East Africa integration Scania managed to create a high legitimacy from the start. By focusing on training and education Scania responded to the institutional environment in Kenya where education is a prestigious activity (respondent 16,18). Many respondents expressed a high motivation to learn to work in a global environment with many career and training opportunities (Respondent 16,17,18,19). By responding to those type of expressions Scania managed to optimise the employees’ motivation to learn and thereby also the effectiveness of knowledge transfer. However, it is important to remember that every
context is different. In another institutional context education might not have the same prestige and thereby not influence the legitimacy of the MNE.

Below are a summary of the cultural and institutional factors influencing knowledge transfer performance during the integration processes compiled.

<table>
<thead>
<tr>
<th>Context &amp; Factors</th>
<th>Effectiveness</th>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Cultural and institutional context</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cultural Distance</td>
<td></td>
<td>The level of cultural distance between the two organisations influence the speed in which knowledge is being transferred</td>
</tr>
<tr>
<td>- Specific cultural differences</td>
<td>Specific cultural differences influence a MNE’s ability to effectively transfer knowledge</td>
<td></td>
</tr>
<tr>
<td>- The legitimacy</td>
<td>The level of legitimacy the MNE is able to obtain influence the subsidiary’s motivation to apply transferred knowledge</td>
<td></td>
</tr>
</tbody>
</table>

**Table 2. Cultural and institutional factors influencing knowledge transfer performance**

5.1.2 The Subsidiary Context

The results of this thesis clearly show that there is a difference between different subsidiaries capacity to receive transferred knowledge. In accordance with the research of Regnér and Zander (2011) and Gupta and Govindarajan (1991) the results of this thesis indicate that each of the studied subsidiaries have their own characteristics. The characteristics of the subsidiary influence the process in which knowledge is being transferred and can be summarised into a few factors. Which types of subsidiary factors that have influence the knowledge transfer performance in this study will be discussed further below.

First of all the results of this thesis indicate that the social ideals that is permeating the organisation influence the subsidiaries ability to absorb transferred knowledge. As Regnér and Zander (2011) argue differences in ideals between the subsidiary and the MNE can benefit the knowledge transfer of the organisation, but only if there is a high level of shared corporate identity between the two. An example of this condition is the acquisition of Scania SOE where knowledge was not properly applied into the organisation until the subsidiary had been given time to change their perceptions of Scania and learn its corporate values. The example of Scania
SOE indicate that a high level of shared corporate identity improve the effectiveness of knowledge transfer.

Additionally, the results of this study also show that the competences available within the acquired subsidiary matters to the efficiency in which knowledge is being transferred during the integration processes. For example, the lack of competences during the Iraqi acquisition negatively affected the efficiency of knowledge transfer. The knowledge transfer became slow moving because new knowledge had to be taught before it could be implemented and it became costly because someone had to be there teaching the work force.

Moreover, understanding the prior job related skills of the acquired company help the MNE identify the subsidiary’s ability to assimilate the transferred knowledge (Cohen & Levinthal 1990). The results indicate that a lack of experiences working with big MNEs negatively influence the effectiveness of knowledge transfer. For example, the effectiveness of knowledge transfer between Scania headquarter and Scania SOE was negatively influenced by the Finish Company’s lack of experience working within big a MNE. As one respondent expressed “they have not been a big company before so they are not used to the amount of information exchange that this type of company needs”. Adapting the reasoning by Cohen and Levinthal (1990) one can argue that the lack of prior job related skills made it difficult for Scania SOE to comprehend the need of the transferred knowledge. In the studied acquisitions where acquired job skills where higher there was not the same problem of comprehension.

However, also the employees’ motivation to learn is strongly influencing the effectiveness of knowledge transfer. This was particularly visible during the acquisition of Scania East Africa. The employees’ high motivation to learn and to participate in training increased their ability and willingness to apply the transferred knowledge and thereby also the effectiveness. This result is in line with the research by Minbaeva et al. (2003) arguing that the motivation to learn is closely connected to the employees’ ability to implement the transferred knowledge and thereby also the effectiveness of the integration.

The above reasoning have been summarised in the table below and present the subsidiary factors that influence the MNEs ability to effectively and efficiently communicate knowledge.
Context and factors | Effectiveness | Efficiency
--- | --- | ---
The subsidiary Context |  |  
- **Shared Corporate Identity** | The level of shared corporate identity improve the effectiveness of knowledge transfer |  
- **Competences** |  | The level of competence influence the speed in which knowledge is transferred  
- **Prior job related skills** | The level of previous experiences influence the subsidiary’s ability to comprehend the transferred knowledge |  
- **Motivation to learn** | The level of employee motivation influence the subsidiary’s willingness to apply the transferred knowledge |  

Table 3. Subsidiary Factors Influencing Knowledge Transfer Performance

5.1.3 The Corporate Context

The results of this study indicate that there are two major types of corporate factors that influence the MNEs ability to efficiently and effectively transfer knowledge: the MNEs’ internationalisation strategy and the headquarters’ control tools.

The internationalisation strategy of the MNE define to which extent the subsidiary should be integrated into the global organisation of the MNE in order to achieve maximum competitive advantage (Bartlett and Ghoshal 1987). This study show that different types of internationalisation strategies influence the amount of knowledge that is transferred to the newly acquired subsidiary. For example, during the Kenyan acquisition the local CEO was very careful not to disturbed the ongoing business and therefore applied a long-term focus of the integration process. The long-term approach influenced the knowledge transfer performance which was slowly implemented adding new knowledge one step at the time.

Though, on a more specific level the aim of the acquisition also matters. Different types of acquisitions have different types of aim and therefore require different types of knowledge transfer performance (Bower 2001). For example, Scania have been careful not to transfer to much new knowledge to Scania SOE in order to remain the autonomy and innovativeness of the R&D focused subsidiary.

Additionally, the example of the Iraqi integration process illustrates the importance of having an actual strategy to how the subsidiary should be integrated. The step-by-step acquisition of
Scania Iraq negativity influenced the knowledge transfer performance since Scania initially lacked the necessary authority to establish an integration aim. The lack of integration aim made the integration process slow and costly since there was no one holding the map, showing where to go. Additionally it decreased the effectiveness of the knowledge transfer since Scania initially had a limited ability to apply its core values and processes.

The headquarter can also use certain control tools in order to influence the pace and direction of knowledge transfer (Ciabushi et al. 2010). Three of the four headquarter control tools discussed in the theory section have been used by Scania in order to influence the integration process. The first and most commonly discussed is the headquarters ability to increase their involvement in the acquired subsidiary (Ciabushi et al. 2010). The headquarters ability to place expatriates at key positions have increased the effectiveness of knowledge transfer and shortened the integration process (Respondent 6,15). The effectiveness is increased since the expatriates’ previous knowledge help them to fast comprehend and apply the transferred knowledge. However it is a costly alternative and there is always a risk of the effectiveness becoming too closely connected to the expatriate so that when the expatriate end the assignment the effectiveness decreases again (respondent 8, 3).

In order to decrease the dependency on expatriates the headquarter can allocate resources dedicated to train the work force (Ciabushi et al. 2010). However, the question of training also force the MNE to make a decision of which type of character the training should have. The MNE can decide to have a slow training pace which require less resources. The MNE can also chose to have a fast training pace involving many employees and thereby create a shorter and more effective knowledge integration which however becomes costly.

Additionally, the headquarter can use socialisation in order to improve the knowledge transfer performance (Hajro 2014). Within this study socialisation has not deliberately been used as a tool to improve knowledge transfer performance. However, the results indicate that also informal socialisation influence the ease of transferring knowledge. For example, during the integration process of Scania East Africa the project team members where highly present during the long integration process. The high presence of the project team members increased the level of trust and thereby also the employees’ motivation to apply the transferred knowledge. Additionally in accordance with the reasoning by Hajro (2014) and Pérez-Nordtvedt et al. (2008) the interpersonal relationship between the acquired subsidiary and the project team
members increased the level of comprehension and thereby also the effectiveness of knowledge transfer.

The corporate factors influencing knowledge transfer performance is compiled below.

<table>
<thead>
<tr>
<th>Context and factors</th>
<th>Effectiveness</th>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Corporate context</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Internationalisation strategy</td>
<td>The internationalisation strategy of the MNE influence which level of effectiveness the MNE should aim for</td>
<td>The internationalisation strategy of the MNE influence which level of efficiency the MNE should aim for</td>
</tr>
<tr>
<td>- Purpose of acquisition</td>
<td>The purpose of the acquisition influence which level of effectiveness the MNE should aim for</td>
<td>The purpose of the acquisition influence which level of effectiveness the MNE should aim for</td>
</tr>
<tr>
<td>- Headquarter involvement</td>
<td>The higher the headquarter involvement the higher the effectiveness of knowledge transfer, but A later decrease in headquarter involvement could lead to a decrease in effectiveness</td>
<td>The higher the headquarter involvement the shorter the integration process. However, The higher the headquarter involvement the costlier the integration process</td>
</tr>
<tr>
<td>- Allocation Resources</td>
<td>The level of allocated resources influence the level of effectiveness</td>
<td>The level of allocated resources influence time and cost of transferring knowledge in a contradictory manner</td>
</tr>
<tr>
<td>- Socialisation</td>
<td>The level of socialisation influence the MNEs ability to effectively transfer knowledge</td>
<td></td>
</tr>
</tbody>
</table>

Table 4. Corporate Factors Influencing Knowledge Transfer Performance

To conclude, we can see that various types of factors influence the knowledge transfer performance. The results also discuss the question of how specific factors influence the MNEs ability to efficiently and effectively transfer knowledge. The study indicate that different factors influence the efficiency and effectiveness of knowledge transfer differently. Some factors even influence efficiency and effectiveness in a contradictory or coherent way creating a complex relationship between the two. Because of this complexity the results of efficiency and effectiveness need to be further studied. The concluding section of the thesis discuss more explicitly the process of how the identified factors influence the knowledge transfer relationship between efficiency and effectiveness.
5.2 A Concluding Discussion Concerning Knowledge Transfer

The empirical findings and the analysis above have resulted in a revised conceptual model that aim to show how the identified factors of the study influence the complex relationship between efficiency and effectiveness. The essential features of the revised model will be further discussed within this section of the thesis.

![Revised conceptual model](image)

**Figure 2. Revised conceptual model**

Starting from the left, the results of this thesis indicate that there are three types of surrounding factors during the integration process that influence the knowledge transfer relationship between efficiency and effectiveness. The cultural, institutional and subsidiary factors influence the knowledge transfer through the characteristics that they possess. For example, the subsidiary’s level of competence influence the MNEs ability to reach an efficient knowledge transfer. Additionally, the legitimacy of the MNE influences its ability to obtain an effective knowledge transfer. However, the results also show that these three types of factors are interrelated and that the characteristics of one factor can influence the characteristics of another factor. For example, the legitimacy of the MNE also influence the employees’ motivation to apply new knowledge.

Furthermore, even if these factors not are equal to a general external environment, they still indicate the important impact the surrounding environment have on the MNEs ability to obtain a successful knowledge transfer.

While the surrounding factors influence the knowledge transfer relationship through their characteristics the identified corporate factors has a more direct impact on the knowledge transfer relationship. The corporate factors influence the knowledge transfer relationship through the choices the MNE make during the integration processes. For example a MNE can take a conscious decision to increase headquarter involvement in order to improve
effectiveness. Yet, the MNE cannot make any sufficient decisions without taking into account the surrounding environment in which it operates (Forsgren 2013). For example a decision to increase headquarter involvement must be taken in relation to the surrounding factors such as competence, previous experiences and cultural differences. If the MNE make decisions concerning the knowledge transfer experience without understanding the surrounding factors they might create results that contradict their ambitions. The responsiveness of the MNE is very important to the knowledge transfer performance since it sets the ambition of which type of knowledge transfer relationship that the MNE aim for. By adapting the integration strategy to the surrounding environment the MNE can decide on an aim and a strategy of how to reach the most optimal knowledge transfer relationship. Additionally, the MNE can use headquarter control tools as a way to influence the characteristics of the surrounding variables. For example, by increasing allocated resources on training the MNE can increase the subsidiary’s competence and thereby also the ability to reach a higher effectiveness.

However, in order to obtain an optimal knowledge transfer relationship the MNE need to be aware of the complex and sometime contradictory relationship that exists between efficiency and effectiveness. The MNE cannot always expect to reach a high transfer of both efficiency and effectiveness. Instead the MNE must be prepared to respond to certain trade-offs during the integration process. For example, in order to improve the acquired subsidiary’s ability to comprehend transferred knowledge the MNE might have to invest resources in training and expatriates. Such a response of the MNE results in an increased comprehension and effectiveness but also a decreased efficiency because of higher costs. When trade-off situations appear the MNE’s integration strategy should act as a guideline helping the headquarter to make adequate decisions and guide them toward the optimal knowledge transfer relationship.

Additionally because of the complex and sometimes contradictory relationship between efficiency and effectiveness it might not be sufficient enough to only study knowledge transfer performance during an integration process. Because knowledge transfer performance not specifically discuss the distribution of efficient and effective knowledge transfer it fails to acknowledge the trade-offs that sometimes appear during the integration process. Therefore this study suggest that the focus during an integration should be on finding an optimal distribution of efficiency and effectiveness. Yet, the optimal knowledge transfer relationship still have to correspond to the aim of the acquisition as well as the surrounding environment.
6 Conclusions

6.1 General Conclusion
The aim of this thesis was to gain a deeper understanding of what influences the relationship between efficient and effective knowledge transfer during the integration process following an acquisition. The research set out to study what factors that influenced the MNEs ability to transfer knowledge during an integration process. The study also intended to investigate how the identified factors influenced the relationship between efficient and effective knowledge transfer.

The results of this thesis respond to its purpose and indicate that the relationship between efficiency and effectiveness is dynamic and dependent upon the setting in which the acquisition take place. The research identified twelve different factors that through their complex interplay influence the knowledge transfer relationship during the integration process. The results also acknowledge that in order to achieve a successful knowledge transfer the MNE must understand and respond to the surrounding factors of the acquisition. Only then can an optimal level of efficient and effective knowledge transfer be achieved. However, the results of this thesis also shows that the identified factors sometimes contradictory influence the relationship between efficiency and effectiveness. Because situations where there a trade-off between efficiency and effectiveness can occur this thesis highlight the need for researcher and MNEs to focus on the relationship between effectiveness and efficiency.

6.2 Theoretical and Managerial Implications
The contributions of this study is three folded. First of all the dynamic relationship between efficient and effective knowledge transfer indicate that there are still discoveries to do within the field of knowledge management. This study highlights the importance for researcher to acknowledge the fact that different factors during an integration process differently influence the MNEs ability to transfer knowledge. There is no standardised way in which MNEs can act in order to improve the knowledge transfer. Instead the result of this thesis implies that the MNE continuously need to respond to several surrounding factors influencing the knowledge transfer.

Additionally, this study have discovered that certain factors during the integration process can result in a trade-off between efficient and effective knowledge transfer. Such a result implies that researcher need to be careful not to discuss knowledge transfer as a unanimous whole.
Instead the discussion should be held on a basis where the complex relationship between efficient and effective knowledge transfer is acknowledged.

Lastly, to managers the results of this study is important since it acknowledge the MNEs need to plan the integration process so that it comply with the aim of the acquisition. The study highlights the importance of MNEs to define the desired level of effectiveness and efficiency that they want to achieve during the integration. Since there is a possibility that the determinates of effectiveness and efficiency will contradict each other, the MNE need to know in advance how to act when such challenges arises. Moreover, the results of this thesis highlight the MNEs need to be flexible in their responses to the surrounding factor of the acquisition. The MNE cannot make accurate decisions during the integration process without understanding the preconditions influencing the integration process. Additionally, this study implies that it is not sufficient enough for the MNE to only respond to chosen parts of the surrounding factors. Since the surrounding factors are interrelated the MNE is required to apply a helicopter perspective.

6.3 Limitations and Future Studies
There are a few limitations of this study that need to be acknowledged. First of all the limited amount of studied objects could have created a result that is accurate only to the specific setting in which it has been studied. A future recommendation would therefore be to perform a more extensive data collection in order to find results that are more generalizable. Additionally this thesis have the limitation of only study three general types of contexts influencing the efficiency and effectiveness of knowledge transfer performance. By adding other contexts to the analysis the result could differ. However, future research could also benefit from studying the external environment of the MNE in a more general manner. By limiting the study to particular contexts the research could potentially lose the ability to see the overall complexity of the subject and its implications.

Lastly, in future research it would be interesting to more explicitly study the trade-off between efficient and effective knowledge transfer. In this study an initial understand of what causes the trade-off has been presented, however the research field could be further studied. For example it would be interesting to further study the extent to which the trade-off is influenced by different external environments. Future research could also investigate whether the trade-off is constant over time or is changing during the integration process.
List of Reference


Attride-Stirling J 2001 “Thematic networks. An analytic tool for qualitative research” *Qualitative Research* 1,3 pp.385-405

Bartlett and Ghoshal 1987 “Managing Across boarders: New strategic requirements” *MIT Sloan Management review* 28,4 pp.7-17

Birkinshaw J 1999 “Acquiring Intellect: Managing the Integration of Knowledge Intensive Acquisitions” *business Horizons* pp. 33-40

Birkinshaw J, Nobel R, Ridderstråle J 2002 “knowledge as a contingency variable: do the characteristics of knowledge predict organisation structure?” *Organization Science* 13,3 pp. 274-28

Birkinshaw J, Bresman H, Nobel R 2010 “Knowledge Transfer in International Acquisitions: A retrospective” *Journal of International Business Studies* 41,1 pp. 21-26


Becker-Ritterspach F. 2006 ”The Social Constitution of Knowledge integration in MNEs: A theoretical framework” *Journal of International Management* 12,0 pp.358-377

Bower J 2001 “Not all M&As are alike-and that matters” *Harvard Business Review* pp. 93-101


Ciabuschi Francesco 2005 “on IT systems and knowledge sharing in MNCs: a lesson from Siemens AG” *Knowledge Management Research and Practice* 3,0 pp. 87-96


Cohen W.M, Levinthal D.A 1990 “Absorptive Capacity: A New Perspective on Learning and Innovation” *Administrative Science Quarterly* 35,0 pp. 128-152

Daft R.L 1998 *Organizing theory and design*, South-Western College Publishing, Cincinnati

Datta D. 1991 “Organisational fit and acquisition performance” *Strategic Management Journals* 12,0 pp. 281-297


Dunning J 1988 “The eclectic paradigm of international production: A restatement and some possible extensions” *Journal of international business studies* pp. 1-31


Flyvbjerg Bernt, "Five Misunderstandings about Case-Study Research," *Qualitative Inquiry*, vol. 12, no. 2, April 2006, pp. 219-245.
Forsgren M 2013 *Theories of the Multinational Firm* Edward Elgar Publishing Ltd, Cheltenham


Guba E, Lincoln Y 1994 “Competing paradigms in qualitative research” *Handbook of qualitative research* pp.105-117


Kogut B & Singh H 1988 "The effect of national culture on the choice of entry mode”
Journal of International Business studies 19,3 pp. 411-432


Kostova T, Zaheer S 1999 "Organizational legitimacy under conditions of complexity: The case of the multinational enterprise." Academy of Management review 24,1 pp. 64-81.

Krefting L. 1991 "Rigor in Qualitative Research: the Assessment of Trustworthiness” The American Journal of Occupational Therapy 45,3 pp. 214-222


Lee Bill, Collier Paul M. Cullen John 2007 “Reflections on the use of case studies in the accounting, management and organisational disciplines” Qualitative Research in Organizations and Management: An International Journal 2(3) pp. 169-78

McGurk J. Baron A 2012 “Knowledge management- time to focus on purpose and motivation” Strategic HR Review 11,6 pp.316-321

Minebaeva Dana, Pedersen Torben, Björkman Ingemar, Fey Carl, Hyeon Jeong Park 2003”” Knowledge Transfer, Subsidiary Absorptive Capacity, and HRM” Journal of International Business Studies” 34,6 pp. 586-599


Patton M 1990 *Qualitative Evaluation and Research Methods* Sage, Beverly Hills


Potter J 1996 *An analysis of thinking and research about qualitative methods* Lawrence Erlbaum Associates, New Jersey

Prahalad C.K 2006 *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits* Prentice Hall, New Jersey


Regnér P, Zander U 2011 “Knowledge and strategy creation in multinational companies” *Management international Review* 51,0 pp. 821-850


Scania CV AB 2014 *Scania Annual Report 2014* Trosa tryckeri AB, Trosa


Stenbacka C 2001 “Qualitative research requires quality concepts of its own” *Management Decisions* 39,7 pp.551-556


Whittermore R, Chase S, Mandle C 2001 “Validity in Qualitative Research” *Qualitative Health Research* 11,4 pp.662-669

Yin, R 2003 *Applications of case study research (applied social research methods) 4th edition* Sage Publications, Thousand Oaks:


Zahra S, Hitt M 2000 “international expansion by new venture firms: international diversity, mode of market entry, technological learning and performance” *Academy of Management Journal* 43,0 pp. 925-950

Zander Udo, Zander Lena 2010 “opening the grey box: Social Communities, Knowledge and Culture in Acquisitions” *Journal of International Business Studies* 41,1 pp. 27-37
## Appendix 1

### 1.1 A summary of the conducted interviews

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Date</th>
<th>Length</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15-02-19</td>
<td>40 min</td>
<td>Project team member</td>
</tr>
<tr>
<td>2</td>
<td>15-02-23</td>
<td>38 min</td>
<td>CEO</td>
</tr>
<tr>
<td>3</td>
<td>15-03-06</td>
<td>40 min</td>
<td>Project team member</td>
</tr>
<tr>
<td>4</td>
<td>15-03-09</td>
<td>40 min</td>
<td>Project team member</td>
</tr>
<tr>
<td>5</td>
<td>15-03-18</td>
<td>30 min</td>
<td>Financial Controller</td>
</tr>
<tr>
<td>6</td>
<td>15-04-02</td>
<td>49 min</td>
<td>Integration support</td>
</tr>
<tr>
<td>7</td>
<td>15-04-07</td>
<td>35 min</td>
<td>Scania academy</td>
</tr>
<tr>
<td>8</td>
<td>15-04-08</td>
<td>65 min</td>
<td>CFO</td>
</tr>
<tr>
<td>9</td>
<td>15-04-09</td>
<td>60 min</td>
<td>Project team member</td>
</tr>
<tr>
<td>10</td>
<td>15-04-13</td>
<td>40 min</td>
<td>CEO</td>
</tr>
<tr>
<td>11</td>
<td>15-04-13</td>
<td>45 min</td>
<td>Chief accountant</td>
</tr>
<tr>
<td>12</td>
<td>15-04-13</td>
<td>40 min</td>
<td>Salesman -used trucks</td>
</tr>
<tr>
<td>13</td>
<td>15-04-13</td>
<td>30 min</td>
<td>After-sales manager</td>
</tr>
<tr>
<td>14</td>
<td>15-04-14</td>
<td>50 min</td>
<td>HR &amp; Admin manager</td>
</tr>
<tr>
<td>15</td>
<td>15-04-14</td>
<td>60 min</td>
<td>CFO</td>
</tr>
<tr>
<td>16</td>
<td>15-04-16</td>
<td>30 min</td>
<td>HR manager</td>
</tr>
<tr>
<td>17</td>
<td>15-04-16</td>
<td>60 min</td>
<td>CFO</td>
</tr>
<tr>
<td>18</td>
<td>15-04-17</td>
<td>40 min</td>
<td>Head of internal Audit</td>
</tr>
<tr>
<td>19</td>
<td>15-04-17</td>
<td>35 min</td>
<td>Chief Accountant</td>
</tr>
<tr>
<td>20</td>
<td>15-04-17</td>
<td>45 min</td>
<td>Former owner</td>
</tr>
<tr>
<td>21</td>
<td>15-04-17</td>
<td>60 min</td>
<td>CEO</td>
</tr>
<tr>
<td>22</td>
<td>15-04-29</td>
<td>45 min</td>
<td>CFO</td>
</tr>
<tr>
<td>23</td>
<td>15-04-29</td>
<td>45 min</td>
<td>CEO</td>
</tr>
<tr>
<td>24</td>
<td>15-04-29</td>
<td>30 min</td>
<td>Manager technical support&amp; customer adaptation</td>
</tr>
</tbody>
</table>
Appendix 2

2.1 Interview Guide – Managers Abroad

The aim of the thesis is to investigate how Scania effectively and efficiently can transfer knowledge to newly acquired subsidiaries. Meaning how can Scania as cost efficiently as possible, as fast as possible and how deep as possible integrate the new organisation into the Scania world.

Background Questions

1. Tell me shortly about yourself, your experiences and your current and previous positions within Scania?
2. Tell me shortly how you became involved in the acquisition project?
3. Which was your professional role during the acquisition?

The nature of the acquisition

4. How did you experience the situation when you got there?
5. Which challenges did the project contain?
6. Which where the success factors of the project?

Structure and Strategy

7. What was the ambition of the integration?
8. How long was the integration?
9. What was your strategy during the integration?
10. During the integration process, which issues was prioritised?

The Subsidiary and the environment

11. What was the attitude of the work force during the integration?
12. How did you work with the integration material such as the corporate governance manual, the introduction video and the finance fundamentals?
13. How did the previous relationship between Scania and the subsidiary influence the integration process?
14. How did the subsidiary culture and national culture influence the integration process?
General questions

15. What could have been improved during the integration process?
16. What characterises a successful integration?

2.2 Interview Guide – Employees Abroad
The aim of the thesis is to investigate how Scania effectively and efficiently can transfer knowledge to newly acquired subsidiaries. Meaning how can Scania as cost efficiently as possible, as fast as possible and how deep as possible integrate the new organisation into the Scania world.

Background Question

1. Please tell me shortly about yourself, your experiences and your current position within the organisation
2. Please tell me about your professional role during the integration process?

The nature of the acquisition

3. What is your personal opinion of the integration process?
   a. How did you first react when you heard about the integration?
   b. How did you feel about the integration during the first implementations/changes?
   c. How do you feel about the integration process now?

4. How have you changed your way of working after the acquisition took place?
5. What do you personally consider to have been the biggest challenges during the integration process?
6. What do you personally consider to have been the success factors of the integration process?
Knowledge and feelings toward the headquarter

7. Do you feel that you know who Scania are and how they do business?
8. Have you ever been presented to:
   a. The Scania house
   b. The corporate governance manual/doing things right manual?
   c. Finance academy fundamentals
   d. The Scania introduction video
   e. Other

9. How do you feel that Scania systems and manuals have influenced your way of working?
10. What are the benefits of being a part of the Scania group?
11. What are the drawbacks of being a part of the Scania group?

Environmental questions

12. Have you ever felt that cultural differences between Scania headquarter and your organisation have influenced your work performance.

General questions

13. If the integration had been made again today, which improvements would you have suggested?
2.3 Interview Guide Project Team Members
The aim of the thesis is to investigate how Scania effectively and efficiently can transfer knowledge to newly acquired subsidiaries. Meaning how can Scania as cost efficiently as possible, as fast as possible and how deep as possible integrate the new organisation into the Scania world.

1. Please tell me shortly about how your department works during an acquisition and integration process

2. Which are the success factors to a successful acquisition and integration process?

3. Which are the big challenges when performing an acquisition and integration process?

4. How do you work with training material, Scania guidelines and Scania core values during the acquisition and integration process?

5. How do you think that the previous relationship between Scania and the subsidiary influence the acquisition and integration process?

6. What characterises a successful acquisition and integration process?
### Appendix 3

#### 3.1 Coding Manual

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Usefulness</td>
</tr>
<tr>
<td>2</td>
<td>Comprehension</td>
</tr>
<tr>
<td>3</td>
<td>Speed</td>
</tr>
<tr>
<td>4</td>
<td>Costs</td>
</tr>
<tr>
<td>5</td>
<td>National culture (company context)</td>
</tr>
<tr>
<td>6</td>
<td>Norms &amp; cognition (the way people are)</td>
</tr>
<tr>
<td>7</td>
<td>Laws</td>
</tr>
<tr>
<td>8</td>
<td>Legitimacy of Scania</td>
</tr>
<tr>
<td>9</td>
<td>Education</td>
</tr>
<tr>
<td>10</td>
<td>Acquired job skills</td>
</tr>
<tr>
<td>11</td>
<td>Motivation to learn</td>
</tr>
<tr>
<td>12</td>
<td>Motivation to solve problems</td>
</tr>
<tr>
<td>13</td>
<td>Organisational innovation efforts</td>
</tr>
<tr>
<td>14</td>
<td>Language, jargon and symbols</td>
</tr>
<tr>
<td>15</td>
<td>Shared corporate identity (feeling Scania)</td>
</tr>
<tr>
<td>16</td>
<td>Conflicting ideals</td>
</tr>
<tr>
<td>17</td>
<td>Internationalisation strategy</td>
</tr>
<tr>
<td>18</td>
<td>Low road VS high road</td>
</tr>
<tr>
<td>19</td>
<td>Underlying strategic objectives (why do we buy?)</td>
</tr>
<tr>
<td>20</td>
<td>Scania strategy</td>
</tr>
<tr>
<td>21</td>
<td>Scania organisation</td>
</tr>
<tr>
<td>22</td>
<td>Decision making rights</td>
</tr>
<tr>
<td>23</td>
<td>Allocation resources</td>
</tr>
<tr>
<td>24</td>
<td>HQ involvement</td>
</tr>
<tr>
<td>25</td>
<td>Socialisation</td>
</tr>
</tbody>
</table>
3.2 The Thematic Network Analysis

Global theme - Implementing changes

- Organisational – negative perception on change
  - Basic themes
    - The processes of Scania does not comply with our way of working
    - Our company history makes it difficult to change our way of working
    - We would have done the changes differently
    - Sometimes there where disagreements

- Org theme – positive perceptions on change
  - Basic themes
    - We were allowed time to change
    - Our way of working now is more efficient
    - Our way of working now is more structured
    - People are encouraged to take their own responsibilities

- Org theme- organisational changes of the subsidiary
  - Basic themes
    - You have to acknowledge key personnel and work to keep them
    - The amount of expatriated you have access to influence how you organise the company
    - Employee roles must be customised in order to comply with the surrounding environment
    - There was a lack of competences hindering us to do an optimal reorganisation

- Org theme- integration pace
  - Basic themes
    - Do not implement to many changes at once in order to avoid confusion
    - We wanted a fast implementation of Scania principles
    - Only implement what really make a difference
    - Integrate in a structured way and not everywhere and everything at once
Global theme - Headquarter control

- **Org theme - Training**
  - **Basic themes**
    - Before training you need to access which competences the organisation lack
    - The training need to be adapted so that it fits the local environment
    - Visiting Scania Södertälje gave perspective, confidence and an understanding of what was required from headquarter
    - Introductory training help gain understanding
    - Training opportunities is motivating
    - Training helped us learn Scania core values

- **Org theme - Headquarter involvement**
  - **Basic themes**
    - Expatriates are necessary for a successful integration
    - Expatriates are a costly but necessary way to solve integration problems
    - Some organisations will always have to be run by expatriates
    - Some integrations are dependent on operational involvement from expatriates

- **Org theme – socialisation**
  - **Basic themes**
    - In order to build socialisation a 100 percent engagement is necessary
    - Socialisation works best if it is an outspoken strategy
    - Trust is important in order to be able to build relationships
    - Socialisation is dependent on key persons in the project team

Global theme – strategy and structure

- **Org theme – integration strategy**
  - **Basic themes**
    - Long term goals were established in order to move the integration unanimously forward
    - Open communication was used as a way increase knowledge transfer
    - Strategies was consciously used to make employees feel safe and willing to stay within the company
    - The attitude of the former owner influence the integration strategy
• **Org theme – Purpose of the integration**
  o **Basic Themes**
    ▪ The acquisition was made in order to improve the business in the area
    ▪ The purpose of the acquisition was to increase the presence in the market
    ▪ The acquisition was made because of a promising market
    ▪ The purpose of the acquisition was not outspoken

• **Org theme integration team structure**
  o **Basic Themes**
    ▪ The integration team must work as a bridge between the integration process and the operational activities
    ▪ The integration team should work as an extra asset to the subsidiary when implementing new processes, systems and guidelines
    ▪ It is important to capture the experiences of the team members
    ▪ There is a need of an integration manager with the mandate to make critical decisions

**Global theme- the implementing process**

• **Org theme – Priorities during the integration process**
  o **Basic Themes**
    ▪ Most important was to close the books on time each month
    ▪ It is important to implement necessary Scania processes in order to make the subsidiary operational
    ▪ Regular meetings was early introduced
    ▪ Restructuring the organisation was necessary
    ▪ It is not enough to implement process, you must also prioritise to teach the processes

• **Org theme- Time/speed**
  o **Basic Themes**
    ▪ An integration have to take time
    ▪ A long integration processes is good since it give people time to adapt to the changes
    ▪ An integration process without time limit is costly and bad for business
    ▪ A long integration process can create frustration within the workforce

• **Org theme- Resources/cost**
  o **Basic Themes**
    ▪ The costs of an integration do not end with the actual acquisition
    ▪ A step-by-step integration is costlier than a fast integration process
    ▪ It is worth investing in competent people
    ▪ An increased integration cost can improve the quality of the integration and improve future profits
Global theme -subsidiary characteristics

- Org theme – Scania values
  - Basic Themes
    - It is very important to implement the Scania Culture
    - The company culture have to be flexible to that it suits the local environment
    - To implement Scania values take time
    - It is not an option not to learn or work in accordance with Scania’s values

- Org theme- ideals and attitudes
  - Basic Themes
    - Subsidiaries can have difficulties understanding a larger company’s way of working
    - To learn new ideals and attitudes take time
    - In order to fully change ideals and attitude a high level of ownership is required
    - Organisational changes can create a resistance to change and apply the new corporate culture
    - It takes time and effort for the subsidiaries to find their “place” within the organisation

- Org theme – Competences
  - Basic themes
    - Competences has to be put in relation to the local environment
    - The level of English is one of the foremost important competences
    - The competences required in an MNE is different from those of a SME
    - A high competence improve the ease of communication
Global theme Environmental context

- Org theme – culture
  - Basic Themes
    - The culture influence how easily people adapt to changes during the integration
    - You have to adapt the transferred knowledge so that it corresponds to the employees way of communicating
    - Cultural differences can create challenges during the integration process
    - The headquarter need to be aware of cultural differences also within the country of the acquired company
    - Culture must be keep in mind when employing new work force

- Org theme- Scania Legitimacy
  - Basic Themes
    - The reputation of the brand positively influence the employees attitude toward the integration
    - Scania’s generous benefits increase the company’s legitimacy in the area
    - Scania do not enter markets where the global legitimacy of the brand could be damaged
    - A negative perception of Scania negatively influence the employees motivation during the integration