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# The Process of Retaining Knowledge: A Case Study of PwC

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## **Abstract**

Tracking and capturing tacit knowledge of individuals in a way that can be leveraged by a company is one of the fastest growing challenges in knowledge management. In addition, the dynamism and changing role of today's economy brings with it many challenges left with organizations to face. As employee turnover is caused by many uncontrollable factors, this paper aims at exploring how organizations can reduce its negative impact by creating and retaining critical knowledge, rather than suggesting ways in which employee turnover can be reduced. This paper views knowledge as any organization's most valuable asset, which is stored in the minds of individuals. Employees may leave an organization due to various factors such as intensified competition, globalization, and financial reasons, thus increasing the risk of losing valuable and critical knowledge. As knowledge is intangible, it is difficult for organizations to manage such knowledge effectively, and to even recognize it for that matter. All knowledge cannot be stored and retained, however it is crucial to retain knowledge to its greatest extent possible. Furthermore, in order to sustain performance and competitiveness, organizations must be able to not only retain existing knowledge, but they must also create and acquire new knowledge. Hence, by using the knowledge-creation model proposed by Nonaka and Takeuchi, this paper seeks to explore the extent to which PwC retains its knowledge. A single case study was conducted on PwC Sweden in Eskilstuna and Västerås where three interviews are presented; with both a manager and two employees from PwC. The findings of this paper indicate that although the respondents found it easy to understand the need for knowledge retention once they were aware of the concept, no preliminary assessment project was conducted. In spite of the fact that PwC recognizes itself as a knowledge-based company with the employees being its greatest resource, there are many gaps that need to be filled in order to achieve knowledge creation, which can then facilitate knowledge retention. Considering PwC's individual-based working conditions in a knowledge-intensive firm, it becomes of paramount importance to implement knowledge management tools and methods that can enhance the firm's capabilities of retaining knowledge.

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“To my mother and brother, your love and unconditional support is what has allowed this dream to become a reality. I am forever indebted to you. A very special acknowledgement goes to my fiancée Dilman Nomat, who loved and supported me during the final, critical months of this thesis, and made me feel like anything was possible. I love you - *Lewend Mayiwar*”

“I would also take this opportunity to thank my parents, my brother and my girlfriend Emelie Thurfjell, for the unceasing encouragement, love, support and attention. I am also grateful to my group members who supported me throughout this venture. *Thank you! – Gino Nano*”

“I would like to extend my sincerest gratitude to the two persons in which I hold the greatest respect. Two persons which not only make up the backbone of this thesis, but which also made these 3 years at the university go by quicker and easier than anyone could imagine. Lewend Mayiwar and Gino Nano, from the bottom of my heart, thank you! - *Glenn Donnestenn*”

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## 1. Introduction

*“Today knowledge has power. It controls access to opportunity and advancement.”*

*- Peter Drucker*

In the past few decades organizations around the world have come to realize that the knowledge, skills and capabilities of employees represent a major source of their competitive advantage (Collings & Mellahi, 2009). Despite this notion, managers are struggling with how the knowledge and capabilities of employees can be managed effectively. Prahalad and Hammel (1990) argue that sustainable competitive advantage is dependent on the ability to build and exploit core competencies. Additionally, an organization needs to possess resources that are unique and difficult to imitate or replicate by other surrounding organizations (Grant, 1991). Knowledge has become widely known as a critical resource for any organization (Carneiro, 2000; Alavi & Leidner, 2001) and is considered essential for continuous and stable development (Allameh, Zare, & Davoodi, 2011), especially in competitive environments (Davenport & Prusak, 1998), or in environments experiencing major and sporadic fluctuations (Malhotra Y., 2000). The ever-changing economy has caused many people to change jobs. Consequently, due to various external and economic factors such as globalization, greater competition, and economic crises, the number of people switching jobs is steadily increasing (De Long & Davenport, 2003). As a consequence, there is a growing concern in the business sector that organizational knowledge can be lost when employees leave an organization (Martins & Meyer, 2012). Brown and Galli-Debicella (2009) maintain that many companies realize the importance of tacit knowledge (inarticulate or experiential knowledge) once employees have departed. Since the cost of losing knowledge can be detrimental to a company, there is a need to develop processes and strategies to retain knowledge and store it in the minds of people inside the organization before an employee exits (Martins & Meyer, 2012).

Employee turnover, defined as the percentage of employees who leave an organization during a specific period, varies greatly between different industries in the labor market. The Confederation of Swedish Enterprise (Svenskt Näringsliv) showed in a study that between the years 2013 and 2014 the service sector had the highest rate of turnover. Furthermore, the highest employee turnover is among workers in the service sector and lowest employee turnover is among workers in manufacturing. In addition, PricewaterhouseCoopers (PwC) conducts a yearly study across Swedish companies and organizations on how they deal with the exacerbating challenge of employee turnover (PwC, 2015). PwC’s annual study “CEO Survey” seeks to answer questions on how managers perceive these problems and how they aim at tackling them. Almost all of these managers emphasized the need to reform their strategies regarding the training and retention of employees. Despite this fact, many have still not undertaken any actions to tackle this problem. Moreover, employee turnover can leave an organization with large costs (Bryant & Allen, 2013), in such as terms of resources and time where a great deal of investment is made in training, developing, and maintaining employees. According to Bryant and Allen (2013), the underlining problem is that managers are often unaware of effective management practices that can tackle this problem. Fidalgo and Gouveia (2012), describe that this is even more of a problem when business processes rely more on human relationships, rather than relying on machinery. In order to reduce the impact of employee turnover on organizations, it becomes vital to find ways in which to prevent the loss of knowledge possessed by employees.

### **Problem Background**

“Knowledge retention, which deals with cases where expert knowledge workers leave organizations after long periods of time, is not fully covered either in academic research or in published business case

studies” (Levy, 2011, p.582). The knowledge that is lost from an employee leaving is a long-term problem that reduces the performance of an organization because the departing employee takes with him knowledge that is not only useful for the organization, but is also necessary for the effectiveness and functioning of various activities and processes. As knowledge is intangible, it is difficult for organizations to effectively extract the knowledge from individuals and manage it. Fidalgo and Gouveia (2012), found that most managers still believe that knowledge management is simply a matter of developing IT systems and that no further organizational change is required.

In PwC’s study it is shown that the fastest growing challenge for Swedish organizations is the difficulty of retaining competencies of individuals. Considering the high employee turnover rate and the large number of people switching jobs at different organizations, it is crucial for organizations to prevent knowledge drain by using strategies to retain knowledge and disseminate the knowledge throughout the organization. Finally, the external factors causing the high rate of employee turnover cannot be directly controlled by organizations, therefore this paper seeks to explore ways to reduce the impact of employee turnover by focusing on how to retain the knowledge of employees.

### **Purpose and Research Question**

By looking at Nonaka and Takeuchi’s Knowledge Creation Model, this paper aims to explore how organizations can reduce the impact of employee turnover by retaining critical knowledge effectively. To summarize the research questions into one main question:

- How do knowledge intensive organizations retain their knowledge?

In order to find answers to this question, the following sub-questions will be looked into.

- How is knowledge captured and stored?
- How is knowledge transferred and shared?

## 2. Theoretical Framework

### Knowledge Management

Drucker (1999), speaks of knowledge as the most important resource of the twenty-first century. Recently, the concept of knowledge management has gained wide interest in business and academia (Gebert, Geib, Kolbe, & Brenner, 2003). Knowledge management refers to identifying and sharing knowledge in the most effective ways to sharpen the organization's competitive edge (von Krogh, 1998). In addition, Gan, Ryan, and Gururajan (2006), describe knowledge management as a framework, which helps organizations to create and share knowledge. Knowledge can be viewed as; (1) a state of mind; (2) an object; (3) a process; (4) a condition of having access to information; or (5) a capability (Alavi & Leidner, 2001). Looking at knowledge transfer as a process, rather than an action, allows a better understanding of the difficulties that evolve from it. In addition, it provides insight into how managers can design different organizational mechanisms that can support knowledge transfer (Szulanski, 2000).

Although the concept of knowledge management has recently become widely common within academia and the business field (Ma & Yu, 2010), the understanding of knowledge management as well as the ways in which it has been practiced have not been universal (Nonaka & Teece, 2001). Moreover, Christensen (2003) talks about the exploitation of existing knowledge, the mobilization and creation of new knowledge, the sharing of knowledge, as well as the retaining of knowledge within the organization. The authors of the book "Innovation and Entrepreneurship" express that "In essence, managing knowledge involves five critical tasks: generation and acquiring new knowledge; identifying and codifying existing knowledge; storing and retrieving knowledge; sharing and distributing knowledge across the organization and; exploiting and embedding knowledge in processes, products and services" (Bessant & Tidd, 2007, p. 186). Similarly, Shin, Holden, and Schmidt (2001), argue that knowledge management consists of a process of interaction, or a value chain accumulating individual knowledge to create social knowledge. This process includes creation, storage, distribution, and application (Shin et al., 2001). Furthermore, Shin et al. (2001) claim that in order for this process to be effective, the process must become embedded and become a critical aspect of the organization's strategy and vision.

### Knowledge Transfer and Knowledge Sharing

Knowledge transfer and knowledge sharing both stem from the concept of knowledge management, however these terms are very often used interchangeably (Jonsson, 2008). The meaning of the terms and concepts must be well understood in order to avoid ambiguity about the aim of using the terms. Knowledge transfer is "the focused, unidirectional communication of knowledge between individuals, groups, or organizations such that the recipient of knowledge (a) has a cognitive understanding, (b) has the ability to apply the knowledge, or (c) applies the knowledge" (Paulin & Suneson, 2012, p. 83). Additionally, knowledge transfer has been referred to as the sharing of knowledge, which includes "the exchange of knowledge between and among individuals, and within and among teams, organizational units, and organizations" (Paulin & Suneson, 2012, p.83). A key difference between knowledge transfer and knowledge sharing relates to the levels of analysis. The term 'knowledge sharing' is used when focusing on the individual level, whereas 'knowledge transfer' is used when focusing more on groups, departments, organizations, and businesses (Argote & Ingram, 2000).

*"Knowledge is power. Knowledge shared is power multiplied"*  
- Robert Noyce

It is important to note that knowledge transfer is not a one-way process, rather, it moves through a bilateral relationship consisting of a source and recipient. Therefore, it is vital to understand how

knowledge is managed and sustained. Cummings and Teng (2003), define knowledge transfer as the process of effectively transferring knowledge from the source to the recipient. Furthermore, there is no universal definition of what knowledge transfer is, or on how the success of knowledge transfer can be measured. Scholars have identified critical factors such as; failure to emphasize knowledge transfer as a business objective; failure to embed knowledge transfer in daily processes; and failure to foster a knowledge-sharing culture.

### **Knowledge Retention**

The notion of knowledge retention and methods in which knowledge retention can be improved is becoming widely recognized in academia (Schmitt, Borzillo & Probst, 2011). Knowledge is gained through several different ways such as learning, sharing, and transferring the acquired knowledge to other individuals (Venzin, Von Krogh, & Roos, 1998). If knowledge is not retained, organizations may face difficulties in learning from past experiences and as a result will have to work on reinventing knowledge (Venzin et al., 1998). Furthermore, many organizations are experiencing skills shortages and knowledge loss, therefore they are now shifting from a Human Resource perspective which focuses on enhancing the recruitment, retention and retirement solutions to ensuring that critical knowledge is retained in order to ensure continued productivity (Foster, 2005).

Organizational learning allows firms to process information and modify it in order to increase performance (Hedberg, 1981). The information is then acquired and assimilated throughout the organization and thus, expands the organizational knowledge base (Easterby-Smith et al., 2008). This process is influenced by an individual's prior experience and knowledge, which forms their interpretation of the acquired information (Lichtenthaler & Lichtenthaler, 2009). Argote, McEvily and Reagans (2003) argue that knowledge is embedded in various repositories that are either located at the individual, group, or organizational level. Therefore, knowledge retention can be defined as an individual's experience, observations, knowledge, routines, organizational processes and practices, and culture (Schmitt et al., 2011). Madsen, Mosakowski and Zaheer (2003) point out that many scholars have emphasized the retention of knowledge as a key enabler for the process of utilizing existing knowledge in such a way that it can be applied effectively in the future. In addition, retained knowledge forms an individual's perception and interpretation of newly acquired information (Cohen & Levinthal, 1990). Within an organization, individuals retain knowledge through the process of sharing knowledge and experiences (Walsh & Ungson, 1991). Tsai (2001), further builds on this view, describing knowledge sharing as the process in which people transfer and utilize retained knowledge developed by others.

Schmitt et al. (2011) argue that the knowledge that is lost from departing employees leaves the organization with long-term costs and consequences. In addition, a departing employee does not only result in the organization losing the individual's knowledge, but they also lose knowledge which is critical for organizational processes, routines and culture. According to the knowledge-based-theory of the firm developed by Grant (1996), it is maintained that it is crucial for organizations to accumulate and preserve critical knowledge and that such knowledge must be converted to valuable knowledge, which cannot be imitated by other organizations. This is in line with Nonaka's (1994) view that the success and performance of an organization depends on the critical knowledge, skills and capabilities it possesses. There are different views on knowledge retention shared between scholars; some argue for its benefits, whereas others argue for its disadvantages. For instance, Levitt and March (1988), argue that retaining knowledge can lead to difficulties in staying flexible to adapt to new changes and difficulties in being able to develop competencies. For instance, focusing too much on retaining existing

knowledge may prevent an organization from exploiting opportunities by acquiring new knowledge. On the other hand, other scholars have emphasized the benefit of knowledge retention in that it allows organizations to avoid additional costs that may arise from investing in processes and practices in order to reinvent knowledge (Walsh & Ungson, 1991).

Nonaka (1994) differentiates between two types of knowledge; explicit and tacit. Tacit refers to the knowledge that is embedded in the minds of people, which cannot be codified or articulated, instead it is intuitive as described by Hedlund (1994), whereas explicit refers to knowledge that can be codified and verbalized (Nonaka, 1994). In other words, contrary to tacit knowledge, explicit knowledge can be captured and stored by means of for instance writing, drawings, or computer programs. Nevertheless, it is important to point out that these two types of knowledge are not treated separately as isolated aspects, rather, they are contingent upon one another and thus a balance of the two is needed (Alavi & Leidner, 2001; Johannessen, Olaisen, & Olsen, 2001; Blumenberg, Wagner, & Beimborn, 2009). Similarly, Roberts (2000) refers to the transformation of tacit to explicit as from “know-how” to “show-how”. Nonaka (1994) explains that contrary to tacit knowledge, explicit knowledge is more easily remained in the organization’s repository when employees leave. Moreover, depending on the number of employees leaving the organization, the tacit knowledge stored in the minds of individuals may be lost if not retained elsewhere in the organization (Fisher & White, 2000). Leonard and Sensiper (1998) add to this idea by arguing that the loss of tacit knowledge cannot be avoided, instead such loss can be reduced. They further explain that as tacit knowledge is difficult to manage, it can only be effectively transferred through interactions and conversations.

Furthermore, it is believed that organizations with a large number of people can enhance knowledge transfer since more interactions take place (Tichy & Fombrun, 1979). Droege and Hoobler (2003) draw a contrary view to this idea in which they maintain that an organization with a large number of employees does not positively impact the sharing of knowledge, instead, they also emphasize the importance of developing a collaborative context that can facilitate the diffusion of knowledge since there may exist more interactions within a context that nurtures collaboration. Moreover, they describe that the risk of losing critical knowledge is higher in firms where employees work with individual tasks rather than an environment where employees work together in teams and projects. Consequently, Droege and Hoobler’s view implies that developing a collaborative context can decrease the impact of departing employees that take with them valuable knowledge. Reagans and McEvily (2003) state that the existence of relationships between organizational members between different units by implementing a network structure where units are interdependent and work together can significantly enhance knowledge retention.

Granovetter (1973) presented the role of strong and weak ties which is a combination of the time spent together, emotional intensity, and frequency of interactions. Therefore, employees with strong ties in an organization may experience less inflow of new knowledge and information as interaction mostly takes place with their own internal network of actors. On the other hand, employees with weak ties are not linked to one single group of people, instead, they are linked to several actors from different sources, and thus they have access to more networks. Granovetter (1973) presented what he calls, “the strength of weak ties” where he describes that weak ties allow employees to receive new and unique knowledge because it is received from different actors from different networks and as a result this can increase innovation. It is important to recognize weak ties in this case as employee turnover can lead to a destruction of weak ties which provide an organization with new and unique knowledge (Granovetter, 1973). On the other hand, when an employee with strong ties leaves, it is less likely that the organization will experience knowledge loss since knowledge is more easily retained in strong ties. Schmitt et al.

(2011) explain how retained knowledge creates formal and informal routines. Similarly, Kogut and Zander (1996) highlight the importance of the development of routines that can support knowledge retention.

Kogut and Zander's (1993) perspective of the firm is a social community in which the emphasis is on the social structure i.e., pattern of relationships within a firm. According to Kogut and Zander (1993), firms are social communities that specialize in the creation and internal transfer of knowledge. Tacit knowledge is diffused within the organization's social structure and additionally, the social structure gives tacit knowledge protection against knowledge loss that may arise from employee turnover (Droege & Hoobler, 2003). Fisher and White (2000), explain that an organization's learning capacity depends on the social embeddedness of relationships within the social structure. Consequently, trust flourishes as relationships become embedded in social structures (Elfenbein & Zenger, 2014) and thus promoting norms and social attachments (Granovetter, 1985), and also establish inter-organizational routines (Dyer & Singh, 1998). Factors such as trust are what Krogh, Ichijo, and Nonaka (2000) define as knowledge assets that are moderating factors of the knowledge creation process. In light of this view, several scholars argue for the benefit of strongly embedded relationships as it means there are more collaborative interactions, and thus more sharing of knowledge. Droege and Hoobler (2003) stress that recognizing the relational characteristics of a firm's social structure can reduce the risk of losing tacit knowledge from employee turnover.

## **2.1 Theory of Use**

### **The Knowledge Creation Process**

Knowledge creation is, according to Nonaka, Toyama, and Konno (2000), an endless process that transforms one individual's old knowledge base into a new knowledge base. The transformation is dependent on the context that the individual is acquiring and absorbing and can therefore be seen as a journey from where one individual is, to whom he or she is becoming (Prigogine, 1980). This type of self-transformation is not only essential for one individual, but also for others as knowledge is created through interaction with other individuals and their context (Nonaka et al., 2000). Knowledge creation is also dependent on two different interactive factors; micro and macro. Nonaka et al. (2000), state that an individual (micro) influences and is influenced by the environment (macro) with which he or she interacts. To better understand how organizations manage and encourage knowledge creation among their employees, they propose a model of knowledge creation that consist of three key elements that together shall interact to form a knowledge spiral with knowledge creation as an outcome. The three elements are; (1) the SECI process (knowledge creation through interactive transformation of tacit and explicit knowledge); (2) *ba*, (knowledge creation through the shared context); and (3) knowledge assets (moderator of knowledge-creating process through the inputs and the outputs), see figure 1.

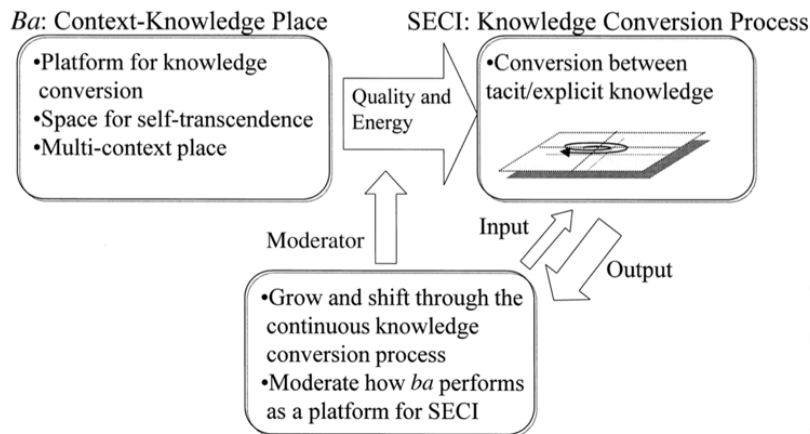


Figure 1: The Three Elements of Knowledge Creation, Nonaka, Toyama and Konno, (2000).

### SECI Model

According to Nonaka, Toyama, and Konno (2000), knowledge within an organization can be created through the process of interaction between explicit and tacit knowledge. They further call this type of interaction between the two knowledge models for ‘knowledge conversion’. The process of conversion is divided into four stages where tacit and explicit knowledge not only expand the knowledge base, but also enhance the quality and quantity of knowledge (Nonaka, 1994; Nonaka & Takeuchi, 1995; Nonaka & Teece, 2001; Cyert, Kumar, & Williams, 1993). The four stages of knowledge conversion are; (1) Socialization (tacit to tacit knowledge); (2) Externalization (tacit to explicit knowledge); (3) Combination (explicit to explicit knowledge); and (4) Internalization (explicit to tacit knowledge). These interactions occur in what is called ‘Ba’ which means the context in which knowledge is shared - or in other words, the workplace (Nonaka & Konno, 1998; Takeuchi & Nonaka, 2004). Furthermore, these interactions are moderated and energized from either existing or new knowledge assets (Nonaka et al., 2000).

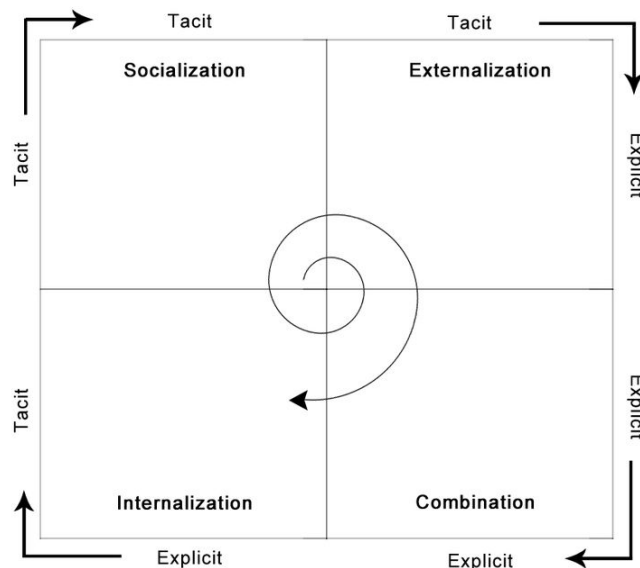


Figure 2: The SECI-Process, Nonaka, Toyama and Konno, (2000).

### The Four Stages of the SECI-model

The first stage of the SECI model is ‘socialization’, during this stage individuals share experiences and transfer new tacit knowledge into the minds of others (Nonaka & Takeuchi, 1995). In order to formalize

tacit knowledge, Nonaka et al. (2000) believe that individuals have to interact through shared experience such as absorbing the same context and spending time together. They further give an example that an apprentice learn craftsmanship from their master through observation rather than through instructions, meaning that individuals increase their knowledge capacity through “learning-by-observing”. Furthermore, they argue that this is similar to training processes in a business setting in which employees learn from either each other or a manager. Moreover, they explain that socialization can also be performed outside the organization's workplace, in for instance informal social meetings where perceptions and experiences are communicated and thus mutual trust is built (Nonaka et al., 2000). Further on, the second stage is ‘*externalization*’ where Nonaka et al. (2000) explain that in this process tacit knowledge is formalized into explicit knowledge. They further describe that when tacit knowledge converts and becomes explicit, knowledge become crystallized, in other words it becomes rooted in the mind of an individual through past experience and repetitive routines. In addition, in order to successfully extract an individual's tacit knowledge into explicit knowledge, metaphors, analogies, concepts and models have to constantly appear (Nonaka & Takeuchi, 1995) and thus tacit knowledge become explicit (Nonaka & Teece, 2001).

The third stage is defined as ‘*combination*’ and in this process explicit knowledge is acquired and stored from either inside or outside the organization and converted into for instance complex databases that categorize information to become more comprehensible (Nonaka et al., 2000; Nonaka & Teece, 2001). Moreover, Nonaka et al. (2000) explain that the knowledge is then combined or edited resulting in form of new knowledge which later is promoted and shared among the members through different media. In addition, they state that “when the comptroller of a company collects information from throughout the organization and puts it together in a context to make a financial report, that report is new knowledge in the sense that it synthesizes knowledge from many different sources into one context”, (p. 10). Thus, middle management becomes a key role in transforming concepts and ideas into practices (Nonaka & Teece, 2001). However, different cultures affect this stage of the SECI process. Hall (1989) explain two different context terms that is used to convey information and the first term is referred to as monochronic and is typically used in Western cultures. He further describe monochronic orientation as a working environment that is non-flexible and members of this culture view time as linear and tangible. The second term Hall present is referred to as polychronic and is typically used in Latin American and Middle Eastern countries. Polychronic orientation refers to a working environment that is flexible and members of this culture multitask and are not schedule oriented. Furthermore, Nonaka and Takeuchi (1995) support this and explain that combination is supported by Japanese practises, such as lack of rivalry between departments, flexibility in work (polychronic orientation), decisions based on advices, functional responsibilities delegated to more than one individual and redundancy, where individuals overlap information that may not be needed in a specific situation but can later be applied to help individuals create and share new knowledge. Furthermore, this type of working environment generates a context where information are open and easily accessible due to high personal commitment (Glisby & Holden, 2003). In addition, combining all of these factors encourage explicit knowledge to be directed both vertically and horizontally across the organization.

The fourth stage is defined as “*internalization*”, during this process new explicit knowledge is internalized into individuals’ tacit knowledge base in the form of routines or technical know-how (Nonaka & Takeuchi, 1995). This process is explained as transforming explicit knowledge into tacit knowledge through direct experience and refers to “learning by doing” and can be seen when for instance employees are provided manuals which the employee absorbs and then act upon through practices (Nonaka et al., 2000). Furthermore, Nonaka and Takeuchi (1995) emphasize on the rotation of practice to support the conversion as individuals ability to learn new knowledge will expand. In

addition, employees can be provided training programmes that can enhance and help them understand different organizational procedures (Nonaka et al., 2000). Glisby and Holden (2003), later add to the suggestion on rotation of practice and emphasize on building an organization with generalists rather than specialists as it widens the field of knowledge domain and contributes to a context of efficient internalization. As knowledge becomes internalized in the mind of an individual it becomes a valuable asset and thus encouraging to set a new level of knowledge spiral that can generate knowledge creation through socialization (Nonaka et al., 2000).

### **Ba: Knowledge Creation Through Shared Context**

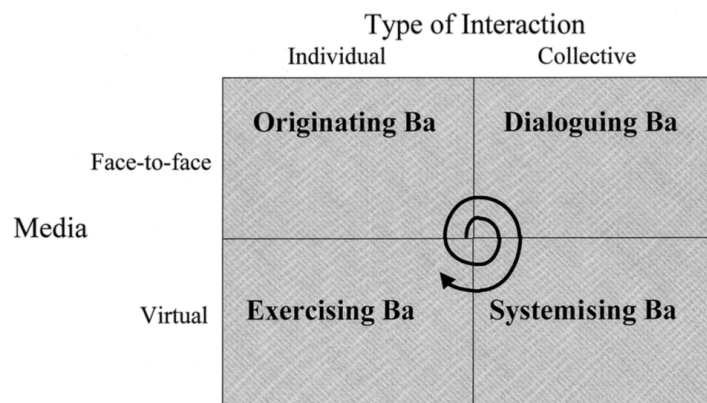


Figure 3: Four Types of Ba. Nonaka, Toyama and Konno, (2000).

In contrary to the Cartesian view that knowledge is a context-free nature, Nonaka et al. (2000) state that a physical context is needed in order for knowledge to be created. In addition, they emphasize that the knowledge-creating process is context-specific in terms of who practice it and that “there is no creation without place” (Casey, 1997, p.16). Nonaka et al. (2000) describe that the specific context is provided through ‘Ba’ which originally means ‘place’ and that Ba was first introduced by the Japanese philosopher Kitaro Nishida and later on developed by Shimizu who defined Ba as a shared context where knowledge is shared, created and stored. Furthermore, as Ba generates energy, quality and place for interaction which contributes to the knowledge spiral; generation and regeneration of Ba becomes key essentials for knowledge creation (Nonaka & Konno, 1998). In addition, Nonaka et al. (2000) explain that in the process of knowledge creation, specific-context such as social, cultural and historical contexts have an impact on individuals as these contexts form a basis of meaning to the interpreted information. Furthermore, they argue that Ba is the place where information is exchanged and becomes knowledge. However, Ba is not only a concept of physical aspects, it is also a concept of virtual context such as e-mail interaction and other media tools where ideas and knowledge is shared (Nonaka et al., 2000).

Nonaka et al. (2000) state that ‘interaction’ is the key concept of clearly understanding Ba. They explain that through Ba, people participate in a constant evolving shared context where time and space are shared and transcended. In the socialization and externalization part of knowledge creation, a physical interaction where individuals can share time and space is important since it forms a common language among the ones who are active (Nonaka et al., 2000). In addition, as collected knowledge is applied and integrated to a specific area in a certain time and space, Ba sets out to work as a platform for knowledge creation in a micro and macro level, meaning that the ones who participate in Ba both change themselves

and Ba itself. Furthermore, Nonaka et al. (2000) describe that Ba consists of four types of modes including, originating Ba, dialoguing Ba, systemising Ba and exercising Ba and that these types of modes are divided into two dimensions of interaction. The first dimension is explained as the 'type of interaction', meaning that the interaction takes place either at an individual or collective level. Furthermore, they continue explaining that the second dimension is described as the 'media' used in these interactions, for instance that the interaction is taken place face-to-face or via virtual media such as books, manuals, e-mail or digital conferences. In addition, they mention that each Ba is accompanied with the respective conversion modes of the SECI model and in order to facilitate organizational knowledge creation, each Ba has to be built, maintained and utilized. However, since each Ba has different characteristics it is important to understand how one can measure an interaction between them (Nonaka et al., 2000). In the following section, the different characteristics of Ba will be explained.

### **Types of Ba**

Nonaka et al. (2000) define '*originating Ba*' as individual and face-to-face interaction. Furthermore, they explain that it is a place where feelings, emotions and mental models are shared and that this type of Ba mainly promotes a socialization context since the only way of capturing any type of physical senses and psycho-emotional reaction is by face-to-face interaction. In addition, they explain that these elements are important factors when sharing tacit knowledge. In the concept of originating Ba, individuals transform their boundaries between them and others by sympathizing or empathizing with others, this include developing a relationship where care, love, trust and commitment evolves (Nonaka et al., 2000). Further on, they define '*dialoguing Ba*' as a collective and face-to-face interaction where individuals share their mental models and skills and further transform it into terms that become familiar. This type Ba mainly focuses on promoting externalization context since tacit knowledge in the mind of an individual is shared and expressed through interaction amongst the individuals (Nonaka et al., 2000). Moreover, they explain that the knowledge that have been received and stored by an individual is later shared by the same individual but with a self-reflection, thus this means that knowledge is constantly translated from different actors perception and interpretations. In addition, it becomes important to choose the right individuals with specific knowledge and skills to manage and enhance knowledge creation. Further on, Nonaka et al. (2000) define '*systemizing Ba*' as a collective and virtual interaction where explicit knowledge is promoted to individuals through written form. They explain that information and knowledge is expressed through information technology media such as, online networks, groupware, documentation and databases and thus this generates a virtual environment of collaboration for the creation of 'systematic Ba'. In addition, many organizations use virtual media to express and exchange knowledge and information more effectively. Moreover, Nonaka et al. (2000) define '*exercising Ba*' as an individual and virtual interaction where its context mainly promotes internalization. They explain that in this type of Ba, individuals capture and communicate explicit knowledge through for instance, manuals and virtual programs. While 'dialoguing Ba' emphasize on expression and reflection based on thoughts, 'exercising Ba' focuses on expression and reflection through actions (Nonaka et al., 2000).

### **Knowledge Assets**

Knowledge assets, or firm-specific resources as referred to by Nonaka et al. (2000), are the core elements that drive knowledge-creation and these knowledge assets act as input, output, and moderators of the knowledge-creation process. There are four types of knowledge assets as proposed by Nonaka et al. (2000) which are; experiential; conceptual; systemic; and routine knowledge assets. *Experiential knowledge assets* stem from the sharing of tacit knowledge that is developed from shared experience between employees. To build experiential knowledge employees need to be encouraged to not only

share experiences, but also express emotions such as care, love, and trust (Chou & He, 2004). Furthermore, experiential knowledge can be broken down into different categories such as; emotional knowledge (care, love, and trust); physical knowledge (facial expressions, and gestures); energetic knowledge (senses of existence, enthusiasm and tension); rhythmic knowledge (improvisation and entertainment). This type of knowledge is difficult to measure or capture due to its tacitness, which therefore also makes up one of the major sources of the firm's competitiveness as they are difficult to imitate by other competitors (Johannessen, Olaisen, & Olsen, 2001). Chou and He (2003) argue that in order to sustain such competitive advantage, managers need to effectively communicate the importance of protecting such knowledge throughout the organization. *Conceptual knowledge assets* are composed of explicit knowledge that is expressed through images, symbols, and language. Concepts and designs are shaped by individual's perception and converted to explicit knowledge such as models, analogy, and metaphors (Nonaka et al., 2000). Due to the explicitness of this type of knowledge, it is easier to capture. Nevertheless, understanding and measuring individual's perception remains difficult. *Systemic knowledge assets* refers to explicit knowledge stored in the form of documents, information, manuals, etc. Systemic knowledge assets are developed through the creation of for instance systems that safely store knowledge and information. Nonaka et al. (2000) explain that this is the most visible type of knowledge. *Routine knowledge assets* consist of tacit knowledge that is ingrained in the minds of organizational members. This is demonstrated through employees' practices, knowledge, and routines that are needed to execute the everyday activities of the organization. As more employees adopt and perform routines, ways of thinking and acting extends across the organization and is shared among individuals. Nonaka et al. (2000) maintain that sharing stories about the company promotes the development of routinized knowledge. One of the primary reasons that story-telling leads to the formation of routinized knowledge is because employees realize the relevance and importance it possesses.

### **The Interrelationship Between the Three Knowledge-Creating Elements**

Previously, in this study, three elements were presented regarding a model of knowledge-creating process. These three elements are interconnected as they all generate a knowledge creating environment (Nonaka et al., 2000). Through the organization's existing knowledge assets, individuals enter the four modes of SECI process in a contextual framework, as earlier referred to Ba. In addition, as individuals move around these elements, new knowledge will be created and further added to the organization's knowledge base. This in turn leads to a new knowledge asset and thus generate a new spiral of knowledge creation. However, since this process of knowledge creation is active and dynamic and constantly changes, it can not be managed through traditional measurements of management, meaning that the flow of information can not be controlled (von Krogh, Nonaka, & Ichijo, 2000). Crucial to this sense, Nonaka et al. (2000) explain that the top and middle management are key leaders in developing a dynamic knowledge-creating process. In addition, they describe that it becomes important that knowledge producers (middle managers) actively interact with others to create knowledge by leading and developing Ba. Furthermore, they emphasize that top and middle management shall read as well as lead the three elements of knowledge-creating process since they are the ones who firstly, promote a knowledge vision explaining what type of knowledge that should be created, secondly develop the sharing and implementation of knowledge assets and thirdly, synchronize the knowledge vision to build and energize Ba and constantly push the knowledge creation spiral forward (Nonaka et al., 2000).

### 3. Method

The research is structured around executing a qualitative single case study consisting of semi-structured email- and face-to-face interviews. The choice of conducting a qualitative study is supported by the reasonings of Gilmore and Carson (1996), which argue that a qualitative method could be considered particularly valuable in the context of collecting data from companies within the service industry. This is mainly due to the nature of services, which is intangible and somewhat volatile. Hence, a qualitative method was chosen due to its ability of handling ambiguous data. Furthermore, in order to create in-depth insight of the subject investigated, as pointed out by Saunders, Lewis, and Thornhill (2009), a case study enables the potential of empirically investigating particular phenomena in a real-life context. In addition, the choice of tackling the situation by executing a single case study is supported by Dyer and Wilkins (1991) who argue for it as being more effective in providing theoretical insight than a study containing multiple cases. Thereby, the ambitions regarding the method of use revolves around creating the most in-depth knowledge possible within the limited timeframe, in order to enable a potential of answering the research questions.

#### Case Company

As mentioned earlier, the research is based on a single case study in which PricewaterhouseCoopers Sweden constitutes the source of empirical data. PwC Sweden (2016) describes themselves as “the market leader in auditing, accounting, tax- and business advisory”, with over 60 000 clients connected to the 100 local offices. In addition, PwC Sweden is part of the global PwC-network consisting of branches in 157 countries with over 208 000 employees. This global network is considered as one of their strongest success-factors, whereas they describe it as “it is the combination of global expertise and local presence that makes us successful” (PwC, 2016). Furthermore, they have established a code of conduct consisting of three core values setting the tone for their organizational culture, namely; ‘Teamwork’, ‘Leadership’ and ‘Excellence’.



Figure 4: PwC Core Values, pwc.com (2016).

By using a market leading actor as a base for the empirical findings, and due to the arguments presented below, one could argue for the fit of this company in the specific interest of this study. Regarding the nature of a service company like PwC, business is executed through personal acts that require specific knowledge as well as the personal connections with customers. When looking at the sector of

professional accounting and advisory services, the work is generally performed with a combination of routines and guides established through explicit knowledge and also, or perhaps foremost, tacit knowledge which has been established and created continuously within a specific employee in correlation with the specific tasks, contacts and connections. This tacit knowledge could thereby be argued as an important asset for the company which is part of the bigger picture in generating the service. The applicability of this in other sectors is thereby foremost arguable for service sectors with high personal involvement with similar amount of tacit knowledge involved in the service delivery. One aspect which is noteworthy when examining the fit of PwC as a case company for this specific study is the current market situation in Eskilstuna, Sweden, which may have in itself raised the notion of the paper's subject. In this very moment, April 2016, the market has experienced the establishment of the competitive firm BDO which has in its way of positioning themselves, recruited intently from already established firms such as Grant Thornton and PwC (consultancy.uk, 2016). With this situation in mind, the subject of critical knowledge leaving the company is very much at the point of reality, and this has raised the awareness of loss in knowledge.

### **Data Collection**

In order to collect in-depth data pinpointed towards the purpose of this thesis, the study is mainly structured around data which is of primary nature, and complemented by data of secondary nature. Saunders et al. (2009) describes that data of primary nature is original material directly collected from sources within the investigated subject, for the specific purpose of the ongoing research topic, which by that gives the potential of collecting rich material in benefit for the quality of the study. In this aspect, the study consists of both semi-structured email- and face-to-face interviews, and by dividing the data collection into two parts the study is enriched with a wider spread in respondents. The material is complemented with secondary data which emanates from sources both within and outside the case company, thus generating a wider spread. The decision to complement the primary data with secondary data is supported by Bryman and Bell (2015) which points to the benefits of this in the aspect of being able to reduce material bias. Jacobsen (2002) also points to this by stating that secondary data could be useful for validating primary data in either a supportive or rejective manner.

By adopting semi-structured interviews for collecting empirical data, we were able to target information directly connected to the purpose emanating from the structured questions, yet with the ability to shift focus and reformulating the questions in response with the actual situation. This created a situation with the potential of generating more specific data aiming towards the purpose of the study. The choice of tackling the subject in this manner is supported by Yin (2003) where he notes that the benefit of being able to ask open-ended questions is that both facts and personal opinions of the matter can be expressed. Additionally, Bryman and Bell (2015) argue that with pre-constructed questions as a frame, flexibility in which the order of the questions is asked lies in the hands of the interviewer, enabling adaptation to the conversation and also for new questions to be asked. Yet, one needs to consider that the quality of data derived from an interview conducted in this manner, is in part up to what skills the interviewer possess, and that careful preparation is needed. Considering this aspect, the interviewers come from previous experience with similar approach, generating a base of background knowledge in how this should be tackled.

Due to the compressed time-period in which the study was conducted, which was 10 weeks, yet with the ambition of extending the data collection, the study also consist of an interview conducted by email. By adopting this approach, the study is enriched with a larger sample potentially beneficial for the end-quality (Bryman & Bell, 2015). This approach requires considerations which are of different nature than semi-structured face-to-face interviews, whereas both possibilities and limitations weigh for and against.

Meho (2006) argues that by its nature, the email-interview is somewhat more structured and less flexible in its possibility of answering questions. To that, with the lack of interaction which face-to-face interviews consists of, misunderstandings in both questions and answers could be occurring. Yet, the technique also possesses the benefit of the interview subject being able to take more time in answering the questions, potentially making them more reliable. To that, because of the appearing sense of anonymity, the technique allows the interview subject to express a more honest answer in their opinion and feelings regarding the subject. Further on, Meho (2006) also points to the advantages in time requirement, which is greatly reduced in comparison to conducting face-to-face interviews with the need of transcription. The initial ambition was to extend the study by conducting several interviews through email, yet these interviews were only initiated and stranded before contributing due to the time limit.

## **Procedure**

The procedure of collecting the primary data is divided into several interviews with different respondents, enabling for the potential of using a spread in material. This could in terms enable observation of tendencies and phenomena generally occurring among the respondents, and also the potential of observing differences between them. Due to the limited timeframe given for this thesis, limitations in both geographical and personal spread exist, since the procedure in collecting data only focuses on two local offices. Even though this is somewhat hindering in what conclusions one may draw, and the depth of material one may collect, it still points to interesting aspects which future research could emanate from. As mentioned, the procedure of collecting qualitative primary data revolves around semi-structured email- and face-to-face interviews, with both the office manager and employees to enable a wider set of data.

The procedure leading up to the interviews started with contact through e-mail between Glenn Donnestenn and Jonas Klintbom, office manager of Eskilstuna, Köping and Arboga, where the subject of research was addressed and interest of participation was questioned. Because of the personal connection between these two, the correspondence with PwC was kept between Glenn Donnestenn and Jonas Klintbom, limiting the possibility of rejection to attendance. To that, Johanna Modin was contacted and introduced as a second respondent, currently positioned at PwC Eskilstuna as an accounting associate. What followed was the preparation of questions which intended to form the base of the interviews, in order to guide in what direction the conversation should take. From that, the study moved into the phase where the face-to-face interviews were booked and prepared, starting with Jonas Klintbom and then followed by Johanna Modin later on. The reason for choosing Jonas Klintbom as the main respondent is due to his position as an office manager. With this position, Mr. Klintbom holds full insight of both the daily operations and the strategical aspects of human resources, i.e., ensures the adequate level of knowledge within the office and also the aspects of staffing. To complement the data gathered from Mr. Klintbom, a second interview was conducted with the accounting associate Johanna Modin, who holds a different view of the subject for this thesis, in the aspect of a real-life context directly and indirectly affected by decisions regarding this subject. The semi-structured face-to-face interviews were conducted one at a time at the local PwC office in Eskilstuna. This was both due to the convenience for the interview subject, and to suggestions that the familiar and comfortable environment which the workplace constitutes can result in more honest answers and thus, a more reliable material (Bryman & Bell, 2015). Furthermore, the interviews were recorded in consent with the respondents, which Bryman and Bell (2015) argue for as ensuring a greater focus on the interview itself, because of the absence of note taking. Further on, the interviews were transcribed in its full extent and later translated from Swedish, its original language to English in order to adapt to the language of this study. A third interview was conducted through email with a respondent of similar rank as Johanna Modin, who requested to be anonymous. This associate is situated at PwC in Västerås, thus generating a somewhat greater spread in

the gathered material, generating abilities of observing differences between offices within the same company.

#### **Interview 1: Mr. Jonas Klintbom, Office Manager, PwC Sweden, Eskilstuna**

The first interview was structured as a face-to-face interview, and conducted with Mr. Jonas Klintbom who is the office manager for the southern Mälardalen region in Sweden, which consists of Eskilstuna, Köping and Arboga. His work life consists of more than 17 years of professional experience at PwC, with the past 10 years as an office manager in Eskilstuna and the past 2 years as a manager of the entire region. His work consists of both responsibility of approximately 25 employees, as well as the responsibility of meeting expected financial results and acquiring new customers. The complete transcription can be found in appendix 1.

#### **Interview 2: Mrs. Johanna Modin, Accounting Associate, PwC Sweden, Eskilstuna**

The second interview was structured as a face-to-face interview, and conducted with Mrs. Johanna Modin who is working as an accounting associate at PwC Eskilstuna in Sweden. Her professional history at PwC stretches to approximately 3 years, and previous to that she studied accounting at Yrkeshögskolan in Gothenburg. The daily work consists of regular tasks associated with the position, such as ongoing bookkeeping, working with financial statements and contacting clients. The complete transcription can be found in appendix 2.

#### **Interview 3: Employee, PwC Sweden, Västerås**

The third interview was structured as an email-interview which was conducted with an employee at PwC Västerås in Sweden. The respondent chose to be anonymous due to personal reasons, however, the employee works as an audit associate and has less than one year of experience at PwC Västerås. Furthermore, the employee has a master's degree in business administration acquired at Mälardalens University. The daily work consists of regular tasks associated with her position, such as ongoing reviewing and contact with clients. The complete email-interview could be found in appendix 3.

#### **Limitations**

The study contains limitations which is in need of consideration when analyzing the material, in order to portray a valid result. This is in one part mentioned earlier, yet further emphasised here. One of the fundamental limitations is the compressed time in which this study was conducted, in which it is limited to 10 weeks. The implication of this is the inability to widen the study, which results in a rather small sample from which data is collected. When one considers this fact, there are reasonable limits in what conclusions one can draw from the data collected, and thereby restraining the analysis. Another limitation which need consideration is the personal connection between the respondents in the first two interviews and one of the interviewer, namely Glenn Donnestenn. This connection could potentially influence the analysis with personal agenda and hinder the ability of future study replication. In the sense of study reliability, it is acknowledged by Bryman and Bell (2015) that social contexts are hard to replicate, thus making the study less replicable by other researchers. One of the main aspects constituting this social context is the potential of a personal connection between interviewer and responders, generating abilities of insight than otherwise possible (Bryman & Bell, 2015). Regarding the potential of influencing the material in the stage of analysis, Bryman and Bell (2015) further argue for personal connection as hindering in aspect of objectivity, whereas personal agenda might exist and thus color the analysis. In order to adhere this personal connection and minimize personal influence, thus making it more reliable and replicable for future studies, the analysis was left unattended by Mr Donnestenn. By not participating in the analysis, the most potential of influencing the analysis with personal agenda is eliminated.

## **Trustworthiness**

In its fullest intention of being reliable and providing validity in the conclusions, this thesis takes a humble approach to what is presented and also completely transparent in its execution. By this, it is meant that both limitations and criticism are continuously displayed and argued and the steps taken are fully exposed from the beginning to the end. To acknowledge, the stance in academics concerning trustworthiness in qualitative studies tends to spread into different takings. Bryman and Bell (2015) points to this and presents a summarized view on the subject, arguing for the problematic situation with this due to the nature of qualitative studies. Following the reasoning of LeCompte and Goetz (1982), the definitions of both reliability and validity are sub-categorised into internal and external aspects, trying to grasp the nature of qualitative research.

## **Reliability, Internal and External**

In the sense of external reliability, which handles the aspects of the degree that a study can be replicated by other researchers, a general difficulty lies embedded in the nature of case studies. Because of the problems associated with replicating the exact social context in which the study is performed, the possibility of replication is hindered. Yet, in order to tackle this to the widest possible extent, the study's methodology is portrayed together with detailed aspect in which future researchers could replicate the social context. As previously mentioned, the existing social context entails difficulties since personal connections are hard to replicate (Bryman & Bell, 2015).

In order to deal with internal reliability, which handles the aspects of reaching consensus within the team of what is observed, the interviews were recorded. Thereby minimizing the risk of differences in perceptions of what is said, and also enabling revision in the stage of analyzing the data. As previously mentioned, by recording the interviews and excluding one interviewer (which has a personal connection to the respondents and thus perhaps bias towards the material) from the analysis, the internal reliability is strengthened and to some extent, self-correcting against bias (Bryman & Bell, 2015).

## **Validity, Internal and External**

With regard to the internal validity of this study, which is mostly concerned with whether or not a beneficial match between observations and theories exists, the study adopts respondent validation. This gives the interview-subjects possibility of correcting misinterpretation of the context studied. Thereby, together with a continuous review of what is argued in the text, with inputs from opponents during thesis seminars and the respondent validation, the study attempts to strengthen the internal validity at its most, given the structure and the limited timeframe (Bryman & Bell, 2015).

Taking the toll on external validity, qualitative research by its nature has tendencies of lacking in fulfilling this. To what degree the findings could be generalized across social settings will arguably be a consisting issue for every qualitative research of small scale (Bryman & Bell, 2015). To tackle this, the context in which the study is performed is depicted as well as holding a generally cautious approach in analyzing the material and concluding it, rather than arguing for what is observed in this very context through the scope of the study.

## **Objectivity**

Even though a complete objectivity is argued as impossible to achieve in a qualitative study (Bryman & Bell, 2015), by cross-checking this thesis' written text in a critical manner, personal bias and subjectivity was managed to some extent. With this approach, the thesis can be shown as conducted through acts of good faith, with ambitions to eliminate personal colouring and depicting the most objective material possible given the circumstances.

## 4. Results

### Interview with Mr. Klintbom

#### Employee Turnover

One of the biggest challenges is how valuable and critical knowledge possessed by employees can be retained in order to avoid any knowledge drain or loss in competence. Mr. Klintbom argues that there is indeed a high number of employee turnover in the market, but that no satisfactory actions can be taken in order to reduce this number since it is ‘‘simply the way the system is built’’.

*‘‘Everyone cannot become a manager, not everyone can work here for 15 years. Especially the audit and accounting field sees employees entering and leaving regularly.’’*

(Klintbom, Jonas. Interview. 26/4/2016)

He further argues that many employees leave since there is not enough capacity for employees to become promoted. Another factor leading to employee turnover within the company is the size of the organization, where in this case PwC Eskilstuna currently has approximately 30 employees. Hence, the interviewee explains that a unit with a larger number of employees will most likely face higher employee turnover. In addition, employees sometimes leave due to strong competition where another firm may offer more desirable benefits, such as higher salaries. Furthermore, PwC provides information to the employees regarding their future opportunities in their career and are also given the tools to reach higher up in the firm, however Mr. Klintbom argues that such achievements mostly depend on the employees’ own willingness to do so. There are employees who are highly talented and critical for the success of the firm, however cases exist in which they have withdrawn from their position within PwC and switched to a job at another organization.

The company has a number of ‘key talents’ in which employees who possess leadership qualities and have the potential to become future leaders in the organization are promoted. Managers focus more on these specific employees and ‘coach’ them to a greater extent in order to retain them and make them understand why they have the competence and ability to become the company’s future leaders. Nevertheless, one problem that the management faces is that there has been cases where employees have left PwC without being aware that there was a plan for them to develop and get promoted.

*‘‘Someone has actually had a plan that was not communicated and we lost that person for that reason.’’*

(Klintbom, Jonas. Interview. 26/4/2016)

Mr. Klintbom emphasizes that if that particular employee had been informed about his/her plan then the employee might have chosen to stay and continued working for PwC. On the other hand, several employees who have departed have not been considered a loss for the company since they were simply not right for the job, as argued by the interviewee.

#### Knowledge Retention

PwC’s structure used to be very different compared to how it is built now. Before, one employee had responsibility over one customer, meaning that one employee would be in charge of bookkeeping, accounting, auditing and the relationship building with one specific customer. Therefore, the relationship between a customer and an employee was not tied to any other employee which resulted in

PwC losing critical and valuable knowledge that the employee possessed if the employee departed. However, today PwC assigns several employees on one customer so that each individual is together in charge of the relationship between them. This reduces the risk of losing knowledge if one of the employees would leave as they together share similar knowledge about the customer.

*“Today we have more contact points to the customer. We have an assistant, a consultant and account manager [...] Which means that if one steps off then there are two left who know the customer.”*

(Klintbom, Jonas. Interview. 26/4/2016)

When asked how important Mr. Klintbom believes it is to retain an employee’s knowledge before he or she leaves the company, he began by arguing that it depends on who the departing employee is – i.e., ‘whether or not it is an employee who possesses unique and critical knowledge’. Additionally, there is a plan for workers near the retirement age that ensures that their knowledge is transferred to the next replacing employee.

### **Knowledge Management**

Knowledge is a fundamental element within PwC, and is the key driver of their business. Knowledge is embedded throughout the organization in such as; its people, processes, technology, activities, and organizational culture. Although PwC works in a field that deals primarily with numbers, it is still the employees who are responsible for building and maintaining relationships with customers. This knowledge-intensive company feeds on the expertise, skills, knowledge and experience of the employees and therefore it is of vital importance to manage knowledge effectively. People, technology, culture, communication and networks are all constituents of PwC’s knowledge management. Mr. Klintbom argues that in this rapidly changing and complex market, technology plays a crucial role within the organization, however, it is the people who are the drivers of these technological vehicles.

*“It is a knowledge-based company where our greatest asset is the staff.”*

(Klintbom, Jonas. Interview. 26/4/2016)

When Mr. Klintbom was asked regarding the methods the organization uses to transfer knowledge, he described that one of the methods is, as he referred to, ‘process maps’, which describe how employees are to work in their position, and a description of the tasks or cases employees are assigned with. These ‘process maps’ provide information about customers such as customers’ needs, occupation, and location.

When Mr. Klintbom was asked about the process and activities of knowledge sharing within their unit, he described that the process is not very well organized. He mentioned that the focus is on creating a team spirit where people work together. Furthermore, he explains that the organization’s structure consists of various levels in what he calls a triangle. More experienced individuals are positioned higher up in the ‘triangle’ where they evaluate and secure quality to the work done in the level below. In other words, knowledge flows vertically from one level to the next. Mr. Klintbom argues that the reason knowledge flows in this fashion is to avoid information over-load. In spite of the ways in which the company organizes and manages knowledge there is still much to be improved as stated by Mr. Klintbom.

*“Our knowledge transfer and sharing processes are not very well organized.”*

(Klintbom, Jonas. Interview. 26/4/2016)

Interactions occur mostly face-to-face in groups during ‘team planning meetings’ where everyone goes through what is to be done and what has been done within each mission or case. Interactions also occur virtually where individuals share knowledge in the ‘My Business’ portal.

When asked what type of knowledge or competence is most valued in the organization he answered that intrinsic skills that a person is born with are highly valued. Such skills can be the way an employee talks and works with a customer or how an employee acts and reacts during a meeting. Mr. Klintbom explains that he does not believe such knowledge can be taught, rather it is something that is ingrained in the mind of an individual – in other words, it is tacit.

*‘I think it's difficult to learn to be in a certain way, it is clear that it is possible to learn the techniques of how to act in meetings and so on, but this natural customer contact is almost preternatural I would say.’*

(Klintbom, Jonas. Interview. 26/4/2016)

Following, when asked whether or not they implement any type of action to capture and disseminate such tacit knowledge, the response was that they do not have any methods in attempting to capture or share such knowledge. The respondent explained that the only activity they do have for capturing and sharing tacit knowledge is by involving only the ‘key talent’ employees in meetings and let them learn by observing.

### **Storing Knowledge**

Mr. Klintbom was asked whether or not the knowledge an employee accumulates from working with customers is converted by any means, and if so, how it is done (i.e., does he/she write it in a system?). The interviewee answered by explaining that the company has an economy portal called ‘My Business’ where employees write down information regarding the customer and a description of the customer. The information that is written is for instance about, when reports should be conducted, when material will be received, who the reports are for, who has contact with the bank, etc. The purpose of the portal My Business is to have as much information as possible written down. This information is also transferred to any new employee upon arrival. However, since it is difficult to keep the portal updated on a daily basis, employees are made aware that a new employee will arrive and take over a specific position and thus, by informing employees about the changes that are being made, the newly arriving employee can become better integrated into the workplace.

### **Interview with Mrs. Modin**

#### **Knowledge Management**

Having an open environment where employees are encouraged to help each other are crucial for developing a knowledge-sharing environment. Mrs. Modin indicates that in her working environment people help each other in solving critical cases and problems, this in turn generates a team spirit where employees share knowledge.

One important factor that is considered in order to ease the process of knowledge sharing is hiring people with positive personality traits. Johanna says that in the recruitment process PwC considers an employee’s past experience and education but values personality as something very important, as it can be a prerequisite for effective knowledge sharing. In addition, when employees are divided into groups they are able to understand and communicate with each other better. Mrs. Modin also says that they

normally work at an individual basis when it comes to basic working procedures such as auditing, however, when they are sent out to have meetings with customers or clients, they normally go in a group of 2-3 people.

PwC's internal educational programs are developed in order to prepare and teach employees about how they should follow PwC's working standards, ethics, and values - in other words, how they should act and work within the company. These internal educational programs are built in a way where employees collectively from different offices for instance, go to workshops and interact with each other. The interactions may either take place face-to-face between individuals or via someone who is presenting in front of a group. In addition, applying a standard of having educational programs and workshops where employees from different offices meet enhances the learning and knowledge sharing process, and consequently allowing the organization to retain more knowledge

Mrs. Modin explained that the forms of meetings are divided; the auditors have meetings four times a year whereas the accountants once a week. She argues that there is a need for more frequent meetings since during this type of meetings, establishing group works to solve current problems or brainstorming new ideas helps the employees develop their skills. These meetings and brainstorming helps employees to develop their knowledge pool, and thus facilitates the learning process.

*“We work a lot in periods and as we work with different customers. Certain periods some employees have less to do whereas others have lots to do, and usually there is always a way that you can help each other.”*

(Modin, Johanna. Interview. 26/4/2016)

Mrs. Modin explains that much of the interaction between her and her colleagues take place in virtual media. Furthermore, she argues that through virtual media, employees can help each other by asking questions freely and receive answers from those who work with similar activities.

Having an open and transparent environment is always critical for developing a sustainable organization. Mrs. Modin explains that whenever she is in need of any expertise, she either contacts a specialist within the organization or seeks help from colleagues with more experience. Moreover, she states that she has strong relationships with her colleagues and that these strong relationships increase the level and effectiveness of knowledge sharing. This clearly shows that she feels free to communicate any problem that might arise. In addition, she also maintains that within PwC, employees get to know each other on a personal level and in that way, employees gain a deeper and richer understanding of that specific individual's competences and expertise.

*“You always need the help of others, there is still new situations that you might not have experienced before, but as others have every experienced.”*

(Modin, Johanna. Interview. 26/4/2016)

Moreover, Mrs. Modin explains that she has a coach who helps her with her personal development by providing guidelines on how she can reach her goals within the organization, while also ensuring that she feels comfortable at the workplace. She explains that the degree to which employees learn is up to them, and that there is no clear program put down for sharing knowledge and learning. Employees simply learn from each other by observing.

*“I think that the greatest part comes from that we learn from each other. An individual who is good at a particular thing usually explains how it works practically. I think you can say that this is how we work mostly.”*

(Modin, Johanna. Interview. 26/4/2016)

Employees make routine descriptions every month. In this stage, tacit knowledge becomes explicit as the employee writes down everything necessary he or she has accumulated. Additionally, explicit knowledge can be shared through virtual media and become tacit. Mrs. Modin describes that when for instance a tax specialist within the organization goes to a information meeting regarding new tax laws, this person later transforms the new knowledge into a manual of a PDF file. This PDF manual is later distributed to the employees within the organization. When Mrs. Modin learns, for instance, new knowledge through virtual media, she later applies the knowledge in cases where it is needed and the knowledge then becomes internalized over time. She further argues that there are certain, perhaps overlooked aspects, one should consider when meeting a customer, such as how to act and react as customers are different and therefore their needs have to be met in different ways. This type of knowledge an employee may possess is very valuable as stated by Mrs. Modin and therefore emphasizes on the importance and benefits of sharing such knowledge with other employees.

*“There are other things you have to consider as well, for example, you may know how to behave towards certain people, some may well be special and some need extra help in specific ways. So I think that one may possess valuable knowledge about these things that should be shared with other employees.”*

(Modin, Johanna. Interview. 26/4/2016)

Furthermore, Mrs. Modin claims that whenever she makes a mistake managers see it as an important part of the learning process and help her understand what went wrong and how to recover from mistakes in the future. However, when asked whether or not she believes PwC should put more emphasis on knowledge sharing, she answered that there is much that can be done to improve such procedures. The reason for this she argues is that all customers are unique and have different cases, so even if one does not have to learn everything, one should know who to turn to for help when facing difficulties in meeting a customer. As a result, “one can save time and reduce the risk for failures”.

### **Knowledge Retention**

Towards the end of the interview with Mrs. Modin, she was asked what type of knowledge she would consider critical to share if she was to leave the company. Her response was that knowledge, especially tacit knowledge, is difficult to replace. This type of knowledge may be for instance specific things she knows about a customer through the relationship that has evolved between her and the customer. She argues that most information can always be read, but it is the knowledge one has built up alone and accumulated over time that is difficult to translate into text. That kind of knowledge is something that could and should be shared to help the next newly arriving employee become integrated into the workplace more effectively. Mrs. Modin suggests that one way to achieve this is by arranging some type of meeting between the departing employee and arriving employee where certain aspects about customers are discussed and where experiences they have had with the customers are shared.

### **Interview with Employee at PwC in Västerås**

#### **Knowledge Management**

Similar to previous results shown earlier, the respondent at PwC in Västerås indicates that workshops are held periodically and that knowledge is often shared through team work (see table 1). The respondent further argues that knowledge is shared in several directions, either by a team manager or by an auditor and that knowledge is also shared through internal regulations and the ‘International Standards on Auditing’, ISA.

In PwCs’ field of business it is important to focus on current laws and regulations. As a result, the company is mainly built upon explicit knowledge. However, the respondent continued explaining that a large part of the organization also possesses tacit knowledge and that this type of knowledge is usually shared through workshops or among members in an auditing team or during lunch breaks. In addition, the respondent indicated that the knowledge is either shared orally through the audit program or questions via e-mail (see table 1). Furthermore, they have coaches who follow up and evaluate the process of the employees’ work, as well as programs that follow up their development. The interaction between the employee and the coach are usually held face-to-face (see table 1).

*“I have a coach who follows up and evaluates my development, these meetings take place face-to-face. We also have programs to monitor the development”*  
(Employee PwC Västerås. Interview. 12/5/2016)

Having strong organizational culture and values sets to be key factors for having an open environment in PwC. The question of whether or not the corporate culture within the organization has a positive impact on knowledge sharing and knowledge retention was asked and the respondent answered as follows:

*“Yes, PwC’s values are important to the organization and is something that a new employee learns. Knowledge is shared from the day you start as you constantly learn new things. The corporate culture is good in the way that you can always turn to other departments or offices if you need help in broader cases [...]”*  
(Employee PwC Västerås. Interview. 12/5/2016)

This shows that PwC’s corporate culture and values have a positive impact on knowledge sharing and knowledge retention and that PwC sets certain standards to follow so that employees crystalize the standards and implement them in their everyday use.

### **Knowledge Retention**

In order to retain knowledge, organized activities must be measured and performed. The respondent indicated that in PwC Västerås they emphasize on creating workshops where existing and new knowledge is shared. In addition, they regularly attend educational programs where knowledge is shared collectively. Furthermore, the respondent said that they also have educational programs online where knowledge is shared through electronic media (see table 1). However, group assignments are not often practiced, rather similar to PwC Eskilstuna, PwC Västerås emphasizes on building teams where knowledge is shared among the team members.

*“Both existing and new knowledge is shared through workshops. We also regularly attend educational programs both offline and online [...] Group assignments are not often created, instead we work in teams, which leads to knowledge getting shared.”*  
(Employee PwC Västerås. Interview. 12/5/2016)

Important measurements to use when sharing and retaining knowledge is creating meetings. The question on whether or not the respondent attends any activities regarding knowledge transfer and specifically meetings on a weekly or monthly basis was asked. The respondent indicated that meetings are often held at a higher level in the organization.

**Table 1: Types of Ba Identified at PwC in Eskilstuna and Västerås**

Types of Ba	Empirical Evidence
Meetings	<p>“Normally our type of interaction is held face-to-face. We have, together with the auditors built something that we call ‘team planning meetings’ where we discuss plans on what to do with every business case [...] sometimes we even have accountants joining us to be a part of the interaction. In that way, we believe knowledge will be shared [...]” (Klintbom, Jonas. Interview. 26/4/2016)</p> <p>“We have area meetings where we discuss the current situation in PwC, but they are only four times a year. I know that the auditors have meetings once a week where they discuss ‘what-to-do’ [...]” (Modin, Johanna. Interview. 26/4/2016)</p>
Team Work	<p>“We work a lot in teams so the right persons do the right thing [...] we also have a setup of knowledge transfer in addition to working in teams [...]” (Klintbom, Jonas. Interview. 26/4/2016)</p> <p>“On our area meetings we normally have group work where we as a team have to solve problems and come with new solutions [...] Usually we have those type of group works one time in the summer and one time in winter [...]” (Modin, Johanna. Interview. 26/4/2016)</p> <p>“If you work in a team as a team member then knowledge is either shared from the person who is the team manager or by the auditor, which means that the knowledge is shared in several directions [...]” (Employee PwC Västerås. Interview. 12/5/2016)</p>
Coaching	<p>“I’m currently coaching up a successor since I’ll probably resign in a year [...] we do this to make sure that he has the right competences for the work tasks when I leave [...] we have key talents that we try to coach more since we believe they can become future leaders in the organization.” (Klintbom, Jonas. Interview. 26/4/2016)</p> <p>“I have a coach [...] the coach has the role to make sure that I’m comfortable in my work [...]” (Modin, Johanna. Interview. 26/4/2016)</p> <p>“I have a coach who follows up and evaluates my development, these meetings take place face-to-face. We also have program to monitor the development.” (Employee PwC Västerås. Interview. 12/5/2016)</p>
Workshops & Lectures	<p>“We attend conferences where we socialize for a couple of days [...]” (Klintbom, Jonas. Interview. 26/4/2016)</p> <p>“We try to book up meetings when employees have attended educational programs so that they can share the knowledge they have learnt [...]” (Klintbom, Jonas. Interview. 26/4/2016)</p> <p>“Approximately 95% of the educational programs are performed internally [...] it all starts with a one-week program called ‘boost camp’ where new employees learn PwC’s values and different systems [...]” (Klintbom, Jonas. Interview. 26/4/2016)</p> <p>“Internally, at the office we usually have workshops, if anyone have something to say we gather all the staff members and discuss it [...]” (Modin, Johanna. Interview. 26/4/2016)</p> <p>“This knowledge is shared either through workshops, in the audit team when they are out on assignments, the lunch room or freely between colleagues in the office [...] Both existing and new knowledge are shared through workshops [...]” (Employee PwC Västerås. Interview. 12/5/2016)</p>
Social activities	<p>“Normally when we work with the business plan we try to have fun. For us, it is like a party. However, there are moments where we also build groups of individuals where the aim is not to discuss the business plan, but rather about their personal life. In that way</p>

	the employees will get to learn each other better [...]" (Klintbom, Jonas. Interview. 26/4/2016)
Electronic Media	<p>"Then, of course, sometimes the interaction is held through e-mail or via our portal called 'My Business' [...]" (Klintbom, Jonas. Interview. 26/4/2016)</p> <p>"We interact a lot through face-to-face communication, but we also have a built in chat function in our mail-system where I can communicate with the employees [...]" (Modin, Johanna. Interview. 26/4/2016)</p> <p>"Knowledge can be shared both orally and through the audit program or question via e-mail." (Employee PwC Västerås. Interview. 12/5/2016)</p> <p>"We regularly go on training courses and attend online courses." (Employee PwC Västerås. Interview. 12/5/2016)</p>

## 5. Discussion

### The Knowledge-Creating Spiral

#### Socialization

As individuals within organizations possess knowledge that is critical for the company's future survival, organizations, especially in the service sector, become significantly dependent on their human capital. In the case of PwC, employees are normally addressed different business customers. The relationship that is built between them is formulated into tacit knowledge as the employees, normally two to three, are the ones who are in direct contact with the customers, thus gaining a larger knowledge-base that evolves through these interactions. Traditionally, PwC's employees worked on an individual basis, meaning that there was only one who was responsible for a business customer. This in turn, could have generated a loss of competence if the employee chose to leave the company. However, since the responsibility is now divided into two or three people, PwC sets to work over this traditional barrier of losing competence. Therefore, Mr. Klintbom argues that because there are three people working on one task rather than one individual, the company reduces the risk of losing critical knowledge to a great extent. Nevertheless, knowledge retention is not solely dependent on the number of employees. In order to sustain effective knowledge retention, interactions must take place in a collaborative context (Droege & Hoobler, 2003). Taking this into consideration, informal activities and meetings are essential as it allows relationships to evolve, and thus increasing the number of interactions and the level of collaboration.

As PwC lays a great focus on building a team spirit where employees work together, this allows employees to observe and learn from each other. The responding employees both explain that they get to share knowledge during workshops and meetings. Four annual meetings are held where a general overview of the organization's performance is discussed. Two of these four meetings involve brainstorming where everyone is encouraged to bring forth their ideas and thoughts on more or less any relevant matter. This type of meeting is vital for the discovery of new knowledge that can be applied in the organization's processes and thus enhance performance. However, as argued by Mrs. Modin, such meetings need to occur more frequently since individuals pick up new information and knowledge on a daily basis. By simply allowing thoughts and ideas to come into play can endow the company with significant benefits where the organization can discover important details that might otherwise have been overlooked. Although PwC does implement processes where retiring experts pass on their experience-based knowledge to the next generation, the results of this paper provides sufficient evidence that the organization has to some extent disregarded the significance of capturing and sharing such knowledge from the rest of the employees, instead the focus is primarily on the creation and utilization of explicit knowledge. This falls short in critical and complex situations that require various expertise and tacit knowledge that has been accumulated through interactions, observations, and practices. The value of tacit knowledge is often underrated and underutilized in the workplace which is evident in the findings of this paper. However, most of an organization's critical knowledge, especially those in the service sector, stem from face-to-face interactions between employees and clients/customers which are then transformed into tacit knowledge. As expressed by Alavi and Leidner (2001), the codification of knowledge does not add value to knowledge, and neither does it improve the performance of an organization, however, it does promote knowledge transfer (Syed Ikhsan & Rowland, 2004). Mayiwar and Håkansson (2004) further build on this view by stating that "in order to realize transfer, knowledge needs not only to be sent to a recipient but also be absorbed and put to use".

Mr. Klintbom explains that they seldom have any informal activities where people can simply spend time together and share knowledge. Informal activities function as platforms in which relationships are built, which can then facilitate the sharing of tacit knowledge (Nonaka et al., 2000). According to Nonaka et al. (2000), in order to formalize tacit knowledge, individuals have to interact through shared experience by absorbing the same context and by spending time together. Sharing knowledge and experience is important in auditing and tax advisory firms such as PwC since it can improve the ways in which employees carry out their tasks while reducing the risk of making mistakes which can be detrimental for the organization's performance. The management of PwC Eskilstuna acknowledges the significance of tacit knowledge and believes that this type of knowledge is highly valued within the company. However, Mr. Klintbom argues that such knowledge cannot be taught nor shared, it is simply an intrinsic skill an individual is born with. His statement points to a rather low level of consideration regarding the significance of capturing and disseminating tacit knowledge. Understanding the different characteristics of relationships is essential as they can function as gateways for the development and nurturing of knowledge sharing and learning (Fisher & White, 2014), where knowledge assets such as trust flourish and moderate the knowledge creation process (Elfenbein & Zenger, 2014; Krogh, Ichijo & Nonaka, 2000). The importance of strongly embedded relationships within the organization's social structure lies within the fact that this leads to more collaborative interactions, and thus more knowledge sharing. This positive link between strong relationships and a collaborative context is evident within PwC, however, this seems to hold true among the employees and not between the employees and managers. One might argue that strong relationships between managers and employees is unnecessary due to their different roles and tasks, however managers are those in charge of implementing the organizational knowledge. Therefore, this paper suggests that more effective ways of transferring knowledge between different levels within the organization is needed, which can be facilitated through the establishment of relationships.

When a company designs a specific organizational context, it becomes crucial to understand and identify the various characteristics of the organization's social structure (Kogut & Zander, 1996). In PwC's case it is clear that the organization's social structure is primarily built on strong ties. This is evident from this study's empirical findings. For instance, not only does Mr. Klintbom emphasize on creating a team spirit within the workplace, but Mrs. Modin, an employee at PwC strongly emphasizes on her level of comfort at the workplace due to the strong relationships she has with her colleagues. The existence of strong intra-organizational relationships is a pre-requisite for the development of effective knowledge sharing as it nourishes trust and commitment. Regardless, there needs to be regular and structured meetings where employees exchange knowledge, while being aware of the purpose of the meetings and the importance of knowledge sharing. As discussed earlier, these strong ties appear to be absent between employees and managers. In one case as explained by Mr. Klintbom, an employee left the company as he was unaware of his future possibilities within the organization. Such situations can result in the company losing not only the departing employee's knowledge, but it also negatively impacts the organization's social structure - i.e., the departing employee might have been a critical resource in enhancing the performance of other employees inside his own internal network of relationships (Granovetter, 1973). In this case a lack of effective communication and knowledge transfer is clearly evident. As employees are PwC's most valuable assets, it is important to manage knowledge effectively. Paradoxically, Mr. Klintbom explicitly explains that they have yet not implemented any structured processes to manage knowledge.

## **Externalization and Combination**

At the stage of combination of the SECI process, the tacit knowledge that has been explicated in the externalization stage is then sorted, combined and categorized (Nonaka & Takeuchi, 1995). Employees in PwC gather and write down information collected from i.e. meetings with customers. Thereafter, knowledge and information gathered by various employees is combined where each employee synthesizes different sources of explicit knowledge into PwC's My Business portal which is designed to provide necessary information, such as valuable insights, reports, information about customers, deadlines and etc. The purpose of PwC's My Business portal is to combine knowledge from all employees throughout the organization. However, such combination is not solely dependent on the system, rather, the process of combining knowledge has powerful roots in how management practices are designed and implemented. Consultative decision-making and open access to organizational information can increase employee commitment and performance. One of the responding employees, Mrs. Modin, explains that she would find it helpful and beneficial if more meetings were held as important information and knowledge gets exchanged. Moreover, with regard to PwC's managerial practices, PwC's key talent management can become a barrier to effective knowledge management. The reason for this is that the organizational environment becomes competitive which results in silo thinking, i.e. focusing on the interests of only one part of the organization or an individual's personal interests, thus impeding knowledge sharing as individuals may attempt to isolate their knowledge from other members. In addition, by following such managerial practices, knowledge will only be captured and combined from a limited number of employees, thus excluding other employees who may be in possession of valuable knowledge. Combining knowledge and information from more employees can lead to not only a broader perspective but also a more effective conceptualization of knowledge when storing it in a system – in other words, enhancing the value of the stored knowledge. Less rivalry within the organization can provide significant benefits because it can allow managers to extract not only more knowledge from employees throughout the organization, but also valuable knowledge since during the translation of knowledge, each individual adds value to an existing piece of the knowledge.

Furthermore, PwC seems to focus mostly on explicit knowledge. Although it is mostly explicit knowledge this company is built upon, tacit knowledge should not be neglected as it can provide key insight into details and matters that are not in line with the company's business strategies, but may be important resources that can elevate organizational performance. This situation supports the top-down decision-making and works against sharing of knowledge. Top-down management means that the company is aligning talent management strategy to the business strategy that demonstrates unwillingness from top management to receive advice or information from people below them in the hierarchy. The lack of regular meetings in which organizational members get to share knowledge also supports the existence of top-down management. As both of the interviewed employees state that meetings are only held regularly at the higher levels within the organization.

There is an additional factor discovered within PwC that may act as a strong impediment to successful sharing and combination of knowledge, which is its organizational culture. First of all, as PwC is a company with its focal point being in crunching down numbers in e.g. financial reports, the emphasis is mainly on explicit knowledge. This shifts managers' focus away from attempting to capture tacit knowledge that employees accumulate through internal and external interactions. A Western culture is clearly identified within PwC, just as almost any other company in Sweden or even Europe for that matter. Unlike Japanese culture, which is where Nonaka and Takeuchi's SECI model is derived from, Western cultures focus primarily on explicit knowledge (Nonaka & Takeuchi, 1995). Secondly, Western culture is normally monochronic task oriented (Hall, 1989), polychronic orientation on the other hand

involves higher flexibility and openness. What this means is that there is a more open environment, for instance a manager's office has an open door, meetings are regular with everyone involved, willingness to change plans often and easily, and building long-term relationships is in central focus. The purpose here is not to suggest how PwC can completely become polychronic task oriented as it is mainly influenced by a nation's culture, rather some of the ideas and views can be applied and put to use. The existence of higher flexibility and openness can allow valuable feedback from employees to be taken into account. As argued by Mayiwar (2005), "There is no doubt that feedback is a fundamental factor in the learning process. Feedback can be defined as information about what happened, the result or effect of our actions". Nonaka and Takeuchi (1995) argue that polychronic task orientation highly stimulates the combination stage.

### **Internalization**

Although the work at PwC is performed individually, both of the responding employees strongly argue that they receive support from other organizational members whenever help is required. For instance, Mrs. Modin paints a situation where she needed help and was supported by another employee who was very willing to help her and provided her with practical demonstrations. Information that was accessible to her was made easier to understand by the help she was received, and thus highly promoting her learning process. Nonaka et al. (2000) explain that it is within this stage where externalization of knowledge is promoted since tacit knowledge in the mind of one individual is shared and expressed through interactions.

The internalization stage can be greatly improved if a strategy is implemented in which, for instance, skilled employees share their knowledge with others. By doing so, explicit knowledge available in PwC's system, such as the My Business portal, can become better articulated and better utilized. Additionally, this gives employees access to a larger pool of knowledge that might not be available in the corporate system. This will also provide employees with an understanding and ability to identify critical knowledge. PwC has a large focus on expertise management, which is important since this allows them to target specific people who possess critical tacit and experiential knowledge – they refer to them as 'key talent' employees. The issue that has been discovered from the empirical findings is that PwC lacks any kind of method in which the knowledge possessed by the key talent employee can be shared with others. An additional barrier discovered in this case is that developing specialists in one narrow domain can hinder learning-by-doing (or experimental learning). If PwC was to focus on developing generalists rather than specialists, a profoundly more efficient context for internalization can be created (Glisby & Holden, 2003). Specialists work well when conditions are perfect, serving a specific purpose in a competitive context. Generalists on the other hand are able to adapt to new changes, they know a little bit about a lot. Attempting to develop generalist within PwC can strongly enhance the internalization stage as employees acquire a chunk of knowledge from different corners of the organization. Consequently, this will provide the company with a much broader perspective whereas relying on a single perspective can become problematic. Doing so is important as employees in the service sector are constantly interacting with different customers/clients, accumulating knowledge and information both inside and outside the organization.

The person who possesses specific knowledge needs to address the knowledge into written form and later explain it and apply it into a shared environment. The knowledge shared will later be absorbed and accumulated into the minds of the ones who are willing to learn. In addition, combining knowledge through shared experience and practical exercises allows the learning employee in PwC to accumulate and absorb the same type of knowledge that was originally shared. Doing this repeatedly will internalize

the knowledge absorbed in the mind of the learning employee and thus, tacit knowledge that originally was hard to imitate becomes shared and stored in the minds of others. Furthermore, Nonaka et al. (2000) refer to this process as “learning by doing”. PwC has indeed a wide acceptance of learning-by-doing within the organization’s environment which allows employees to learn from their mistakes. Consequently, as argued by Mrs. Modin, this leads to an enhancement of the knowledge retention process as such learning becomes ingrained within the individual’s mind and thus becomes internalized. Moreover, to facilitate the internalization stage, employees can be told or encouraged to carry out unfamiliar tasks which would require deductive reasoning. This can be done through job rotation which highly stimulates the internalization stage since employees are required to learn new things. Mayiwar and Håkansson (2004) explain that such a strategy is used in the interpretation of knowledge where an individual uses facts, rules, and heuristics to reach conclusions. The individual then decides the work procedure of the reasoning strategy (Mayiwar & Håkansson, 2004). It is important to acknowledge the fact that applying methods and processes in which knowledge gets shared between organizational members is not sufficient. Knowledge sharing and learning activities need to be transformed into routines, i.e., become on-going and regular processes. By doing so, employees’ ability to internalize pieces of knowledge can be greatly enhanced, consequently improving the organization’s ability to retain knowledge.

## **6. Conclusion**

This paper seeks to suggest how knowledge-intensive companies can enhance their knowledge retention process through the knowledge-creation model proposed by Nonaka and Takeuchi (1995). Moreover, this paper considers knowledge retention as an ongoing process involving various stages and steps (Schmitt, Borzillo, & Probst, 2011; Madsen et al., 2003; Walsh & Ungson, 1991; Tsai, 2001). To be able to effectively assess this process, the knowledge-creation model has been chosen as it provides a comprehensive and integrative conceptual framework for organizational knowledge. Tracking and capturing tacit knowledge of individuals in a way that can be leveraged by the company is one of the fastest growing challenges in knowledge management. In addition, since many organizations in the service sector are built on individual-based working conditions it becomes imperative to implement effective knowledge management tools that leads to higher levels of knowledge retention (Droege & Hoobler, 2003). The findings demonstrate that although the respondents found it easy to understand the need for knowledge retention once they were aware of the concept, no preliminary assessment project was conducted. PwC recognizes itself as a knowledge-based company with the employees being its greatest resource, however, there are many gaps that need to be filled in order to achieve knowledge creation, which can then facilitate knowledge retention. The empirical findings of this paper strongly support the findings of PwC’s annual report where management lacks a determined plan to tackle the growing challenge of retaining critical knowledge and competencies.

Tacit knowledge is shared, articulated, developed, and created continuously in order to adapt to different clients’ contexts. Knowledge intensive firms, such as PwC, facilitate the knowledge conversion process in different shared contexts as ba. The interactions that take place in different contexts help employees to share their problems, gain insights, and exchange ideas with each other. These interactions are also shaped and moderated by factors such as trust and commitment. However, PwC’s offices investigated in this study are made up of a relatively small number of employees, which leads to less interactions. Therefore, it is important to create informal activities in which employees can interact and gradually develop relationships that can then facilitate knowledge sharing. Moreover, the existence of explicit knowledge is not sufficient, tacit knowledge must be captured and disseminated throughout the organization. This can be done by allowing more frequent meetings to be held where organizational

members can share valuable ideas and thoughts that may be hidden and isolated if not given the possibility to share them.

Although it is primarily tacit knowledge that drives knowledge-intensive firms in the service sector, the focus is still on explicit knowledge. Recognizing the value of tacit knowledge is critical, as such knowledge provides insight into details and matters that may otherwise be overlooked by management. Companies are normally effective in identifying employees with unique competencies, however their knowledge needs to be shared with surrounding members. By doing so, other employees can better learn and internalize knowledge in their minds. When individual knowledge is shared, different pieces of knowledge from different sources complement each other and augment the overall value of the organizational knowledge. A knowledge-sharing environment is interactive, which consequently accelerates and enhances the process of retaining knowledge. Although this paper recognizes that knowledge management strategies vary depending on the nature of organizations in which it is being implemented, the significance of knowledge management should not be neglected by any type of organization. Effective use of knowledge management tools and designing an open environment that encourages the sharing of knowledge can boost organizations' performance by creating value for the employees, and in turn, its customers. Although organizations cannot retain tacit knowledge to its full extent, an organization should aim at retaining as much tacit knowledge as possible and transform it into competencies.

## **7. Limitations and Future Research**

Furthermore, this paper contributes to research in the field of knowledge management, specifically knowledge retention. This sub-discipline of knowledge management, knowledge retention, is not fully covered either in academic research or in published business case studies (Levy, 2011), which raises the need for further research within this particular field. As growing trends such as employee turnover results in organizational loss of knowledge, it becomes of paramount importance to understand how critical knowledge possessed by individuals can be retained in order to sustain performance. As no model was found that specifically concerns the process of retaining knowledge, research on knowledge retention should be prolonged and more models regarding knowledge retention in terms of thorough planning and implementation phases should be improved further (Hofer-Alfeis, 2009; DeLong, 2004 & Levy, 2011). This paper focuses only on PwC in Sweden, thus it would be interesting to extend the field of this research to other sectors. Additionally, an empirical study on a larger sample would increase the likelihood of the generalization of results, as well as other moderating factors of knowledge retention, such as the culture or size of the company, which could be integrated into this research. Moreover, a mixed research approach including qualitative as well as quantitative methods would be interesting to gain a more in depth understanding of the retention of knowledge. Finally, employee turnover does not only have negative effects, bringing in new knowledge and competencies into an organization may increase the organization's capacity to become more innovative. Therefore, future research should also look into the potential advantages of employee turnover for organizations.

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## **Appendix 1: Interview with Mr. Klintbom**

Jonas Klintbom

Interviewer Okey, we start with this. What's your name?

Interviewed Jonas Klintbom

Interviewer And your position at PwC is?

Interviewed I'm the office manager for the region of southern mälardalen which consists of Eskilstuna, Köping and Arboga, within the division of Business service, accounting that is.

Interviewer And how many years experience do you have of this?

Interviewed 17 years

Interviewer Okey, could you tell a little bit about yourself?

Interviewed Professionally, I've worked here for 17 years. I worked half a year before this at another firm, but since '99 I've worked at PwC. I began as an accounting associate after my university studies, and worked with that for about 5 years, and the last 12 years I've worked with questions regarding accounting. The past 10 years, I've been responsible for the business service-division here in Eskilstuna and since 2 years back also for Arboga and Köping. The work consists of management of 25 employees and general managerial issues. A lot of the work consists of market issues. Perhaps 20% market, 20% of selling, trying to acquire new customers. We have pretty high demand on growth so a lot is about getting new customers. The rest of the time goes to quality assurance and customer contact, as a responsible for that. Also, some financial statements, even if it isn't much of it, it's more advanced issues I deal with.

Interviewer The structure, how is it within the organization? Generally at PwC.

Interviewed Generally about the structure, it depends on what you want to know. But regarding how the employees are organized or? If we consider Eskilstuna, or southern mälardalen, I'm the office manager and thus responsible. Then we have 2 group managers which manage the assistants and some consultants, while I'm responsible for the great part of the consultants and the group managers. Then in my turn, we are part of a cluster as it's called, or region in Swedish. Within this cluster, there's about 10 offices with 400 employees, and in turn there are about 5 to 6 of these clusters in Sweden. So, I have a cluster manager as my boss, which in his turn has a manager, who has the utter responsibility for our business. Within the office, you could say that there is 3 levels of employees, and also within individual assignments as well. We have one that is economically responsible, or account manager, we have one consultant on almost every mission, and we have assistants. The assistants are usually YH-educated or similar. So the structure exists, and work a lot in teams so the right person does the right thing.

Interviewer Okey, this could be a hard question but what do you consider as this company's most important competences?

Interviewed The most important competences. I'm not really sure what I should answer here actually.

We possess a lot of competence today which, we work a lot with questions about how we should lift our business from being a binary knowledge, i.e., the relation between digits. That knowledge will be handled by computers in the future, so we work a lot on how we could take ourselves to the next level in which computers can't handle. Doing accounting or financial statements isn't harder than computers being able to handle in the future. It is about other questions which you can't weave in to this, to raise the level of knowledge a little bit. But of course, this is a knowledge company where our greatest asset is our employees.

Interviewer We'll be moving on to touch the subject of transferring knowledge, so the question is this. With who, internally, do you transfer knowledge to and cooperate with?

Interviewed Internally. We have an approach for this in the sense that we work within team, and by having these three levels of employees at every assignment, thus generating knowledge transfer. Those who are more experienced and so on consults and quality assures to the level under them. In that way we get a knowledge transfer from each level of employees. I work the same way with the group manager working under me, and have already assigned a successor to me, of course. And it has gotten better in the organization, to early ask the question to the people who are leaders and to those who are under the management level to see who are our future leaders so that we can coach them up too. Historically, the leadership of this company was a reward. If you were good at your job you become a manager. Now it's a bit more that if you're a good leader, is more important than getting it as a reward. Because being good at your job doesn't really mean that you're a good leader. So it's more and more that we look at those characteristics. And today I have one, since I most certainly will resign from my post within a year and to that we have a intended successor which I coach and we look at how the person should have the right expertise when it's time. And the same way it's done within the other parts as well.

Interviewer But considering this knowledge transfer, how does this process work? What types of activities do you use for transferring knowledge?

Interviewed I can say that I don't think, or it isn't very structured really. The structure is that we today work in teams. Historically, we worked a lot in the sense of doing everything yourself from the start to the end. You received records and then you did the accounting, then you did the statements and then the tax returns. You did everything on a client. With that, we lost a lot of knowledge transfer around the knowledge about the client. So if the person quit, then we lost both the personal knowledge and the knowledge about the client. Today we have more contact surfaces towards the client. We have an assistant, a consultant and an account manager. Which means that if we loose one of them, there are still 2 left who knows the client. This makes it much easier to replace the lost person. Then, we work a lot to work as structured as possible throughout the company. We have process maps which describes how we really should work with every step. It's also written down with each client, the clients needs, what the client does and if there's something which departs from standard procedures. Otherwise, it's most a 'on the job training', we learn from each other. Of course there's them who's better or worse at transferring this. Then we have several key talents as we call them, people who we've considered potential both as leaders but as well as becoming successful within the organisation. These key talents, we try to invest a little bit extra into and coach them more, to retain them and also make sure they understand themselves their potential. A problem we've had is that some quit without knowing there's a plan for them.

Interviewer And what is it that you look for, in an employee which has the potential of...

Intervjuad It's difficult because it's different. It can be someone who we see has the potential to become a very good consultant and so on as well. But it can also be someone who we see as a future leader, so it is obvious that it varies a little bit what it is exactly the skills you seek. But a lot of these parts such as market knowledge and sales are the parts that you almost have innately. I think it's difficult to learn to be, of course it's possible to learn the techniques of how to act in meetings, etc but the natural customer contact is almost innately.

Interviewer But before we continue, the type of knowledge you possess, the one you can't touch, do you have any methods where you try to transfer this type of knowledge?

Interviewed No nothing else but the work process I described. Those who we consider key talents, will be attending more meetings and see how others act, and in that way learn it. It is a knowledge that is very difficult, because I can't tell you what makes it go pretty well for me in the customer contacts, or when I sell in and get new customers. What have I done, it's very difficult to say and put a finger on. It's very difficult to say since I can almost not myself take on it.

Interviewer Then there may well be a different type of knowledge also that you were talking about before, when, say that an employee has contact with a company, and it's they who are responsible for that company, and if there are 3 people who keep track, but if someone leaves, it would not be any problems. But the knowledge that the employee receives, is it converted in any way? Do you write it in any manual, do you write it in any system so that you can keep track on the client?

Interviewed Yes some of it is in our economy portal called My Business, where we write down a mission statement, thus, what applies to the specific customer. When we're supposed to do reports, when we receive material, who's going to have the reports, who reports to the tax authority, who's got the contact with the bank etc. The complete set of routines frankly. That's written down, or at least the intention is for as much of it as possible to be written down. And in that way, it's some kind of knowledge transfer around the client. Then there's a lot of, that once someone has resigned it's about as quickly as possible try to download as much of the knowledge as possible to someone who going to take over the work. Usually there is no time to get a new employee but it's a must to find out as much as possible. And when someone quits it will be mostly updating the records, because in reality these mission statements aren't frequently updated.

Interviewer But how do you experience the employee turnover? Do you get the feeling of it being quite high turnover?

Interviewed I can't answer whether, I think we have a employee turnover of 14-15% within the firm. It might seem quite high but I do not think anybody, it's never anyone who said that it would be alarming in any way. But it is clear that there is much discussion about how we should retain the right staff. Because we have a certain turnover, and in some sense it's this way the system works. Not everyone can become the manager, not everyone can work here for 15 years. For somehow, specially audit but also accounting is built so that, in accounting you're a first year, second year, third year. You advance and get new, you might become a team leader or become a group leader on missions and so on. But finally, not everyone can advance, because in some way it's a triangle or pyramid, it needs to narrow down. For that reason, there's those who quit, quite frankly, that there's not room for them. There is someone sitting, on my career path, there is someone blocking the way, and the smaller the office you are... Some might think that I'm in the way of their career. And I am, of course. Then the bigger the office, the more places somehow to reach. So there's a

reason. And then it's always a competition with companies and our own customers, other customers that in the short term may pay more than we do for our employees. We consider the first years here as a continuing education; as a paid education. Which means that the salary is not that great, but we're not a low-paying agency.

Interviewer But do you motivate your employees in any way? I'm thinking, so that they see a future within the organization.

Interviewed We try to do it. It is also more or less depending on what the employee wants. We have employees who want to, pronouncing that I want here but not any further, because the work changes with advancement. What I do is a very big difference to what a consultant does, and even greater contrast to what an assistant does. The flexibility required in a different way on a different level, and it is not everyone who wants to work that way. It's not everyone who wants to be a client manager, not all wants to make financial statements. You might want to work with continuous accounting. But for those who have it we'll show both the short and the long term, what one has for possibilities and we try to give them the tools to get there, then if they do it's very much up to the employee. But we have our own training pace that you can go and then we try to talk about what we have as goals. Even those we might not really believe in as much, this is hard, we do need a number that does not want, who is good at what they do but do not want to advance any further. Then we are dependent on too of course.

Interviewer I'm thinking of a thing for your employees, the whole environment of the company, are you trying to emphasize an open environment where employees can talk to each other, where they can share knowledge with each other? Is this something you're trying to do, attempting to create such environment?

Interviewed Yes, we try to, and foremost, it differs somewhat between the offices, how the climate is. Although it is the same company, you would think that it should be equal but it differs quite a lot. Here I would say that we're pretty good, or one of the advantages is that there is no-one here who is too fine for, or too good to be talking to, instead there is a transfer of knowledge from those who are oldest and really good at complex accounting issues but who isn't that good with new technology, and in today's work, there's a lot of technology. Just turning on your iPhone... So if you take such a simple matter as that, it's of course that we give and take as well. And we try to have that remaining, to have that environment. There are offices, certainly larger offices where there are perhaps some 'circles' and some type of environment where some appears to be a little bit better, or too fine, to talk to. We've heard of some offices where there is a little bit like that...

Interviewer A general question is, if we go back a bit, how important do you think it is to retain an employee's knowledge before he or she leaves the company?

Interviewed That varies of course with who it is that leaves the company.

Interviewer If it is someone who possess unique and critical knowledge.

Interviewed What is, or with the planned retirements, there we can control it to a great extent and in these cases we have made up a plan for how we should download the considered knowledge, and also the fact that the person who's job it's going to be to take over, should receive this knowledge. Other people, it's mostly about the one who's quitting, that you create a plan over what this person knows

and what is needed to know internally after this person have quitted. Then it's the general deal, if you can put it like that, competence refilling occurs by working in teams, by working in these assignments.

Interviewer If you look at the market situation in Eskilstuna as it looks right now, there's a lot of competition, and also with the new agency BDO opening. Have you taken any specific measures addressing this? Because it's not any small up comer, they have some sort of ambition to compete with PwC as well as Grant Thornton. Have you in any way adressed this within the office, and talked about it? Because you have, as I've understood, had some who've left for BDO? Haven't Mathilda Krüger left, for example?

Interviewed Well, we have talked to he who is the manager there to leave ours staff alone, quite clearly, and shakes hands on it. But in reality it's another issue. We have not worked historically with stealing other agencies staff while Grant Thornton, well, it's almost been their business concept, and he is now moving on to BDO as manager, so... The only thing we have done in this respect is that of course try to preserve as much of our staff as possible, so that they do not think it is an option to change quite easily. And this is an industry where you can't, there are the industries that have quite a lot of changes between companies, while, in this business, you get no good reputation if you change employers. It sounds strange but it has been this way historically. Rather, it is here that it happened a lot both in Grant Thornton, BDO and KPMG. It's like a little shaky when it gets like this. Customers are of course worried, and so on, so here we have more said that we will try to be on your toes. There's lawsuits in the air, I mean, those who have left for BDO have gotten lawsuits on them, and the clients are left behind in the middle of this, and there's different contracts with penalty and so on making this a situation where clients take the great loss. Currently, we have assignment which is ruined at Grant Thornton but the responsible for the assignments arn't there any more and so on. Otherwise, the only way is to try to have such a good condition as possible and that the staff should feel comfortable so you get to keep them. Those we've lost are perhaps those who have not really seen their development here or been promised things elsewhere, which we haven't promised them. Someone has actually had a plan that weren't communicated and we lost a person of that reason. Had the person known about the plan, they might have chosen to stay. Some of the people we have lost are, well it havn't been any long term negative effects of it. Then you are of course good at getting to the idea that those who are no longer here, well, you convince yourself that they were not right for the job. It's something you do automatically to protect yourself. But that's how it can be...

Interviewer Backing up somewhat, I'm thinking of the interaction process. Once you've transferred knowledge, when it's done. How does it happen? Is it a face-to-face interaction, simply by speaking to each other, or is it through virtual softwares?

Interviewed Most commonly, it's face-to-face. Then we have a way of working, especially together with auditing, where we have team planning meetings, as we call it. Simply going through what should be done on the missions and so on, and sometimes we are on the accounting side with there too, thus transferring knowledge. For sometimes it is more obviously the one that is Account Manager who has information about the customer, what the customer has for plans or what happened during the year, when looking at the financial statements. But most of it takes place through face to face or in a group as well. Then sometimes it's obviously by email when informing, alternatively through the portal on My Business.

Interviewer Do you have any other types of activities in which you are trying to get people to know each other better simply, where there is not really formal meetings simply?

Interviewed Party or what?

Interviewer Yes, it could be a party...

Interviewed No but most commonly it's the work around the business plan and so on. But there, we try to have fun together. We have a party, but also elements and subsections where you're trying to build groups and so on where you can talk, not just about the business plan but also job satisfaction and what's important about the workplace and in this way getting to know each other. But obviously, conferences where we hang out for a few days, where the effect is that we get to know each other a little more. The fact that we work as we do, there are many who do not work with each other, and not working with each other, in this world, means you don't get to know each other.

Interviewer Would you say that you are listening to employees much? Are you trying to get them to give feedback?

Interviewed Yes that's what we're trying to get, that there is an open environment, that there is a high ceiling, and we like to get everyone to speak. Yet it's a fact that not everyone does that. We know that and have a few, often when you become a manager you will hear things spread like rumours, since you, in some way, become a somewhat outsider from the group. Some discussions won't reach but we're trying to encourage people to speak up. I'll usually say that in my leadership style, I'm not sitting around thinking much about if a person really meant what he said. If I've got an answer on my question I usually won't think about if the answer was true or just something that he thinks I want to hear. If you say it's okay, then it's okay. I usually say that you can not sit and be upset for something if you have not provided what you think, or suggested some improvements. If I then say, no, we won't do that, then you can be upset. But if you sit and talk with colleague opposite who have the same position, it's not going to get better, nothing will happen. You have to drive it to the right person. That's what we try to encourage, but then it is of course a step to get there and do it.

Interviewer I think of a thing, there's a lot of teams. It's much teamwork, so to speak, so then it is that you gather together people who share the same knowledge when they work together. But do you divide the teams in regards of different knowledge?

Interviewed No, it separates a bit but if I talk about my business, so based locally, Eskilstuna, you can say that everyone who works in my division, business services, works with each other in some way. We usually don't pick the teams from, or you pick the teams from what knowledge of specific industry or such, or from how advanced an assignment is or so but otherwise, we haven't thought much about if the person in itself can work well with the others in the team, but more that we need a person on each level. So, I could say that each assistant works with each consultant and each account manager, and vice versa. So there's a mix there. Then if you look at how we work with Arboga, for example, they do not work much with us. But at the office, we're working with all one can say. And it's not like that which could be in bigger offices, where you could have units who works with a particular industry for example, or a team who works with a specific type of company for example, who works a lot together, that's not how we work here. Instead

Interviewer It's exactly what I thought of, if there are any differences if you compare the Eskilstuna office with, for example, Stockholm. But that's exactly what you explained, that they perhaps works more niched towards a specific industry, so that the teams are a bit more based and that you don't have the 'everyone works with everyone'...

Interviewed Especially within auditing I would say, where it's definitely so that they have their own industries with such real estate. Where it is required that one is more of a specialist in the area and then one more to being a specialist organization. Formerly worked it a little, or if you were new here you worked a little bit with auditing, and a little bit with accounting. You worked with both tracks and then you picked your track. Now it's one track, you get into auditing or you get into business service, where you work with accounting. We lose some because of that, there are those who have their opinions about that, that you become so specialized. But in some cases you have to be, specially in Stockholm with the bigger companies, you must be specialized on every real estate issue or whatever the industry is. And then you can't have Kalles Korvkiosk here and a trucking company there. Here we work with a little bit of everything you could say. Then of course there are them who are really good with for example trucking companies, and then you might have a lot of them who you work with, but there's no specialized divisions here.

Interviewer If you change the perspective completely, and think from your perspective instead. We imagine that you should gather information, you should gather knowledge. What types of methods do you use? Do you for example walk around in the office, do you ask, do you check your competition. How do you do when you gather new information, new knowledge?

Interviewed A lot is about talking to colleagues and so on. Then there's of course a big part where you sit by yourself and read up on new laws and regulations and so on, or what's happening on the market and so on, and in that way stay tuned. Try to have contact with competitors, and to know what is happening there and so on. Trying to be out on the market as much as possible and be seen and hear what happens. Otherwise it's to talk a lot with experienced colleagues, but now we're getting into a situation where we are, although I'm not really old myself, I think, we ended up in a situation where we become the oldest guard here in Eskilstuna, anyway. We who are the managers here today is among the oldest, and it's a little bit scary that there's no-one in the office who have the next level of knowledge...

Interviewer And a followup question to that is, where have they gone? Is it due to natural reasons with retirements or have they left for other companies?

Interviewed No it's retirements you could say, and also it've happened a lot within PwC. It has to do with structure and history. Historically, we have been many. If you look at this, specially within auditing, where you really climb the ladder, and it's hard to find the the right person on the market who fits perfectly within the ladder, then it's sometimes about misfortune with economic cycles and other reasons where you lose some and that creates a gap. And to that, the smaller we are and the longer we have been in the managing position, the longer the career way have been closed so to say, and in that way more have quitted since they haven't seen the next step. Because it's already filled up so to speak. And then it's so, we are out working a lot with customers and it's clear that you get a lot of suggestions for new job offers if you say. And then, it's all of course about those who have the 'calling' to work as a consultant and work with a lot of different companies, with a lot of different issues, they are still there. Then there are those who dream of working with just one company and their issues, and think it might be fun in the future, of course we have a hard time to get them to stay with us, because they want something else. Many are very young when they start here. We're one of the few industries that takes in graduates. There's few other companies that do. We want to train our staff ourselves.

Interviewer I thought of, if you describe that you're sitting on the highest level and that there's not many older than you which you can turn to if you need more knowledge. Where internally could you turn if you need more knowledge? If you have a question which you need answers for, but which none of your

experience colleagues could answer, is there any higher step so to say in which you could turn to in order to get this knowledge?

Interviewed Yes, we can say that within those sectors most I would say, or if nothing else, I believe it, that we have the utmost excellence in basically the most areas, within this business. We have the best lawyers, we have the best tax experts, we have the best accounting people, we have accounting speciallists sitting in Stockholm and are specialised and are even sitting in the councils. Who's sitting in FAR, sitting in SARS, who really are speciallists. So it happens that we turn to them sometimes. Then of course we have experienced colleagues around the country that, the longer you work here, the more people within the organization you get to know. So if I have a special VAT- question, I know who to call and so on.

Interviewer So the possibility exists anyway?

Interviewed Yes most definitely, and we try to work a lot like that within the office as well, over the boundaries, because we want to provide our clients with the most competence, and to provide them with all competence there is. So if there are, for example a bigger company that's going to be sold and so on we have the people who works with that, who are specialized with mergers etc. And in that case you get to work with them even though they don't sit here in the office. It's an important part for us to have the whole chain, and we press a lot on that, choose us and you'll have all the competence here. If you want to enter the stock market, we're here for you, or if you want to expand to other part of the world we're here also. You won't have to replace us what ever happens.

Interviewer To continue a little bit on the aspect of gathering information and so on, when you have done it, do you share the new knowledge in any way? Do you for example write down this new knowledge and send it out?

Interviewed It varies, some parts is of course carried forward in missions and some in workshops. We try to make sure that when someone have been on an education or course, that they share this in meetings, to present and tell a little bit about they have learned. Whether it is a tax course for beginners, there has always come a new tax rule which them now suddenly are best at. You may have worked here for two years and is the best at it but those who worked here for 35 years do not have a clue. So we try, and it's a way to develop ourselves, by getting to summarize their training and present it for the rest of the employees of course, it a way of doing it. There we lost a bit lately, but where we need to get better again, because if we've had someone on the course in any subject, it is good if we can assimilate the goodies from it. Then we have our tax lawyers that holds breakfast meetings and lunch meetings. The Tax Agency's information, that we summarize so it should be easy to absorb, and then we send it out. There's a lot of data, of course, in this world, then how do we get there to get information and how we get employees to assimilate it. Just as you are in school, you should learn, or you might be able to answer but it is necessary to know it and to know where and how to seek it.

There's areas where we need to be more people who have the knowledge, there may be some declaration issues or it could be that right now declarations of the individual firm, we have a lady who we have hired per hour but we need to make sure someone on the office know how it's done. Then there are all the time a, knowledge or not, but quite early on has of course a succession, or all the time it has been a succession demand, that not only fill up with new customers but that you should share them. I should sit here with all my clients now and onwards until I'll quit, but there should be a transfer to younger workers of the mission so you can stock up on new missions, be on the market and sell, and in this way

to get new people to come into the market and then creating our own customers and so on. If one takes a little football terms, so, if you let them out

and let them score some goals so the more goals they will make or want to make. So it is written quite early in the judgment of experienced employees' development plans, that they should pass on a certain number of missions per year ...

Interviewer If one asks this question then, if you here at the company would highlight, or say that you want to create an environment where employees share knowledge with each other, no one keeps it to himself; really that all is transparent, and that you can ask the manager about anything and that you are trying to create such environment. Do you think then that it would prevent from an employee leaves, also you constantly pressed for the future and really clear about what you can achieve, and so on. Do you think then that it would prevent, or reduce employee turnover?

Interviewed I think so, yet it's hard this thing. For it is in some cases just a feeling that we think and in many cases it is based on a personal assessment of who you think has the potential for a future here. So it controlled the lot of those who are leaders or coaches for employees not to they put restrictions or obstacles on where to. But it's easy to get there, if I would take up the staff, I would of course, or so I've got my opinion about what I think they have for the future here. But that's my idea of it, for the difficulty of this of course is to coach them and give them opportunities so they... Equal opportunities for the first and then also I do not limitations on what they, in their opportunities. And that I think is extremely difficult. And then it's always a balance of what to tell and what can't tell. For it is clear that if I somehow conjured up a picture that I may believe in part, and then it becomes not like that, so then one can lose quite a competent employee, but somehow did not get what you thought you somehow were promised then. Then maybe we lose a coworker that we see is really good, but that might not just took that road. So it is not easy that to tell them, especially when it comes out as they speak to each other, of course some part they talk to each other about. And then you'll get to hear that this person is a key talent and they put a lot of effort on that one, but me then, why don't they believe in me and so on. Then we lose people on the ground so it is probably a huge challenge to get this to become completely transparent. Otherwise, we would of course be able to put up a list with the image of the ones who was, we saw as key talent and we think we should spend extra on, but you will also have a number of pictures with the employees that we apparently are not should invest on then, maybe they feel, if they find out.

Interviewer Yes it's a hard balancing act this...

Interviewed So this is really really hard, how we should handle it. And that's something leaders are more or less good at of course, to convey. What I am trying to get to my employees is that they will, if they receive an offer of a job, them to come and tell me and we'll have a discussion on it. If you have applied for another job, well then there is the difference for which has of course made an active choice. Because we're not them who, or we basically never buy any employee. Yesterday you're worth this, and just because you came now and had another offer you'll get 3000 more a month, that's nothing we ever do. Because what does it say about us really, and why would you not be worth it the day before yesterday, then? And I have been doing the same when I got some offer, that I discussed it with my boss or colleagues, to get their input. And there I have of course chosen to remain. Then there are some cases where you can say, if it feels better or appears better then just to wish good luck then, but you still get the opportunity to somehow respond to this or make comments...

Interviewer I'm thinking of this, a challenge is always to, lets say you find a key talent, and if you're

transparent and explains who it is, since it can lead to barriers within the firm, but if you already from the beginning look at some specific criteria when employing someone, to be a potential leader. You can usually get a feeling of who is a potential leader when employing someone. Then you might override that barrier, because of everyone have that potential, then you'll automatically invest in

everyone. Then of course it's really hard to find leader everywhere since it's some who fits best with specific types of work but then one can always discuss the plan. And if you discuss it with that person and he says that he doesn't want to become a leader, then there won't be any communication issues between him and those who you see as key talents. Even if you put it out and explain the plan, that you could be a future leader, but this other person, he've already said that he doesn't want to become a leader, then there won't any problem between them. I don't know, I'm just thinking like this, is there any criteria you follow when you employ anyone or do you only employ people from their knowledge?

Interviewed It may be, I think we hire rather uniformed people. However we will discuss of course much of what we are in the need for people in the future. The firm just had a pretty big staff change in that, a planned turnover in that it was, we, or PwC had located a certain number of employees, quite a few actually, that was considered not to work in the way this industry will work, or PwC, in the future. The type of people who did thing from start to finish that we talked about, accounting consultants, who sat in their room and did everything themselves and didn't want to share work with anyone. Those types don't work at PwC any more. And that's been an active choice. The same way with accountants auditors, which previous could be pretty, everyone had to have an auditor, so they had clients anyway, regardless of how they were. Now, we have a market where you have to talk about the benefits of audit and you have to get the customer to choose the audit, and get something additional out of audit than getting an audit report. Therefore, we have replaced quite a lot of staff, one can say, from that respect. Then of course, when we hire people then it's usually based on the person you are. It's extremely rare, of all the people I have employed, I have only seen one grade ever. And that was three weeks ago. Otherwise, I have never looked at the scores for that's the person that is most important. Knowledge, if you for example are a university student, then knowledge is something you can get, but being the right person and fitting into the group and having the right properties is very important. The sometimes it's not that early, since we employ people early in their career, then you might not see right away that it's a person which could be a leader in the future. They may not know it themselves, that they possess certain parts, the competence for becoming a leader. I was going to say that, when I took my first course in Mallorca back in '99 there was a guy who played the devil all the time, got pretty drunk al the time and threw a smoke detector outside the course leaders door and so on. But he is extremely successful within the organization today, a leader of a big part of the firm. There were few who believed that he had more than a few days at this company, but he really has. It's hard... I maybe did everything but answering your question but anyway...

Interviewer Oh, we have gotten good answers. Perhaps we should summarize it. Could you describe your internal education, how does it work? I'm thinking about the internal, the external, within your local office, if it can be summarized and described. How you take care of and further educate your employees.

Interviewed We could say that, we have, I would say that about 95% of the education, and that's only a guess, but I think it's about 95% of the educations we attend are PwC-internal, and we are, or it usually begins with getting, something which you call a bootcamp. A weeks education where you learn everything about PwC's values etc. Then based on that, there are first and second year, a number, or a

ready-made ladder on what courses you should attend. Then based on that, it's individually designed training package for the profession where one is on its way, there are programs that are intended or recommended, depending on how many years you have worked and so on. There's no answer, but it is after all a thought. To get to a certain level, or for some to get to the authorization or the like, there are various steps so that you can go. Historically, it was the more so that there was a road, and that you would go all these programs, while we in Eskilstuna always have thought of if it is the right time to attend, or if you perhaps should work a few years before and then being able to assimilate the knowledge better. Meanwhile in some bigger, or if you have more employees, that it's a bit more uniformed. We're in some way more cherry-picking in our way of doing things. And that's everything from making a short-term plan, an individual development plan and to make a plan in 3-5 years. And then you look at, if one wants to be there in five years, how do we build this for you to be there in 5 years? Some you can control yourself and some control of course of what the mission is and what we have for customers and so on. That could perhaps stop things a bit. It varies of course very much on the customers, the mission and so on.

Interviewer Now we're not going keep you much longer, so your phone doesn't burn up here.

Interviewed No but this is...

Interviewer Is it standard?

Interviewed I would just check that there was something with the family.

Interviewer Some last words only, how important do you think it is, to being able to retain the right knowledge?

Interviewed It's super important for us. The question is, in all the years I have been the leader it has never been more relevant than now. We have profitability and growth as big part but then what we call talent is some of the biggest parts in our business plan. This is where it all about, how we're going to keep the employees who really wants to be here, and how to create and drive growth. But this particular question. Then some can find, and I have got the comment that the employee turnover is rather high, you must obviously understand that something is wrong and creates dissatisfaction. But no, I do not think there is so much dissatisfaction, but I think that staff turnover will be in there somewhere because it's natural. Then we lose employees in Eskilstuna and in other places that you would like to have had left. But then you have to look at if you have given them, we look closely also, actually, how does today's youth act. We have even been on education in how generation y thinks. It differs, I was born in the seventies and my way of behaving towards my profession, I mean, I didn't ask any questions when I was interviewed for this job about what the company could do for me. I was just fucking happy and grateful that I got to go here and work. Today you'll get the question much more often on why one should work for PwC? That's also something we have to learn, what the drivers are, generally we say, within 5 years you're here, but a generation y might think, 5 years, hell no. 1 year, maybe 2 I want to spend on this, in some way. It means that we as leaders need to motivate employees all the time wanting to be here. We can't set the same challenges or goals like we did before. And we need to have technology and we need to be at front in some areas to be able... Then of course the salary is a permanent matter in this business, where we would still say that we generally have quite low wages, entry wages, and for a couple of years you'll have a pretty low wage, which makes it pretty easy for a customer or anyone else to offer more, short term. In a long term perspective it's usually never lasting but in short term there might be a couple of thousands more each month. But often one has quite a steep development curve

here so...

## **Appendix 2: Interview with Mrs. Johanna Modin**

Johanna Modin

Interviewer We can start by you telling us your name

Interviewed Johanna is my name, Modin. And i work here as an accounting associate, here at PwC, and in May I've worked here for 3 years.

Interviewer Okey, and your educational background to get here?

Interviewed In economical terms, I began already at high school, where I studied economy at Rekarne. And then I've been down in Gothenburg for 2 years studying to become an accounting consultant, at Yrkeshögskolan.

Interviewer Tell us a little bit about your job, with your own words.

Interviewed It's a lot of ongoing bookkeeping, some financial statements and a lot of client contact. Most of the contact with clients is over email even though a lot is over the phone and also some meetings.

Interviewer Try to explain how a regular day looks like for you, from that you enter the office until you quit for the day.

Interviewer A typical day, you start by opening your mailbox and check it first, it can contain things you need to go through. Just answering emails, and then there's usually reports that I'll have to do, usually you should always try to see what I have planned for the day, and often it doesn't end like you planned. You usually get maybe 50-60% done of what you had thought of since it's so much more between these reports as you do. You help others and I need the help of others, so much time is of course time that you have not thought that you have time for or need. But monthly reports, perhaps nag a little on clients about getting the material in, talk to them, help them with problems, since you could say that you're their backup so to speak. Sometimes you can go out to a customer and help them on the spot, and at the end of the day should have to try to plan for how the upcoming period will be, the week, but it's not always easy.

Interviewer A little bit more about you, from the company's perspective, what specific competences do you think they look at?

Interviewed I think a lot is about experience. That experience sometimes are perhaps more important than education. But that's my personal opinion. Personality also, absolutely, how they think you'll fit into the group, is something I think is very important. Anything else they might think of? No but I think it's those two aspects that are most important, when they search for new employees. And that there is a person with drive and who they believe may remain in the company and really help out and do what you're after.

Interviewer So it's a lot of working in teams?

Interviewed Yes, or actually you work very individually, but at the same time you need to be able to work with others since we are at least 2 at each mission, usually 3, and you're always in the need of

other since you come across new things every day. So you'll always need the help of others, because it always occurs new situations that you haven't experienced earlier, but which others have.

Interviewer If we take you back 3 years, to the day when you started here, the learning process, educations, how was it? What did you learn? How did they introduce you?

Interviewed Let's see if I remember. No but a lot is, we had internships when I studied, so I already had some practical knowledge, so what I felt in which they focused on in the beginning was mostly the internal. The programs we work with, how the routines where at the office and so on. Maybe not that much of work towards clients in the beginning, but mostly getting to know the office.

Interviewer So you felt that they tried to teach about the corporate culture among things?

Interviewed Maybe not, or it wasn't like it that they told it specifically but you'll notice that, it's a lot of internal thing you should get to know, where I should be, where my things should be, and, so on... A lot of those things is focused on the first weeks. Maybe not that much towards clients.

Interviewer Does PwC, generally, try to create an environment where you and your colleagues cooperate, share things, knowledge which you might possess and so on. Do you feel that PwC tries to push on it to become an open environment?

Interviewed We have people in about every office which is cos or cas, and then they are responsible for a certain area on the office, for systems, and they, often it's a person per office, they have very good connection with each other. Where we help each other and if you need help with systems and so on. So at that level I think we're very good at helping each other but also we're at educations, and there you'll get to know people from around the country within the company, which contributes with the sharing. They've had, I don't know if it still exists but you participate in a boost-education for one week as a first thing when you come to PwC. There you'll learn everything about PwC, get your new computer and everything, so you should have some clue about the computers and programs and such, when you get to the office.

Interviewer On this division or generally, do you attend meetings? Do you for example have weekly meetings where you among others share whats happened during the week, does that happen?

Interviewed Well, we have office-meetings, and then we have office-region meetings, but those are about 4 times a year. And there we'll update what happening, generally, but then the auditors have morning meetings once a week where they go through what they have to do and how much time it takes. If there's someone that doesn't have as much that week and another sitting with more to do, they'll help each other.

Interviewer So it doesn't exist on, what should you say, lower levels then or?

Interviewed No it's just that auditing have chosen it simply, och we one accounting have not chosen it.

Interviewer Do you feel that it should be more often when you have these meetings?

Interviewed Yes absolutely. because we work a lot in periods and since we all have different clients, some periods you'll have less to do and other have more, and often there's ways in which we could help

each other. So absolutely, that's something which is good to have.

Interviewer Do you try to share stories with each other, for example, I had this thing happening, this happened today and I solved it like this...?

Interviewed Yes, I think so at least. Anyway inside the studio where I sit, at accounting, there I think we are very good at talking. Thus, it is of course much bullshit or what to say, but which still have with the job to do. So I think we're doing it a lot.

Interviewer But is that something which occurs naturally?

Interviewed Yes, but exactly, to run into a problem with a program or something like that and then complain about it a little, but then there's someone who have a solution to it, so often you'll get something positive out from it, eventually. And then of course I have colleagues who have plenty more years of experience than me, so it obvious that one goes to them for that reason, if there's something I wonder about.

Interviewer Okey because that was a though, that if you feel that you need more knowledge about a certain thing, does it exist bodies or persons or levels that you spontaneously feel that you can turn to? Is it anything that PwC has taught that, turn tor these persons, or is it something you have had to build up by yourself?

Interviewed In the office, it's more of getting to know people personally and knowing what he or she is good at. Some may be great in one area and some in another. So that is something which happens automatically. Then there are, when you are, for example, on training, which one can also get contacts to turn to when it comes to certain things. We have for example VAT-experts and tax lawyers which you can turn to if you have problems with those things. So it's a bit of both, that you get to know people also and what knowledge they have.

Interviewer Speaking of turning towards someone, do you have a mentor or coach?

Interviewed Yes, I have a coach

Interviewer And you get to learn new things continuously?

Interviewed Yes, I think so. Or to teach me, I think it's not particularly the role of a coach, instead the role is to make sure that I like it here and to make sure I'm developing in my work. Me learning, that's a bit up to my self, and that goes for everyone of us.

Interviewer Does it occur at PwC that you have case-evenings? Where you get a case which you should solve together, does it happen?

Interviewed At our office area meetings we have, we usually have group projects where we should arrive at things or solutions to things that might be a problem today, which we'll try to solve. So usually we almost always have, some sort of group work...

Interviewer And how often did you say you had these, 4 times per year?

Interviewed 4 times per year, or 2 of them any way. We usually have one in the summer and one in the winter, where we always do some type of group work, where we should find solutions to problems such as raising the profits, and we usually do brainstorming to come up with different ideas.

Interviewer A personal question, what is it that motivates you to stay at PwC? What are the motivating factors? Why PwC?

Interviewed Mostly it's about gaining experience, because you learn a lot. Especially since PwC is so big, as I said, that you have experts at every area, so you'll really have every possible chance of learning and developing yourself. We get to go on training courses and so, I think that if one is to develop within this industry, it's probably PwC who is one of the best options.

Interviewer Let's say you have the ambition, that you want to get to a certain point, do you think PwC, or do you think that they locally want to help you getting there? Do you feel any support?

Interviewed Yes I really think so. As long as they see that you want yourself, I think they're prepared to invest in you.

Interviewer And do you have any individual plan? Where you can discuss where you want to reach?

Interviewed That's what we have, exactly. That's what you do a lot with your coach, that you, or, we have meetings with our coaches where you should explain with what you want to develop within, and then in the end of the year you summarize how it has gone and so on. So that you keep a bit track.

Interviewer Another question, the coworkers, how do you communicate with each other. Is it mostly face to face or is it a lot through the internet and so on?

Interviewed It's a lot of face to face, or it depends of course of where you sit at the office but then we have a software in our mail client that have a chat function, in which you could sit and write to a person and it comes up directly. It feels a bit strange to send an email to a person if you need help and if that person could come and help you, then it's more natural with the chat function, so you'll get an answer right away. So that one is frequently used I think...

Interviewer

If you know that you possess a certain competence, do you feel that you want to share it with others, to other coworkers? And do you think that PwC tries to emphasize that if you possess this certain competence, that you should share it?

Interviewed Yes I think so, often we sit and have different programs and then we have one who sits and are, not better but perhaps have deepened more in the specific program and have more information about updates and so on. It's usually like that, so when you have something in mind about a specific program, there's one you can turn to.

Interviewer I'm thinking that, you've been through a process where there has been a transfer of knowledge, where someone tried to teach you something? And then I think, how did that process work? Did you learn through manuals or did you learn through practical things? How did it work, the whole process, when you should learn?

Interviewed Internally here at the office we usually have workshops, if there is anyone who should tell something to everyone, then we sit down and walk through it together. And then one can always most frequently perform it practically by yourself, later. Manuals I don't know, well not really, that we use so much...

Interviewer I think if there is any virtual application that you have everything in, for example?

Interviewed We have the educational software, but that's something more of PwC Sweden and not something specific to Eskilstuna.

Interviewer Okey, I though a bit of this, if you should get new knowledge, how big in percentage would you say that you get the knowledge through something written on a paper which you should read and learn that way, and how big part is coming to you from your coach, or other coworkers which maybe have more experience, for example? If you can make a judgement, is it the biggest part you get through papers or is it the biggest part you get from interaction?

Interviewed I think that the biggest part comes from interaction with each other. Someone who is good at it shows how it works. I think it's safe to say that's the way we work mostly...

Interviewer Is there any difference between different kinds? I'm thinking if there's some sort of knowledge which you usually get in written form, for example, new tax rules or similar. Is it possible to transmit in that it is someone who goes away and learn this and then teach to you or you get a paper with here is a new tax rule, this you should know?

Interviewed Sometimes with these updates we can get an email, but then with particularly tax, we actually have a person here at the office who's, how should you say it, our contact person against the tax authority, who always goes on their meetings, and she gets the information which she often share with us. Then it's usually a pdf-file which we get, a manual really, now when you say it like that...

Interviewer Have it ever happened that you did anything wrong, in the beginning maybe?

Interviewed

Yes that have happened a lot of times...

Interviewer And how do the react on this, when you have done something the wrong way?

Interviewed So the thing is that in our work, it's very easy to get wrong. It's really easy to just hit a wrong number, and then it can differ quite a lot in the end. Wrong, I have done many times, but I have learned that mistake is that you learn the most from, because if you've made a mistake you're not going to do it again.

Interviewer But you think that they react well? Yes I think so. Everyone is new in the beginning and it feels like it's more often exceptions than rules so it's not easy to keep track all the time. As long as you're honest with your mistake or what you should call it, it's usually no problems.

Interviewer Another thing, you've taken care of clients? What you experience in those situations is something which others usually can't relate to, since it's you who experienced it, you know the company and the whole context. But this knowledge you get this way, and built your opinion around, how do you

act on this knowledge? How do you spread it? Because I think, if only you possess this knowledge it's not that good for the company, if you for example should be sick someone else needs to take on, so how do you store this knowledge and spread it?

Interviewed As I said before we're usually 2 at every mission, so hopefully both have enough knowledge there, if one is disappearing. But we have routines for how this should be handled. We are supposed to write a routine description of every single company, what we do each month, who in which you have contact with and so on. So there's practically a manual for every company you could say. But then there's other things you need to take concern of, for example in how to act towards some people, some can be very special and some needs extra help in special ways, and some demand more than others. So there's probably a lot which I possess myself which would have to get out to others. But hopefully we have a good communication. More perhaps on how you should personally handle things, and then all the practical routines should be written down in the routine description, which who everyone who needs it can get.

Interviewer But if you could chose freely, how would you want to approach this subject with spreading this knowledge?

Interviewed I think in its most that it works fine as we have it right now. That you have a routine description, where it says what you do with the client. It is so very different from customer to customer. That I nonetheless think works well, to write down how everything works. Then there's just about having some common sense simply...

Interviewer A personal question then, if you get to a workplace where there's an open environment where you can talk about everything, everything is transparent, everyone shares their knowledge to one another and helps each other. You really feel that it's an open environment, where coaches helps you and managers support you in your strive towards goals. If you feel that, do you think that there's any chance that you would leave that company? Or do you think that you build up such strong connections to the company which makes it hard for you to leave?

Interviewed

Well of course it's like that. I've had my thoughts anyhow, what I have for other options. Of course you think like that, is this really the best for me right now? But what I always come up to, which I think goes for everyone here at the office, is that we have such a great colleagues. We really enjoy working together, we always have fun together and try to come up we things to do. And I think that actually makes many staying here...

Interviewer So, it's really because of the working environment, that you enjoy it and want to stay?

Interviewed Yes absolutely, of course it's like that. I know that we colleagues tend to talk about and it is a very important part. Because if you wouldn't enjoy it, it doesn't matter if you perhaps would get a couple of thousands more in salary, it wouldn't be worth it.

Interviewer No one should not wake up in the morning and feel that you groans for going to work...

Interviewed No exactly, it's not worth it. I think a lot of this makes many stay here.

Interviewer But if you would get to describe it like this, if you're in the position as you are right now

but wants to step up one level so to speak, if you would describe it yourself, how would you like PwC to enable you to get the knowledge needed to make this step? If you put it like this, the next step requires a certain, or a bigger set, of knowledge which you also wants, describing it yourself, how would you like to retain that knowledge? How should PwC put up a strategy so that you feel that you can acquire it in the best possible way?

Interviewed I would like to be with someone who perhaps performs this practically and being able to watch how it's done. And then, PwC has a lot of educations, perhaps being able to attend some educations where you can learn how to do it, because then it's going to be much more in-depth, and then to be able to perform it practically yourself later on. If you have taken this course you've learned a lot, and then you perhaps have this contact person to who you might turn, if there's any questions. Because I think that it's the best way to learn, to do it practically, that you'll get to test it out and see how it works.

Interviewer Do you feel that PwC should lay more focus on coworkers sharing knowledge generally?

Interviewed Yes you could certainly do more, more than what's present today...

Interviewer Why do you think that they should, if you feel that they should, lay more weight on this?

Interviewed Because every customer is unique, and then in turn all the customers have unique case, so, even though you may not need to learn everything, but, it's always important to know who you should be able to get in touch with if you have a specific problem. You might not need to know exactly everything if you have someone you know that you can turn to, that have experienced anything similar, so you can save time and reduce errors ...

Interviewer

If we should ask one last question, let's say that you leave the company within a week, what type of knowledge do you regard as the most important, or would you like, to share with the company before you leave?

Interviewed Mostly it's perhaps that which is hard to replace or how to say it, perhaps this things which I know more specifically about my clients, how some should be handled and so on. Most of the information you could read for yourself, but perhaps more of the information about the client in which you build up for yourself over time which are hard to put down in text. It's something you would need to share in order to simplify the next person, almost everything else, you should be able to obtain in any other way, since we document very much.

Interviewer And what methods do you think that the managers should you in order to get this knowledge? Would it work well with meetings perhaps? Or that you just sit down for a lunch somewhere and take it from that?

Interviewed Yes, but often you can have just a small mini-session on a particular customer, if it's a handover which will occur. Sure, it would work out just reading all about the customer but I think it's good to have a meeting where you can sit and discuss real quick, how it works, some general of the mission and with the customer.

Interviewer And some last words, how important, or what do you feel regarding this, to keep the

knowledge? Do you really regard it as important? That a company should have a strategy to retain knowledge?

Interviewed Yes but of course it's important, absolutely. If you've worked here for a couple of years you'll have a lot of knowledge and experience worth keeping within the company. So absolutely, it's very important I think...

Interviewed Thank you for the interview!

### Appendix 3: Interview with Employee at PwC Västerås

#### Questions to PwC

Background We are three dudes who's currently works with our bachelor thesis at Mälardalen University in Västerås. PwC is our focus and we write about "knowledge Management". In a previous report from PwC, it was written that companies generally experience a rather big challenge to retain knowledge from employees who leaves the companies as well as a high employee turnover.

We have chosen to go deeper in the subject of how companies handles knowledge transfer and how this knowledge could be shared and stored among employees. We have also found a model that strengthens how knowledge should be shared, stored, and transformed in a system and through this model being able to lower the high employee turnover. Therefore we would like to ask a few general questions about how you experience different knowledge processes within the company.

Name: (Is not necessary if you ant to remain anonymous): - Anonymized Position: Audit associate Years of experience: About 9 months Introduction of the respondent

- a. Tell us a little bit about yourself and what your job includes. I'm an audit associate at PwC in Västerås. Before that I took a master's degree in business administration at Mälardalen University. In my work I review companies either as a team member in a team with several people or as team manager in the audit team and operates the audit assignment with the the authorized auditor.
- b. Within what area do you work? I work widely in different industries and with both small and medium sized companies, municipal companies and foundations. The companies I work with are in real estate, services and trade sector and manufacturing industry.

#### Questions

(Knowledge could be anything from informations, your skills, experience, feedback etc.)

- 1 With who internally do you transfer knowledge to and do you work with? We audit workshops at regular intervals for monitor the investigation and the news of the tools we use in the examination. If you work in a team as team member shared knowledge either from the person who is the team manager or by the auditor, that is, that knowledge is spread from several directions. Knowledge is shared also by internal regulations as well as the international audit standard ISA.
- 2 How is this knowledge shared? (Formally or none-formally? Through virtual programs etc?) The knowledge is largely transmitted formally as we follow current laws and regulations. A large part of the knowledge is also based on experience (non-formal) and is available within the organization. This knowledge is shared either through

workshops, of audit teams out in the field, in the lunch room or by the help of colleagues in the office. Knowledge is shared both orally and through the audit program or questions via email.

- . 3 How do you store this knowledge that has been shared? (Protocols or similar) Some knowledge is for create an understanding of either methodology, efficiency or difficult questions, these are shared through experience and stored on the head as an experience. A lot of knowledge is to look up when we work on the basis of rules and laws. Knowledge and guidance are in the Audit programs we use at the thought. Knowledge is also stored records made of the programs we are working of and when it is documented is thus somewhat easier to be divided on.
- . 4 Have you had any coach in the company? If yes, how did you communicate? Was it through face-to-face or was it through papers or virtual programs? I have a coach who monitors and is with and evaluates my development, these meetings take place face-to-face. We also have programs for monitoring development.
- . 5 Do you think the corporate culture within the company contributes positively to knowledge transfer and retention? (Values, norms, activities) Absolutely, PwC's values are important to the organization and is something that can educate themselves in as a new employee. Knowledge is shared from the day you start and you learn new things. The corporate culture is good in the way that you can always turn to other departments or offices for help in wider issues, such as tax and VAT issues, technical issues, or others with expertise in any subject.
- . 6 Are you motivated by the leaders to share knowledge and to understand the benefits of activities related to retaining knowledge? Yes, through workshops shared both existing and new knowledge. We regularly go on courses and have online courses.
- . 7 Do PwC organize activities leading to knowledge transfer? (Workshops, group work, etc.) Often workshops, see comments above. Group work is not used often, but we work in teams where there is knowledge transfer.
- . 8 Do you get rewarded for sharing knowledge? Financially or through promotion or recognition? Not that I know of. However you develop and get better by getting knowledge, and I happily share with me of knowledge to colleagues.
- . 9 Are you involved in activities concerning the transfer of knowledge within the company? If yes, what kind of activities? (Weekly meetings, annual meetings, etc.)

No, it's at a higher level in the company.

10 What specific knowledge would you like to share with you if you leave the company?

Don't know.

Thank you for taking your time to answer the questions!



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