

THE UNIVERSITY OF HULL

**The Case of Internationalizing Banks and the Knowledge Transfer  
Process**

being a Thesis submitted for the Degree of

Doctor of Philosophy

in the University of Hull

by

**Sooter Nomhwange M.Sc., B.Sc.**

July 2016

## **Dedication**

I dedicate my Doctorate to my dear Mum, Nsaha (Bassey) Nomhwange. Since my lessons with Mrs Maroof and achieving an excellent result graduating from primary school, I have not stopped. I remember and honour you.

## **Abstract**

Central to this thesis is the examination of cross border knowledge transfer mechanisms in multinational banks from emerging and advanced economies. Applying the Knowledge Based View, the Network theory, and Springboard perspective, this study advocates that exploiting and optimising knowledge synergies between subsidiaries located in different countries through knowledge transfer mechanisms is what is facilitating knowledge transfer for both multinational banks from emerging and advanced economies. By identifying and operationalizing knowledge transfer mechanisms in multinational banks, the research proves that emerging economy multinational firms do benefit from cross border knowledge mobility, and that knowledge transfer mechanisms exist in services multinational enterprises. Secondments and Communities of Practice have been identified as knowledge transfer mechanisms for an emerging economy multinational bank, while Global Job Postings and The Commercial Banking Corporate School have been identified as knowledge transfer mechanisms for an advanced economy multinational bank. The work suggest that the Network theory applies more to advanced economy multinational banks; that they do benefit more from their multinational network than emerging economy multinational banks.

**Keywords:** Knowledge, Knowledge Transfer Mechanism (KTM), Emerging Economy Multinational Bank (EMNB), Emerging Market Multinational Enterprise (EMNE), Advanced Economy Multinational Bank (AMNB)

## **Acknowledgement**

Foremost, praise to God for gracing me with the opportunity to do this degree. He opened doors for funding and gave me strength to endure the long and hard journey.

My most sincere gratitude to Professor Christopher Bovis and Dr. Mark Rhodes my supervisors. Your professional guidance, encouragement and constructive criticism have made it possible for me to complete this degree in good enough time. Thank you.

I also extend my gratitude to Dr. Tina Xu. You saw the potential in me and inspired me to come on the programme. You have always believed in my capacity for excellent academic achievement.

I would also like to thank Hazel Brittan, David & Margaret Carr, Jackie Berry, John & Helen Gill, and everyone from church who threw in a word of encouragement; I received a lot of moral support from my church family.

My colleagues at work (Currys, Clough Road) were always willing to listen to me moan about my studies. You guys gave me such an encouragement as you might not have known. Has been really nice working with you.

I appreciate my family; your prayers and support have been enormous.

## Table of Contents

Title Page.....	i
Dedication.....	ii
Abstract.....	iii
Acknowledgement.....	iv
Table of Content.....	v
<b>1 RESEARCH OVERVIEW.....</b>	<b>1</b>
1.1 Introduction.....	1
1.2 Aims and Objectives of the Research.....	2
1.3 Research Questions.....	2
1.4 Gaps in the Literature.....	3
1.5 Conceptual Framework.....	4
1.6 Motivation .....	5
1.7 Unit of Analysis.....	7
1.8 Empirical Contribution.....	8
1.9 Theoretical Contribution.....	9
1.10 Conclusion.....	13
<b>2 RESEARCH CONTEXT.....</b>	<b>14</b>
2.1 Introduction.....	14
2.2 Knowledge.....	15
2.3 Tacit knowledge in Services versus Manufacturing MNEs.....	17
2.4 Knowledge transfer.....	18
2.5 Knowledge transfer mechanisms.....	19
2.6 The Multinational Enterprise (MNE).....	20
2.7 The Multinational Bank (MNB).....	21
2.8 Multinational Banks from Emerging Markets.....	23
2.9 History of Multinational Banking.....	27
2.10 Conclusion.....	29
<b>3 LITERATURE REVIEW.....</b>	<b>30</b>
3.1 Introduction.....	30
3.2 Background.....	32
3.3 EMNEs and Internationalization Strategy.....	33
3.4 Springboard Perspective and Internalization of Knowledge.....	35
3.5 Knowledge Based View (KBV).....	37
3.6 Network Theory.....	38
3.7 Theoretical Assumptions.....	39

3.7.1 The Stock of Knowledge.....	39
3.7.2 Amenability.....	42
3.7.3 The need for Mechanisms.....	45
3.8 Knowledge Transfer Mechanism.....	47
3.9 Types of KTM in the Literature.....	52
3.9.1 Corporate Socialization.....	52
3.9.2 Liaison Personnel.....	54
3.9.3 Transnational Teams.....	55
3.9.4 Centres of Excellence.....	56
3.9.5 R&D Co-practice.....	57
3.9.6 Community of Practice.....	57
3.10 Banking as a Knowledge Intensive Sector.....	58
3.11 Motivations for Bank Internationalization.....	60
3.12 Gaps in the Literature.....	62
3.13 Conclusion.....	64
<b>4 METHODOLOGY.....</b>	<b>65</b>
4.1 Introduction.....	65
4.2 Qualitative Approach.....	66
4.3 Research Question 1.....	68
4.4 Research Question 2.....	71
4.5 Ethical Considerations.....	77
4.6 Limitations of the Study.....	78
4.7 Conclusion.....	79
<b>5 DATA ANALYSIS.....</b>	<b>80</b>
5.1 Introduction.....	80
5.2 Secondary Data Analysis.....	81
5.3 Primary Data Analysis.....	83
5.4 Conclusion.....	85
<b>6 DISCUSSION.....</b>	<b>86</b>
6.1 Introduction.....	86
6.2 Company A.....	87
6.3 Subsidiary A.....	89
6.4 Company B.....	91
6.5 Subsidiary B.....	93
6.6 Conditions Inducing Multinationalism for Company A.....	95

6.6.1 Company A Ownership Specific Advantages.....	96
6.6.2 Company A Location Specific Advantages.....	99
6.6.3 Company A Internalization Advantages .....	101
6.7 Company A Internationalization and Knowledge Strategy.....	102
6.8 Company B Internationalization and Knowledge Strategy.....	107
6.9 Answers to Research Questions.....	111
6.9.1 Research Question 1.....	111
6.9.2 Research Question 2.....	116
6.9.2.1 Staffing Policies and Networks.....	119
a. Secondments.....	119
b. Global Job Postings.....	121
6.9.2.2 Communities of Practice and Networks.....	123
6.9.2.3The Commercial Banking Corporate School and Networks.....	125
6.10 Empirical Contribution.....	128
6.11 Theoretical Contribution.....	129
6.12 Conclusion.....	133
<b>7 CONCLUSION .....</b>	<b>134</b>
7.1 Introduction.....	134
7.2 Managerial Recommendations.....	134
7.3 Future Research Avenues.....	135
7.4 Summary of Findings.....	136
7.5 Research Summary.....	139
7.6 Conclusion.....	142
References.....	143
Appendix.....	156

# 1. RESEARCH OVERVIEW

## 1.1 Introduction

Financial services firms are increasingly internationalizing; most bank executives are very positive about their companies becoming global firms. The larger these banks become, due to mergers and acquisitions or opening up of subsidiaries in many countries, the greater will be the need for international strategy to manage the scale of operations at a global level. In particular, strategic initiatives have to be focused on managing the key resource of *knowledge*. This will be the theme of the research. This chapter gives an overview of the research, highlighting significant sections and encapsulating the study.

Foremost in the chapter will be sections on the aims and objectives of the research, a highlight of the research questions set to be answered, and a clear identification of the gaps in the literature which have compelled the study. Following is a conceptual framework which explains the concept behind the study and shows how the different strands of literature used fit together. Motivations for the study and the Units of analysis used are next sections that follow and the Empirical and Theoretical contributions of the work are mentioned at the end of the chapter.

## **1.2 Aims and Objectives**

This work fundamentally aims at answering the research questions posed. It aims at an analysis and understanding of the internationalization experience of EMNBs which accounts for their knowledge management strategies as differing in the case of established MNBs. The objective will therefore be to provide answers to the research questions, while at the same time filling the gaps identified in the international business literature. The gaps in the literature were recognised via an extensive literature review that revealed a dearth of literature on knowledge transfer mechanisms in multinational banks. Consequent to filling the research gaps, this research aims at making an empirical and theoretical contribution to the literature, so as to narrow the gaps identified. In achieving the thesis, the work will ultimately serve to meeting the requirements for obtaining a Doctorate degree.

## **1.3 Research Questions:**

1. Which Internationalizing banks have knowledge transfer mechanisms?
2. How are knowledge transfer mechanisms defined and operationalized for different internationalising banks?

#### **1.4 Gaps in the Literature**

Extant research on cross-border knowledge flows in multinational enterprises' (MNEs) have mainly focused on the transfer of knowledge within manufacturing MNEs from developed or advanced countries. There remains a gap in international business research as to how cross-border knowledge transfer is managed by services multinational firms, especially firms from emerging economies. The international business scene is significantly changing with more and more firms from emerging economies engaging in FDI, the research gap is hence one that reflects a dearth of literature reporting on how EMNEs engage in the process of cross-border knowledge transfer while internationalizing.

If the very existence and survival of the multinational enterprise itself is claimed to rest on its superior efficiency as an organizational vehicle by which to transfer knowledge across borders(Adams et al., 2006), then it follows that there should be significant attention paid to KTMs as part of internationalisation strategy. The research aims to address a key question in the international business literature, as to whether firms from emerging markets are able to absorb knowledge in cross border relationships, and whether they actually benefit from international knowledge mobility as compared to their advanced economy counterparts.

## 1.5 Conceptual Framework

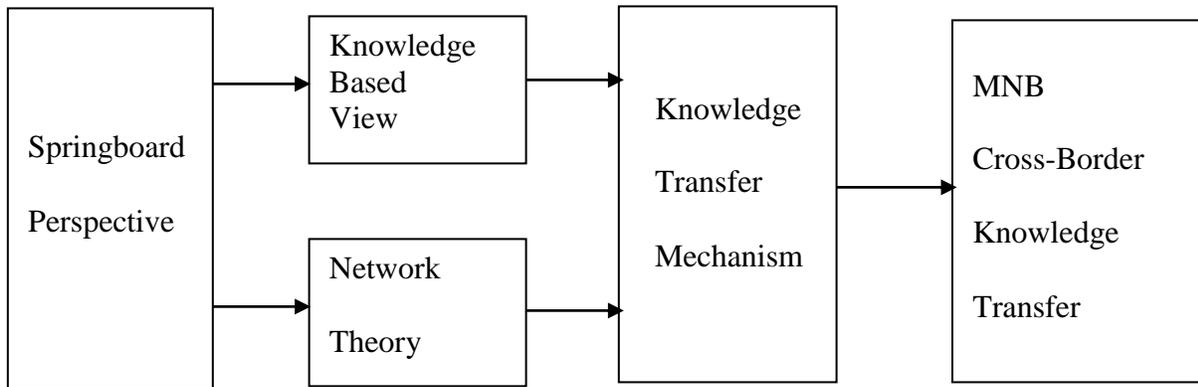


Figure 1. *Conceptual Framework*

EMNBs are conceptualized here as using international expansion as a springboard to acquiring strategic resources from advanced economy MNBs in host markets. EMNBs proactively internationalize to seek and acquire knowledge resources (Luo & Tung, 2007); issues like learning best practices and efforts to gain market knowledge from other MNBs in international markets are considered of high importance in internationalization strategy for EMNBs; as compared to MNBs from advanced economies who do not engage in knowledge seeking FDI (Foreign Direct Investment) strategies. The term “knowledge” is defined and used here in the context of its tacitness; knowledge is seen as the accumulated practical skill and expertise embodied in the human capital.

The Knowledge Based View (KBV) raises the vital importance of knowledge as a resource, hence such knowledge acquired by EMNBs while internationalizing should enable them to conceive and implement strategies that improve their efficiency and effectiveness. The

Network theory conceptualizes this knowledge being transferred in a network in which different units of the MNB are linked together. Knowledge transfer mechanisms hence become those cross-border structures that ensure the capture, analysis, interpretation and use of market knowledge and other types of knowledge among the different units of an MNB in a network. By the definition and operationalization of KTMs therefore, the research captures and explains how internationalizing banks both from emerging and advanced economies engage in the process of knowledge transfer; where knowledge transfer represents the successful transfer of skills and expertise from a giving unit to a receiving unit accumulating or assimilating new knowledge.

## **1.6 Motivation**

Today's Multinational Enterprise (MNE) is seen to be interacting on three different fronts; the home context from which they originate, the host countries where it has subsidiaries and the interaction it has between its units (Meyer et al., 2011). And given this geographical dispersion which pose varying institutional frameworks and resource endowments (Ghoshal & Bartlett, 1990a), MNEs are in a strong position to tap into a multiplicity of tangible and intangible resources and capabilities across international markets (Meyer et al., 2011). This theme has now become one of the main themes in international business, and particularly, since international trade in services is observed to be growing rapidly and faster than products trade (Cavusgil, 2008), the study of the intricacies of managing the multiple embeddedness of the multinational service firm continues to increase in importance.

For the service firm in particular, competitive advantage is gained not through the sharing of activities but through the transfer of intangible assets, such as, the corporate name, image

and reputation, proprietary services, operating procedures and knowledge about key customer bases (Moore & Birkinshaw, 1998). This hence becomes one of the most important sectors in which to investigate knowledge transfer activity.

International banking and financial services have been observed to be among the most internationally active service industries (Cavusgil, 2008), and in the UK alone, the finance and business services sector contributes roughly one-third of the gross value added (Fasnacht, 2009). Also, high growth economies are now homes to some of the world's largest and increasingly influential banks. Increasingly, banks from high growth economies are becoming more active acquirers, both in their home markets and abroad, and are establishing their presence in a multiplicity of markets (PWC, April 2013).

Mergers and Acquisitions in the financial services industry has become common place and continues to become one of the easiest ways for banks to gain presence in many different countries. According to Ernest & Young, it is observed that financial services executives feel very optimistic about the global economy and will be willing to pursue an acquisition over the next year (E&Y, November 2015). The larger these banks become, the greater the need for strategy to manage the scope of knowledge availed by such a global footprint. It will therefore be interesting to investigate and research into how these banks create strategy to maximize their knowledge resources.

## **1.7 Unit of Analysis**

Multinational banks from emerging economies are banks originating from emerging markets who conduct banking operations that derive from many different countries and national systems. Kedia et al. (2012b) suggest that, knowledge should be the preeminent resource such banks should be seeking, as their ability to overcome their inherent disadvantages as latecomers on the global stage relies heavily on their ability to seek knowledge outside of their home borders. Multinational banks from advanced-economies on the other hand are banks originating from highly developed economies who conduct banking operations that derive from many different countries and national systems.

Emerging markets represent countries whose national economies have grown rapidly, where industries have undergone and are continuing to undergo dramatic structural changes, and whose markets hold promise despite volatile and weak legal systems, while advanced economies have a high level of gross domestic product and have a high degree of industrialization (Luo & Tung, 2007). Multinational banks from emerging economies are represented by Company A, a Nigerian Bank, and multinational banks from advanced economies here represented by Company B, a Spanish bank. Company A and Company B have UK (United Kingdom) subsidiaries which have been designated by the study as Subsidiary A and Subsidiary B respectively.

## **1.8 Empirical Contribution**

Firstly, this work gives evidence that EMNBs, like other EMNEs, mainly internationalize into advanced markets so as to learn and acquire knowledge; to seek knowledge. This is evidenced by Company A's engagement in an internal transfer of tacit knowledge from its UK presence. Through acquiring staff from advanced economy banks who possess a wealth of international banking experience, Company A has been able to benefit from its multinational network to transfer a wealth of knowledge from Subsidiary A, its UK subsidiary, to its parent firm based in Africa.

In a different context, MNBs from advanced economies, as evidenced by Company B, have been revealed by the research to be more concerned with creating a harmony and homogenization between countries and corporations where they have presence. Company B has been shown to be more focused on identifying and sharing best practices so as to take advantage of its international scope.

Secondly, the research proves that KTMs exist for services MNEs. If Company A and Company B do have cross-border knowledge transfer motives, they should have a means of internally transferring that knowledge within their multinational networks; KTM needs to exist for both firms in order for such knowledge to be transferred across border. The work therefore demonstrates that KTMs used by both Company A and B have enabled the acquisition and transfer of knowledge. Secondments and Communities of Practice are KTMs used by an EMNB, Company A. Global Job Postings and The Commercial Banking Corporate School is used by an advanced economy MNB, Company B. More formal and

very structured KTMs are used by advanced economy MNBs, as compared to less structured mechanisms for EMNBs.

### **1.9 Theoretical Contribution**

First of all, it makes a contribution to the Network Theory. Based on the theoretical framing of the research, the network perspective conceives all the subsidiaries of Company A and B being linked up in a network which makes possible for each unit to gain critical competences from each other. The work suggest that the Network theory applies more to advanced economy MNBs; that MNBs from advanced economies benefit more from their network than EMNBs. Applying this theory to both types of MNBs reveals that Company B, by its wider dispersion in many markets, can and does profit more by being in a network. It is more connected to different parts of the world than Company A, and it is using its network efficiently. The global job postings and corporate schools certainly show that it is taking advantage of having staff located all over the world. Company A KTM reveals a less focus on the efficiency of utilizing its network.

Secondly, the work contributes to a very key issue in the international business literature. The question of whether firms from emerging markets are able to absorb knowledge in cross border relationships, and the issue of whether they actually have the strategies that enable them to benefit from knowledge mobility, as compared to advanced economy MNEs, has been extensively addressed by this research. The identification of KTM in Company A as an EMNB, shows that emerging economy firms are indeed absorbing knowledge in cross border relationships. Company A KTMs as shown by the study explain in detail the strategies adopted by an EMNB in order to benefit from its international

expansion. The work also reveals that these KTM structures do exist in MNBs from advanced economies and fundamentally differ from how they exist in EMNBs. The research therefore gives more insight on understanding the differences in the strategies and organizational learning patterns of EMNEs as compared to their developed country counterparts.

Thirdly, the research confirms that just like manufacturing MNEs, EMNBs also internationalize so as to gain knowledge resources. This complements the tenets of the springboard perspective. The work affirms that the springboard perspective applies to MNBs as well. Company A in order to fill its void of knowledge resources while internationalizing, learns from its UK subsidiary. KTM used by Company A has been shown to be used to acquire knowledge that can promote internationalization strategy.

Finally, the KBV raises the vital importance of knowledge as a resource. Accordingly, the thesis set out to establish if knowledge as a strategic resource can enable the multinational firm to conceive and implement strategies that improve its efficiency and effectiveness as the KBV claims (Barney 1991). The tenets of the KBV can be said to be proved right by the current study. For the MNB especially, the sole reliance on proprietary knowledge for competitive advantage makes the theory of the KBV even more applicable. Developing extensive internal global communications and intelligence networks make it possible for MNB's to take advantage of global knowledge which is an intermediate input in supplying banking services. The MNB can therefore be seen as a bundle of knowledge, and intangible and inimitable knowledge is a durable source of sustained competitive advantage.

Of significance to the KBV theory is the importance of human capital and the role it plays in the process of knowledge creation, acquisition and transfer within the multinational firm. (Yong Suhk & Young-ryeol, 2004). The current study has clearly affirmed that MNBs focus widely on optimizing the networks of their globally dispersed workforce. Larger and improved networks of the human capital around the world has been proven by this study to be what is facilitating MNBs to structure and offer bespoke financial products and services across different countries.

The transfer and recombination of knowledge was also quite vital as the KBV asserts that knowledge in itself cannot lead to sustainable competitive advantage but the configuration and integration of knowledge is the key to realizing success for the multinational company (Lee et al., 2008). The identification and clear definition of the knowledge transfer mechanisms by this study has proven that the KBV is right, seeing how the knowledge in MNBs has been transferred and recombined by both developed country MNBs and developing country MNBs. MNB's dispersed geographically do employ extensive knowledge management strategies so as to access and bring together the knowledge resources availed to them, through the knowledge transfer mechanisms, the thesis proves that the tenets of the KBV hold, seeing that this knowledge has be brought together, discussed and shared, in order to be applied to the benefit of the whole organization.

The KBV also mentions that due to the stickiness of tacit knowledge in particular, the process of knowledge transfer is characterized by uncertainty and ambiguity, and therefore managers need to employ very strategic organizational integration structures to capture and utilize knowledge so as to gain competitive advantage. The study also finds this to be very

applicable in the case of MNBs. The structures designed to capture and utilize tacit knowledge by MNBs had to be very strategically designed, both MNBs from advanced and emerging countries recognized how complex tacit knowledge can be and significant amount of resources have been invested by both types of MNBs to capture their knowledge resources, hence the design of mechanisms such as Corporate global schools.

The assertions of the KBV have been proved right in the context of internationalization of banking. But this could also be applicable to any other sectors that are similar in nature. The thesis assumes that any other similar service sectors where internationalization occurs can experience knowledge transfer on the same scale. The KTM designed and used here by MNBs is strategic in harnessing the tacit knowledge of the human capital. It therefore follows that sectors where proprietary knowledge is highly important and where the human capital is dispersed internationally, will have significant focus on designing knowledge transfer mechanisms for the transfer and recombination of knowledge resources.

## **1.10 Conclusion**

Enthusiasm for the research is one that seeks to uncover how knowledge is used by global banking corporations to drive growth in an increasingly competitive global business environment. This knowledge which is embedded in the human resources in different host markets (Peng, 2009a), when transferred from foreign markets can benefit these multinational companies, help fine-tune and coordinate global strategy, and sustain competitive advantage (Ambos et al., 2006). Knowledge has emerged as the most strategic resource of the firm (Simonin, 1999), and the very existence and survival of the multinational enterprise is claimed to rest on its superior efficiency as an organizational vehicle by which to transfer knowledge across borders (Adams et al., 2006). This therefore becomes quite an important area for these banks and for academic research.

An investigation into knowledge and the knowledge transfer mechanisms used by multinational banks can help us understand in-depth how these companies are managing this strategic resource to their advantage; this should also yield a wealth of new insight for literature on cross-border knowledge flows in multinational enterprises. Also, as banks continue to recover from the 2008 financial crisis that struck the international financial system and affected large banking groups across the world (Ralph De Haas, 2011), it is no better time to study them; it will be very exciting to uncover how these organizations are restructuring in order to recover from the crises.

## **2. RESEARCH CONTEXT**

### **2.1 Introduction**

It is important to understand the context or setting of the research. The concepts and conceptual framework identified in the previous chapter need to be explained, so as to appreciate the journey of the research. Miles and Huberman (1984) describe the importance of having a clear understanding of the concept map, the relevance of having an exact focus, the knowing of what aspects to concentrate on, the clear understanding of the boundary lines of the concepts, the territory of research being investigated. This is what this chapter seeks to achieve, to create for the research boundary lines for the concepts under spot light.

The chapter hence proceeds with mainly definitions of all the concepts on the framework. All the concepts are defined in relevance to what the study seeks to achieve. There could be other possible definitions to these same concepts and therefore it is important to clearly mark the boundary lines on how these concepts are going to be used for the research. In doing this, the territory of the research is clearly established by this chapter.

Knowledge is a key concept that needs to be clearly defined in order to appreciate what the whole research is about. Following the definition of knowledge is knowledge transfer and knowledge transfer mechanisms; the definition of these two is thereupon dependent on the definition of knowledge itself. The concepts of a MNE (Multinational Enterprise) and a MNB (Multinational Bank) are also defined; especial focus is on appreciating what a MNB from an emerging market is, as opposed to one from a developed country.

## 2.2 Knowledge

This as a concept is elusive and difficult to define (Bresman et al., 1999), since it is a complicated concept with multi-layered meanings (Yong Suhk & Young-ryeol, 2004). For the purpose of this study, knowledge is seen as the *accumulated practical skill and expertise* that allows for individuals to undertake *any* activity smoothly and efficiently (Bresman et al., 1999). Extensive research on knowledge has distinguished two types of knowledge, explicit and tacit knowledge (Adenfelt & Lagerström, 2006). Noorderhaven and Harzing (2009) emphasize that any study on intra-firm knowledge flows has to take the distinction between tacit and uncodified knowledge and explicit and codifiable knowledge.

If laid out in a linear fashion, tacit knowledge would be on the one end and explicit knowledge at the other end (Yong Suhk & Young-ryeol, 2004). Tacit knowledge can be defined as *subjective knowledge*; the know-how and system of ideas, perceptions and experiences embedded in humans, while explicit knowledge is the *objective knowledge*; rationalization of facts, formal models and easy to codify knowledge (Bolisani & Scarso, 1999). Tacit knowledge is only valuable when it is converted into explicit knowledge that is understandable and shareable (Inkpen & Dinur, 1998).

In the opinion of Nonaka and Takeuchi (1995: 59), tacit knowledge is personal, context-specific and therefore hard to formalize and communicate, and explicit or codifiable knowledge would refer to knowledge that is transmittable in formal, systematic language. Grant (1996b) believes that the critical distinction between tacit knowledge and explicit knowledge lies in the transferability of them and the *mechanisms* for transfer across individuals, across space, and across time. He further explains that explicit knowledge is

revealed by its communication, that the ease of its communication is its fundamental property. This is an opinion that Noorderhaven and Harzing (2009) agree with; they also suppose that explicit knowledge is that codified knowledge that can be transferred more easily within, as well as across organizational and national boundaries. Gupta and Govindarajan (2000) in their position would refer to explicit knowledge as declarative knowledge; operational information such as monthly financial data.

The fundamental property of tacit knowledge would be that it is revealed through its application, meaning that tacit knowledge cannot be codified and hence can only be observed through its application and acquired through its practice (Grant, 1996b). Subramaniam and Venkatraman (2001) characterizing tacit knowledge give an example of knowledge about preferences for the shapes of television cabinets. They state that these vary with cultures; when the staff within the MNE can grasp this knowledge, it could serve as rich potential for spotting market opportunities; but this knowledge is known only to the individuals who possess it. In a similar example Subramaniam (2006), talk about a power tools company transferring rich knowledge about how the preference for the feel for their power tools' grip varied across countries. Both examples here represent internally *accumulated* information and understanding of the culture, language, and buying patterns of customers in various markets (Lee et al., 2008).

The more interesting and complex issues in the literature concern the integration of tacit knowledge, both within and between organizations; this is because since this knowledge is acquired by and stored within the employees, key managerial issues arise from its management (Grant, 1996a). Tacit knowledge hence becomes potentially an important

strategic resource for MNEs, since it indwells in the minds of people and could pose significant barriers to replication by other organizations (Subramaniam & Venkatraman, 2001). Adams et al. (2006) see it in this way, tacit knowledge becomes valuable for organizations when it is difficult for competitors to imitate, is rare, and can be operationalized.

The difficulty in articulating and comprehending tacit knowledge makes it the more an interesting knowledge category to study. The above definition of knowledge chosen for this study therefore emphasises the tacit dimension of knowledge; as the know-how, skills, and expertise are accumulated and embedded in the humans or staff who possess them, and can be seen as strategic for gaining competitive advantage (Bolisani & Scarso, 1999).

### **2.3 Tacit Knowledge in Services versus Manufacturing MNEs**

Since it has now been established that tacit knowledge is the “know-how” of the employees in an MNE; the knowledge about how to do something, which may possibly be assumed to be associated with the internal workings of the company (Noorderhaven & Harzing, 2009), it is necessary here to distinguish between tacit knowledge in manufacturing MNEs as compared to services MNEs. For a global service firm, this could be knowledge about the corporate name, corporate image and reputation, proprietary services, operating procedures, best practice, and knowledge about key customer bases (Moore & Birkinshaw, 1998).

The type of expertise and skill in manufacturing could refer to marketing know-how, distribution know-how, packaging design/technology, product design, process design, purchasing know-how, and management systems and practices (Gupta & Govindarajan,

2000). Where type of expertise could be input processes, such as purchasing skills, or throughput processes, such as product designs, process designs and packaging designs, or output processes, such as marketing knowhow and distribution expertise; external market data could refer to the transfer of globally relevant information about key customers, competitors and suppliers. it is not the transfer of internal administrative information such as the exchange of monthly financial data (Gupta & Govindarajan, 1991). Knowledge about customers and competitors has been deemed to be the most important form of knowledge, as knowledge about technology and other environmental factors is important but only to the extent that it enhances knowledge about customers and competitors (De Luca & Atuahene-Gima, 2007).

#### **2.4 Knowledge transfer**

This term has been used in the academic literature to ‘designate successful knowledge transfer wherein *the transfer results in the receiving unit accumulating or assimilating new knowledge*’ (Pérez-Nordtvedt et al., 2008). The process of knowledge transfer fundamentally covers the stages starting from identifying the knowledge, to the actual procedure of transferring the knowledge and the final utilization of the knowledge by the receiving unit (Minbaeva et al., 2003). Therefore, when a subsidiary shares knowledge with another subsidiary, with the aim of replicating specific behaviour that has been shown superior to the current practices of the recipient, knowledge transfer would have occurred (Persson, 2006). Knowledge transfer can be deliberate or occur as a consequence of unintended processes and is always achieved in a dyadic relationship between a source unit and a target unit (Persson, 2006; Welch & Welch, 2008).

According to Lee et al. (2008), increased knowledge transfer provides the headquarters more exposure to diverse knowledge associated with different host markets. They explain that a MNEs headquarters and its subsidiaries must transfer their unique knowledge back and forth so that the headquarters can recognize the unique propositions of each host market. Most studies have conceptualized and measured knowledge transfer as the extent of knowledge transferred (Pérez-Nordtvedt et al., 2008). Holtbrügge and Berg (2004) explain that explicit and tacit knowledge do require different mechanisms to transfer. For instance, tacit knowledge can be best exploited through personal transfer mechanisms like international transfer of managers and global teams, while explicit or objective knowledge on the other hand is more likely to be transferred through written or electronic media; these are able to transfer large amounts of data which is not possible through face to face interaction.

## **2.5 Knowledge transfer mechanisms**

Consequent upon the significance of knowledge and its transfer, the possession of internal linkages and coordination mechanisms to enable, facilitate and coordinate knowledge stocks in the network become of prime importance to the MNE (Gupta & Govindarajan, 2000). *Knowledge transfer mechanisms* can hence be defined by this study as the cross-border *structures* that ensure the capture, analysis, interpretation, and integration of market and other types of knowledge among different functional units within the multinational firm (Olson et al., 1995; Zahra et al., 2000; De Luca & Atuahene-Gima, 2007). Gupta and Govindarajan (2000) find that the greater the extent to which a subsidiary is linked to the rest of the global network through such integrative mechanisms, the higher the knowledge transfer from it to other units within the network.

## **2.6 The Multinational Enterprise (MNE)**

This is ‘a large company with substantial resources that performs various business activities through a network of subsidiaries and affiliates located in multiple countries’ (Cavusgil et al 2008: 13). Also referred to as the *multinational corporation (MNC)*, it is seen as an economic organization that evolves from its national origins to spanning across borders (Kogut & Zander, 2003). It therefore consist of a group of geographically dispersed organizations that include its headquarters and the different national subsidiaries (Ghoshal & Bartlett, 1990a).

The MNE, given its geographical dispersion tends to enjoy economies of scale, as it carries out manufacturing, R&D, procurement, and marketing activities wherever in the world it makes most economic sense (Cavusgil et al 2008: 13). The MNE can be conceptualized as an internally differentiated interorganizational network that is also embedded in an external network consisting of all other organizations such as customers, suppliers and regulators with which the different units of the multinational enterprise must interact (Ghoshal & Bartlett, 1990a).

Manufacturing MNE’s differ from Services MNE’s not only in international strategic initiatives but also due to the unique characteristics of the sectors as well as the products they offer (Rugman & Verbeke, 2008). There is a growing importance of the services sector in the global economy and it is becoming more imperative for international business scholars to examine the internationalization of service firms both in developing and developed countries (Kundu & Merchant, 2008).

## **2.7 The Multinational Bank**

A Multinational Bank (MNB) is a bank that conducts banking operations that derive from many different countries and national systems (Robinson, 1972). Multinational Banking is different from international banking; where the latter involves foreign trade finance and lending to corporations and governments in foreign countries without a physical presence, the former involves a move across borders, owning and controlling branches and affiliates in more than one country (Jones, 1990).

A multinational bank has to be a financial corporation which acquires deposits and initiates loans from offices located in more than one country; included in this definition are all branches, subsidiaries and affiliate organisations which provide direct deposit and loan services (Gray & Gray, 1981). This research therefore focuses on commercial banks; the likes of investment banks are not included. It is important to note that banks with representative offices and agencies located in foreign countries are only multinational to the extent that “these offices produce banking services directly, that is, they may hold customers credit balances, borrow and lend in host countries and solicit loans and deposits for transfer to other banking offices within the organization” (Gray & Gray, 1981). The most important thing here however is that the multinationalism of the bank has to create scope for and should result in intracorporate gains in efficiency and profit (Gray & Gray, 1981).

Multinational Banking requires a number of differing countries and banking systems, and should at the minimum require an actual physical presence outside of the banks national or native territory (Jones, 1990). Resort to foreign correspondent banking does not qualify as

multinational banking nor would the location of a representative office abroad achieve multinational status, since this merely places one or more individuals abroad but does not constitute an extension of the bank itself onto foreign territory (Robinson, 1972).

Like other industries, banking has become more global in nature (McCauley et al., 2010). Multinational banks (MNBs) have been growing fast and benefit immensely from their size and the global interconnectedness of their activities (Navaretti et al., 2010). High growth economies are now homes to some of the world's largest and increasingly influential banks. Increasingly, banks from high growth economies are becoming more active acquirers, both in their home markets and abroad, and are establishing their own approaches including partnerships and distribution agreements (PWC, April 2013 ).

Mergers and Acquisitions in the financial services industry has become common place and continues to become one of the easiest ways for banks to gain presence in many different countries. According to Ernest & Young, it is observed that financial services executives feel very optimistic about the global economy and will be willing to pursue an acquisition over the next year (E&Y, November 2015). It is worthy to note that financial services are developing rapidly in sub-Saharan Africa. Many of the regions markets continue to enjoy robust growth and local and international financial groups are using M&A to increase their exposure to the region (PWC, March 2013).

## **2.8 Multinational Banks from Emerging Markets**

Emerging markets represent countries whose national economies have grown rapidly, where industries have undergone and are continuing to undergo dramatic structural changes, and whose markets hold promise despite volatile and weak legal systems (Luo & Tung, 2007). Gammeltoft et al. (2010) notes that recent years have witnessed an extraordinary rise in FDI from emerging economies. They observe that, although the phenomenon of FDI from emerging economies is mostly from the largest or most affluent emerging economies like China, Russia, Brazil, and India, the phenomenon is widely spreading; with firms from countries such as Mexico, Chile, Malaysia, Indonesia, Egypt, Turkey and many others rising to the occasion and becoming more active overseas.

Luo et al. (2010) note that generally, outward foreign direct investment (OFDI) by emerging market corporations has become increasingly significant and prevalent in recent years. They report that, OFDI from these emerging and developing countries reached \$304 billion in 2007, constituting a 36.51% increase from the previous year. This has become a very interesting trend in global business, companies from an increasing number of emerging market countries are undertaking huge OFDI in order to expand into global markets (Luo et al., 2010), especially banking corporations.

Cuervo-Cazurra and Genc (2011) assert that as emerging market multinational companies increasingly expand abroad, they do provide new competition to advanced-economy multinational companies. And given such a rapid spreading out of these firms and rapid development of emerging markets, much of the competition between them and advanced-economy multinationals will take place in foreign markets. Bonaglia et al. (2007) find that

the recipe for success of these firms seems to lie in their ability to treat global competition as an opportunity to build capabilities, move into more profitable industry segments, and adopt strategies that turn latecomer status into a source of competitive advantage.

A crucial point by Cuervo-Cazurra (2008) however highlights the fact that EMNEs do take a long time to become MNE; reflecting the additional challenges and need for sophisticated advantages for establishing FDI. According to Gammeltoft et al. (2010), this is happening because emerging economy firms originate from within a context that is unfavourable for generating significant ownership specific advantages of the traditional kind; unlike the established MNCs with most of the sources of advantages at home, such as low operating cost, distribution systems, government relationships, etc. Bartlett and Ghoshal (2000) are of the opinion that companies from emerging countries find it so difficult to compete against established global giants from Europe, Japan, and the United States because many consumers expect products from developing countries to be inferior, and unfortunately, this perception is shared by managers of the local companies that are striving to become global players.

Having said that, internationalization helps build the advantages of EMNEs, Bonaglia et al. (2007) argue that EMNEs have to internationalize in order to capture the resources needed, they internationalize in order to build their advantages cumulatively. That the analysis of the internationalization experience of EMNEs should account for their growth and emergence that do not apply in the case of established MNEs. Elango and Pattnaik (2007) note that, as new opportunities are brought about by liberalization and globalization, many firms in emerging markets begin to seek international markets in order to stay competitive.

And as latecomers, Luo and Tung (2007) observe that, many EMNEs embark on a strategy whereby they simultaneously pursue customers in many foreign markets, not just one at a time. They tend to be very radical with internationalization strategy, often venturing into advanced markets such as Europe and North America; which are viewed as highly psychically distant destinations for them (Luo & Tung, 2007; Gammeltoft et al., 2010)

Bartlett and Ghoshal (2000) investigated emerging multinationals that have successfully built a lasting and profitable international business, noting how each used foreign ventures in order to build capabilities to compete in more-profitable segments of their industry. They found that the problem for most aspiring multinationals from peripheral countries is that they typically enter the global marketplace at the bottom of the value curve (the less profitable segments of the industry), and they stay there, this they found to be because Managers either lacked confidence in their organizations ability to climb the value curve or they lacked the courage to commit resources to mounting that challenge. Successful firms had to break out of the mind-set that they couldn't compete successfully on the global stage, once freed of that burden, they had to find strategies in which being a late mover was a source of competitive advantage rather than a disadvantage. These firms also had to develop a culture of continual cross-border learning; they learned how to learn from the constant flow of new demands, opportunities, and challenges that international competition brings.

Although historically many emerging economies witnessed the dominance of foreign banks in their banking sector, with foreign bank ownership in host countries such as Estonia, Czech Republic and Hungary for example reaching more than 90% by the year 2007 (Jeon

& Wu, 2014), Banks from emerging markets have also began to establish a presence in developed countries. Multinational banks from emerging markets could be said to have seen a significant increase in the expansion of their economic activities or cross border foreign direct investment over the last decade because of saturation of home markets, global financial integration, the need to continually seek new business opportunities and growth, and most importantly, the relaxation of regulations in the banking system and financial industries in many host nations (Syed Zamberi, 2013). The internationalization of such MNBs is becoming a very important issue as more and more countries open their financial systems to foreign investors (Syed Zamberi, 2013).

Multinational banks emerging from Asia and Africa are worth the mention. These are economies that have been growing at double digit figures and hence have seen an almost proliferation of multinational corporations rising out of them. For instance, Klein and Wöcke (2007) note that, some south African businesses have made great strides in expanding internationally. While much of the expansion has been in the rest of Africa, a number of such MNEs have also emerged to contest global leadership positions in some industries. They cite an examination of UNCTAD's Top 50 TNCs that reveals MNEs from south Africa being ranked in the 2004 report as against none in 1994 (Klein & Wöcke, 2007). The Lome based pan-African financial institution, one of the most technologically advanced organizations on the continent, is African and managed by an elite team of African professionals. It is now the most successful African multinational on the continent. It has more than 450 branches in 22 African countries. The workforce has increased from 6,000 in 2006 to the current level of over 8,000 (2008).

This phenomenon undoubtedly is reshaping the structure of today's international business, as this is a surge of MNC activity from what is traditionally considered as the periphery of global commerce. Indeed, the positive connotation of the term emerging multinational mirror the increasing positive assessment of their contribution to the global economy (Gammeltoft et al., 2010). Bonaglia et al. (2007) are of the opinion that this emergence of a wave of multinational enterprises from emerging markets in a variety of industries is definitely one of the characterizing features of today's globalization.

## **2.9 History of Multinational Banking**

Historically, Jones (1990) accounts that multinational banking has a long standing repute, that historically, bankers often sent members of their family or their staff to represent them abroad temporarily, or they developed mutual agreements with their equivalents in foreign countries. The work appreciates how multinational banking has evolved over the years; this can provide insight into how it all started. Jones (1990) explains that modern corporate multinational banking has occurred in two waves.

The first wave of multinational banking came in the 19<sup>th</sup> century, with British banks leading the way in internationalization. Jones (1990) notes that the earliest and most extensive examples of multinational banks were British overseas banks which were headquartered in Britain; by 1914 these banks had large branch networks in parts of the British Empire, notably in Australasia and southern Africa. Later on in that century these British banks were joined by other multinational banks from countries like Germany, where German multinational banks, which were essentially the creation of domestic German banks, opened their own branches in London and established subsidiaries to operate in Latin

America and Asia. French, Swiss, and Belgian multinational banking followed a similar model at this time.

The second wave of multinational banking came in the 1960's (Jones, 1990). This wave was led by the American banks, there was an intense expansion in the overseas branches of American commercial banks; by the end of 1975, assets of overseas branches of American banks were at \$176.5 billion, a rise from \$3.5 billion in 1960 (Cho, 1983). The period between 1964 through to 1974 has been described by Cho (1983) as the offshore banking boom for U.S. banks; this peak of international expansion was driven by many factors including the continued increase in foreign trade by the U.S., the proliferation of the Eurodollar market and the U.S. government regulations aimed at improving U.S. balance of payments.

The 1970s also witnessed the rise of offshore centres and the growth of the Asian Dollar market which led to Bahrain, Singapore and Hong Kong attracting many branches of banks. The 1980's saw Japanese banks become foremost in expanding overseas. Jones (1990) notes that by the mid-1980s Japanese institutions had over 200 branches abroad, were represented in all leading financial centres in the world, and had built up through acquisition a significant share of the California banking industry. "While the American banks were active in Western Europe in the 1980's, European and Japanese banks invested in a direct and unprecedented manner in the United States" (Jones, 1990). The 1980s also saw Canada and Australia become attractive locations when regulatory controls were liberalized to allow for foreign direct investment.

Jones (1990) notes that initially the products offered by the multinational banks of the 1960s were not dissimilar from the 19<sup>th</sup> century banks. It was always trade finance, servicing corporate customers from their home countries, and retail banking. Another common feature of the 19<sup>th</sup> century banks were a tremendous concentration on investment in developing economies. In Southeast Asia in the 19<sup>th</sup> century, powerful overseas Chinese business houses conducted international banking, sometimes through multinational branching, which co-existed alongside the Exchange banks. Britain however remained the world international banker at this time, owing to its historical legacy (Jones, 1990).

## **2.10 Conclusion**

The chapter sort to create for the research boundary lines for the concepts under investigation. It has now become possible to see the research in its unique perspective. The importance of having a clear understanding of the concept map and the exact focus of the research means that the work can now advance accordingly. All the concepts are defined in relevance to what the study seeks to achieve and hence should not be interpreted otherwise. The definition of knowledge especially, as it applies to this study was very fundamental, as this can lead on to understanding the rest of the work in the light of how this is defined here. This now lays a foundation on which the literature review for the research rest. Clear definitions and boundary lines means that the literature review for the research can also be objective in its aims. This key terms as explained here were also useful in guiding the research through identification of the journal articles that were picked up by the literature review.

### **3. LITERATURE REVIEW**

#### **3.1 Introduction**

The literature review chapter builds on a systematic literature review (SLR) methodology. It was the intention to capture the breadth of top academic journal articles on knowledge transfer activities of multinational companies. The approach served as a strong foundation for the thesis, it involved a meticulous search strategy that picked up all the important papers needed for the research. The result from the SLR was an extraction form that served as a guide to writing up the literature review chapter. The extraction form (see appendix) analysed the articles and extracted relevant data that would later on inform the review chapter.

Based on the SLR, it became possible to identify the theory and theoretical assumptions that would guide the thesis. The Springboard Perspective, Knowledge Based View (KBV) and Network Theory are identified and discussed here as the main theoretical perspectives in which to view and understand the study. Through these the theoretical assumptions underpinning the study would be discussed in detail. The assumptions are for the existence of the stock of knowledge, the amenability to transfer the knowledge, and the need for mechanisms of transfer. The section on Knowledge Transfer Mechanisms (KTMs) captures the academic discourse on the nature and the use of these mechanisms by multinational companies. It was important to clearly identify the types of KTMs that do exist and how these have been reported in the academic literature.

Following is a historic account of bank internationalization. Multinational banking has a long standing repute and it is important to appreciate the history of it. Another key section

which follows-on subsequently is the discussion on the motivations for bank internationalization. Haines and Ho (2007) note that the issue of multinational banking will continue to evolve, that as financial consolidation and international trade have continued to expand in recent years, so too will cross border banking. That today it is observed that international banks based in one country are becoming more deeply embedded in the banking activities of other countries.

The activities of these foreign banks that operate in host economies under global networks of multinational banking have been observed to contribute to enhancing the efficiency, competitiveness, and stability of the banking economies of those host nations, as well as act as a destabilizing force in today's global economy (Jeon et al., 2013); discussing on the motivations for bank internationalization has hence helped in appreciating the driving factors behind bank internationalization. Following is a summary and conclusion of the issues discussed in the chapter.

### 3.2 Background

Extant research on cross-border knowledge flows in multinational enterprises' (MNEs) have mainly focused on the transfer of knowledge within developed countries' MNEs and also on how local corporations in developing countries benefit from the entry of foreign multinationals (Gupta & Govindarajan, 2000; Görg & Strobl, 2005; Liu & Buck, 2007; Blalock & Simon, 2009; Ghauri & Yamin, 2009; Iršová & Havránek, 2013). This domination may have been the result of the laggardness of developing countries in terms of poor economic growth, technological backwardness and unstable political conditions.

The scenery is however now changing, emerging economy multinationals are now rapidly catching up with developed country multinationals (Gugler, 2007). Specifically, Gugler (2007) reports that, outward FDI flows from emerging economy MNEs (EMNEs) have increased significantly and now represent a rising share of the global FDI. These changes have been reflected in a new body of literature which goes beyond early explanations for FDI from emerging economies, and focuses more on the strategies for managing EMNEs (Khan & Khan, 2007).

The new literature attempts to understand the difference in the strategies and organizational learning patterns of EMNEs as compared to their developed country counterparts; whether existing international business paradigms, theories and conceptualizations of developed country MNEs can be readily applicable to EMNEs (Witt & Lewin, 2007; Ghauri & Santangelo, 2012). Ghauri and Santangelo (2012) highlight a very key issue in the international business literature, they observe that, *it is still an open question* whether firms from emerging markets are able to absorb knowledge in cross border relationships, and

whether they actually have the strategies that enable them to benefit from knowledge mobility as compared to advanced economy MNEs. EMNEs have been noted in international business research to have knowledge seeking FDI strategies (Kedia et al., 2012b), but an understanding of the cross-border KTMs used by EMNEs to manage the process of knowledge acquisition which help them benefit from knowledge transfer is what is lacking in the literature.

### **3.3 EMNEs and Internationalization Strategy**

EMNEs have been considered mainly to adopt entry modes that facilitate knowledge acquisition. According to Kedia et al. (2012a), the EMNEs ability to overcome inherent disadvantages as a latecomer relies heavily on its ability to seek knowledge outside of its home borders through foreign direct investment. Modes of entry are the format of foreign market entry strategies; an MNE can enter foreign markets via equity modes through joint ventures, wholly or partially owned subsidiaries, and green-fields (Peng, 2009b).

Martin and Salomon (2003) suggest that EMNEs employ one of two primary modes of FDI related entry: They may either enter by linking themselves to established host country players through alliances, joint ventures, and mergers and acquisitions, or they could enter independently through wholly owned subsidiaries. Kedia et al. (2012a) explain that what is different about EMNEs is that often their primary motivation to engage in FDI is to develop firm-specific advantages by gaining access to knowledge, resources, and markets in the host country; that EMNEs differ from traditional MNEs in the respect of their accelerated pace of internationalization in order to develop and acquire the capabilities necessary to compete on a global level. That this aggressive strategic internationalization often targets mutually beneficial partnerships that provide access to new knowledge and skills, and that

EMNEs will likely look to link to an established firm in order to leverage the relationship to gain this capability.

Based on the arguments of Tung (1984) also, the success of an internationalizing firm will be based on its ability to effectively acquire and utilize the strategic resource of *people*; that access to human capability, who possess the new knowledge and the skills necessary, is what can facilitate the effective and efficient acquisition, utilization and transfer of other resources from corporate headquarters to the various subsidiaries in the world and vice versa. So when an EMNE expands into foreign markets, international staffing decisions and international human resource management (IHRM) should become of important strategic consideration (Gaur et al., 2007), as hiring the right people can guarantee their acquisition and gaining of strategic knowledge resources.

According to Fan et al. (2013), companies operating globally have to seek appropriate internationalization strategies and IHRM, and for the EMNE especially, exploring an effective IHRM approach is critical for the survival and success of entering new markets. Understanding how EMNEs can effectively manage employees in host countries and to the benefit of their international presence is therefore key to their survival (Fan et al., 2016). The challenge of leadership for EMNEs while internationalizing hence becomes one of appropriate staffing (Rao-Nicholson et al., 2016), as this can facilitate the acquisition and transfer of knowledge and skills.

### **3.4 Springboard Perspective and Internalization of Knowledge**

The springboard perspective best explains EMNE internationalization; and this is because the theory focuses on and explains internationalization based on the uniqueness of the EMNE as a type of multinational. According to Luo and Tung (2007), although Dunning's (1981,1988,2001) eclectic paradigm could explain EMNE internationalization, it doesn't quite capture and explain the behaviours of EMNEs as they appear to face unique parameters and unique rationales and strengths while seeking to play an increasingly important role on the global stage.

This theory argues for EMNEs to use international expansion as a springboard to acquire strategic resources and reduce their institutional and market constraints at home; that EMNEs can overcome their latecomer disadvantage on the global stage via a series of aggressive, risk taking measures, acquiring critical assets from mature MNEs to compensate for their competitive weakness (Luo & Tung, 2007). In their view, De Beule et al. (2014) argue that EMNEs use springboarding to acquire capabilities and technologies so that they do not need to develop the same internally; that ultimately, EMNEs are eager to acquire such capabilities through internationalization so as to fill their resource void.

Springboard behaviours are often characterized by EMNEs proactively acquiring or buying critical assets from mature MNEs to compensate for their competitive weaknesses. In knowledge seeking for instance, Fey et al. (2016) highlight that issues like learning best practices, efforts to gain market knowledge, actions to develop social and business networks, and the applicability of unique home country capabilities are considered in internationalization strategy for EMNEs.

Luo and Tung (2007) explain that springboarding by EMNEs is done systematically and recursively. Systematic in the sense that springboarding strategy is deliberately designed as a grand plan to facilitate firm growth and as a long-range strategy to establish competitive positions more solidly in the global marketplace. Recursive in the sense that because such springboard activities are recurrent, where one foreign acquisition may improve an EMNE's disadvantage in brand awareness and international reputation, while a subsequent acquisition of a foreign logistics or distribution company may rectify its deficiency in accessing foreign customers. Kothari et al. (2013) are hence of the strong opinion that EMNEs foreign expansion is based on their ability to acquire resources and absorb them to build their own advantage.

Based on the tenets of the internalization theory, through such acquiring and internalization of resources by firms, international growth and expansion can occur (Buckley, 1988). Firms such as EMNEs should therefore choose the most favourable location to invest and see to benefiting from such locations by internalizing resources for growth and expansion. Rugman and Verbeke (2003) are of the opinion that such resources should include various types of knowledge and expertise, embodied in patents and human capital. They explicate that internalization of such resources across national boundaries is what leads to the creation of MNEs in the first place. Internalization theory hence suggests that when penetrating foreign markets to exploit knowledge advantages, multinational enterprises (MNEs) need to choose between setting up subsidiaries or signing licensing agreements with foreign partners, so as to facilitate resource internalization (Chen, 2005).

### 3.5 The Knowledge Based View (KBV)

The KBV raises the vital importance of knowledge as a resource. Knowledge as a strategic resource should enable the multinational firm to conceive and implement strategies that improve its efficiency and effectiveness (Barney 1991). KBV sees the firm as a bundle of knowledge, but claims that firm specific, non-tradable, intangible and inimitable knowledge is the only durable source of sustainable competitive advantage of the firm (Wang et al., 2004).

The KBV therefore has a specific focus on knowledge as a strategic resource. The current study also focuses on only knowledge as a strategic resource and sees firms as essentially knowledge creating entities that have the capacity to successfully create new and commercially viable knowledge leading to sustainable competitive advantage (Regnér & Zander, 2011). KBV is interested particularly in the human capital among the other various resources of the firm due to the major role it plays in the process of knowledge creation, acquisition and its transfer within the organization (Yong Suhk & Young-ryeol, 2004), this also agrees with the current study as knowledge is defined as the accumulated expertise and skill of human capital.

The transfer and recombination of knowledge is quite vital here as the KBV asserts that knowledge in itself cannot lead to sustainable competitive advantage but the *configuration and integration* of knowledge is the key to realizing success for the multinational company (Lee et al., 2008). And due to its stickiness, the process of knowledge transfer is characterized by uncertainty and ambiguity; managers therefore need to employ very

strategic organizational integration structures to capture and utilize knowledge so as to gain competitive advantage (De Luca & Atuahene-Gima, 2007).

### **3.6 Network Theory**

The Network theory conceptualizes knowledge transfer occurring in a network in which different units are linked together; and this network makes possible for organizational units to gain critical competencies that ultimately contribute to their competitiveness (Tsai, 2001). For the MNC, this would see knowledge transfer occurring in a context where the headquarters is internalizing knowledge from the home country context and sharing it with the subsidiaries in the network and each subsidiary internalizing knowledge from the host context and sharing with other subsidiaries as well as the headquarters (Meyer et al., 2011).

Ghoshal and Bartlett (1990b) believe that an entity such as the multinational enterprise (MNE) can be more appropriately conceptualized as an inter-organizational grouping rather than as a unitary organization. Such a conceptualization reflects the true nature and complexity of the MNE and can provide a useful lens through which to examine such an entity. MNEs can therefore own operations in multiple and diverse countries and are hence geographically dispersed in different settings (Ghoshal & Bartlett, 1990b; Meyer et al., 2011).

As a result of such dispersal and differentiation, the MNE possesses internal linkages and coordination mechanisms that represent and respond to many different kinds and extents of dependency and interdependency in inter-unit exchange relationships (Ghoshal & Nohria, 1989). According to Gupta and Govindarajan (2000), three types of inter-unit relationships

are notable within this network; capital flows, product flows and knowledge flows; with knowledge flows viewed as the most important of the three (Gupta & Govindarajan, 1991; Gupta & Govindarajan, 1994; Gupta & Govindarajan, 2000). Consequent upon the significance of knowledge, possession of internal linkages and coordination mechanisms to enable, facilitate and coordinate knowledge stocks in the network become of prime importance to the MNE (Gupta & Govindarajan, 2000).

### **3.7 Theoretical Assumptions**

According to Ambos et al. (2006), analogous to other knowledge flows in the MNC, knowledge integration of dispersed knowledge conceptually builds on three assumptions;

- 1) There is (potentially valuable) stock of knowledge in organizational entities inside the firm.
- 2) This localized knowledge is amenable to transfer; i.e. knowledge needs to flow to other parts of the organizational network.
- 3) The firm has to devise appropriate mechanisms in order to transfer and integrate the dispersed pieces of knowledge and ultimately create value.

#### **3.7.1 The Stock of Knowledge**

The knowledge stock could exist in the headquarters or subsidiary entities. Almeida et al. (2002) recognise that knowledge creation and development occurs not only at the home base of the MNE but in all of a firm's locations. Given the heterogeneity of countries every business unit of the MNE can create potentially valuable knowledge necessary to meet the demands of its local environment and the network as a whole (Lagerström & Andersson, 2003). The MNE being simultaneously present in a variety of institutional contexts means

that it can engage in interaction and exchange with local counterparts, each distinct unit can draw from their local business contexts and contribute to the development of new knowledge and competence in the MNE (Persson, 2006).

According to Bartlett and Ghoshal (2000) to survive in the knowledge intensive global marketplace, the MNC through its subsidiaries must know how to learn. The subsidiaries hence play a very vital role in the knowledge creation for the MNC. Kuemmerle (2002) are of the opinion that the inherent nature of the MNE subsidiaries increases its chances of survival and growth, and that the cross border activities of the subsidiaries augments the MNEs knowledge base and increases its chances of success. According to them, by this, the management of knowledge and the mobilization of resources become easier for the MNE in the face of challenging cross-national settings where different cultures, corporate governance systems, time zones, and languages are involved.

Ram and Pietro (2004) in their work observe that in recent years, as MNC subsidiaries have become more closely linked to international networks, their knowledge intensity has risen, and some of their R&D has gained a more creative role within the MNE network. That simultaneously and often connectedly, many subsidiaries have acquired considerable strategic independence in all aspects of their operations, and therefore are able to exercise considerable intra-firm bargaining power to influence the distribution of firm resources within the MNE. In a similar view, Cantwell and Mudambi (2005) highlight the significant knowledge creative role of generating technologies and creating new knowledge by subsidiaries, in accordance with the comparative advantage of the country where they are located. They find that this realisation of the role of the subsidiary has led to an increase in

the level of knowledge activity in subsidiaries of MNEs, and that there is a constant progression on competence creating abilities throughout the subsidiary network of the MNE.

It is this relevance of the subsidiary as a knowledge creating institution that makes Birkinshaw et al. (2005) to argue for the multinational subsidiary to be conceptualized as a semi-autonomous entity with entrepreneurial potential, not merely a subordinate element of their parent MNC. That the subsidiary should be viewed as having potential for independent and entrepreneurial behaviour, as it consists of an internal environment of other subsidiaries, internal customers and suppliers, and an external environment consisting of customers, suppliers and competitors. In the light of this, Mudambi et al. (2007) find that subsidiary self-determination and teamwork were found to have significant effects on knowledge output for the MNE, and Adenfelt and Lagerstrom (2008) find that it is as a result of the subsidiaries being involved in local business networks; these networks serve as engines for the knowledge development of the MNE.

According to Meyer et al. (2011), at the most fundamental level, the value creation of the MNC has to be based on the international arbitrage made possible by the multiple embeddedness of the MNE subsidiaries in multiple countries, and hence the wider dispersion of MNE knowledge activities implies that these subsidiaries undertake knowledge creation in a multiplicity of locations; this diversity of local context therefore enables the MNE to access knowledge from many different knowledge clusters and hotspots. The subsidiaries help in the accumulation of capabilities and do show the

potential to pursue the continual improvement of competitive advantage at the interface between their local economies and global corporate networks (Figueiredo, 2011).

In sum, The MNE is able to create competitive advantages using knowledge that is available to other firms through its subsidiaries. It removes knowledge from its place of origin through its subsidiaries and via its internal transmission, and combining its unique ways with similarly sticky knowledge from other locations, it is able to derive unique commercial knowledge (Tallman & Chacar, 2011).

### **3.7.2 Amenability**

The localized knowledge created at subsidiary or headquarter level is open to transfer, it needs to flow to other parts of the organizational network for any success to be achieved therewith. Although this knowledge is readily transferrable, Grant (1996b) observes that this knowledge resides within the individuals in the firm, and the fundamental task of acquiring this knowledge of the many specialists for the advantage of the firm can be very challenging. This is a challenge Moore and Birkinshaw (1998) observe to be existent for the service firm; top management's challenge for the service firm is to develop, leverage, and disseminate knowledge on a worldwide basis and to foster an environment in which *inter-country learning* can occur.

The subsidiaries of the multinational now become embedded in different local context and it becomes more and more difficult for the MNE, as each subunit maintains a unique and idiosyncratic pattern of local networks with customer and suppliers in host countries (Andersson et al., 2002). Given this geographical dispersion and heterogeneity of countries,

Lagerström and Andersson (2003) assert that the challenge the of the MNE then becomes how to tap into location specific knowledge and make it available throughout the corporation; the most important role of the headquarters thereupon will be to enable, facilitate, and coordinate these corporate knowledge stocks and flows.

Criscuolo and Narula (2007) observe that in a relatively short span of three decades, the extent, spread, motivation, location and nature of overseas presence of multinational enterprises has become incredibly complex and MNEs do appreciate the costs, constraints, and challenges associated with efficiently managing geographically dispersed activities; some of the challenges faced by MNEs positively reflect the increasingly complex nature of their activities. For instance, as MNEs shift from a more centralized to multi-hub structures, inter-unit communication for instance becomes even more complicated and the need for a complex set of institutions need to be designed and developed to accommodate the new structure; the nature of headquarters-subsidiary relationships have to be reorganized away from an ethnocentric, home country dominated structure, to a more widely dispersed and complex network of knowledge flows between subsidiaries and headquarters in several locations.

The geographical spread of the subunits according to Andersson et al. (2007) calls for a modelling of the internationalized MNC as a federation state. That it actually becomes possible to see the federative MNC, like in a federative state, having the headquarters and the subsidiaries involved in perpetual bargaining processes. They find that one of the resultant effects of the geographical spread of the subunits is the strength and the influence of some subsidiaries, owing to the subsidiaries local business networks and ability to

provide technology within the MNC. In addition, they discover that the potential dilemma facing the headquarters of a federative MNC is that, although the externally embedded subsidiaries can provide access to a variety of competencies, this could also lead to reducing the subsidiaries interest in contributing to the overall performance of the MNC.

Greenwood et al. (2010) show the emergence of a multiplex organizational form for multinational service firms as a result of internationalization, and note that multinational service firms also face significant managerial challenges as a result of global growth. They assert that over the past few decades, multinational service firms have also grown in complexity, both geographically and in size, to the point where their traditional organizational arrangements have proven inadequate. Greenwood et al. (2010) from their study assert that the trick for the Multinational service firm is in pulling its differentiated parts together, that there are risk that high differentiation can overpower attempts at coordination and become a very daunting thing for multinational service firms. They however show that multinational service firms are successfully implementing the multiplex design and responding to their complex environments by developing highly differentiated structures in order to capture the benefits of deep specialization along several axis. The greater the number of subsidiaries however, the higher the coordination challenge of optimally utilizing and disseminating the knowledge generated at the subsidiary level (Meyer et al. 2011).

### **3.7.3 The need for Mechanisms**

Bartlett and Ghoshal (1988) observe that in the 1960s and 1970s, most of the many European and American based companies that had well established networks of fairly independent and self-sufficient national subsidiaries were faced with the problem of strategy, and the challenges of organizational structure to coordinate and control these international operations in order to respond to competitive forces. Equally, today's multinational faces a competitive landscape which almost stretches to a global horizon, where effective global operations require a genuine equidistance of perspective; building a value system that responds to the coordination and control of resources on a global scale (Ohmae, 1989). Consequently, Ghoshal and Bartlett (1990b) assert that the MNE always possesses internal linkages and coordination mechanisms that represent and respond to many different kinds and extents of knowledge dependency and interdependency in inter-unit knowledge exchange relationships.

According to the information-processing perspectives proposed by Galbraith (1973), firms typically adopt knowledge transfer mechanisms to process the increasing amounts of information associated with cross-functional activities. And in the case of the multinational, it is indeed a complex scenario of an increase of information; subsidiaries can even differ regarding whether they are either the receivers or the providers of this information (Gupta & Govindarajan, 1991). Because multinational firms are complex multi-dimensional entities, knowledge flows within such entities occur not only along multiple directions but also across multiple dimensions, there hence needs to exist clearly structured knowledge transmission channels (Gupta & Govindarajan, 2000).

Almeida et al. (2002) in their work find that the superiority of the MNE stems from its ability to use multiple mechanisms of knowledge transfer flexibly and simultaneously to move, integrate, and develop technical knowledge. That the challenge of knowledge management for the MNC will always extend beyond the creation of international information systems, to the design of organizational structures, systems and culture capable of supporting the flow of knowledge. There has to be these structures and organizational culture that ensures the capture, analysis, interpretation, and integration of market and other types of knowledge among different units of the MNC (De Luca & Atuahene-Gima, 2007), because this knowledge is a fluid mix of framed experiences, values, contextual information, and expert insight that has the potential to guarantee growth and success for the MNC (Noorderhaven & Harzing, 2009).

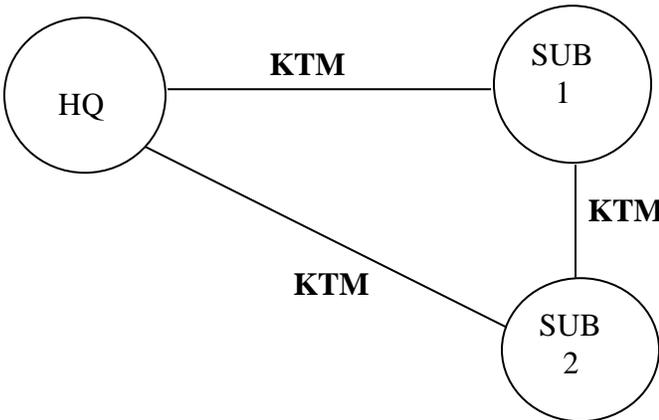


Figure 2. *Knowledge Transfer Mechanisms*: are the cross-border structures that ensure the capture, analysis, interpretation and integration of market knowledge and other types of knowledge among different units of an MNE

Consequently and following from the third theoretical assumption above, the ability to exploit the local knowledge places great demands on adopting knowledge transfer mechanisms that can enable assembling, creating, sharing and utilizing the knowledge across the distinct units (Lagerström & Andersson, 2003; Adenfelt & Lagerstrom, 2008).

### **3.8 Knowledge Transfer Mechanisms**

Martinez and Jarillo (1989) found that the study of the mechanisms of coordination in MNEs has evolved from focusing on the more formal tools to an appreciation of the more subtler forms of coordination, such as acculturation and the creation of networks of informal communication. According to them, this evolution of research has correspondingly followed the evolution of the use of these mechanisms in practice; that the increase in the study of subtler mechanisms is only due to the fact that MNCs are indeed making more use of subtler mechanisms.

Based on the review of the knowledge transfer literature, this study observes that the work of Gupta and Govindarajan (1991; 1994 & 2000) have notably served as a basis for studies on knowledge transfer mechanisms in multinational companies. They conceptualize knowledge transfer mechanisms into formal and informal coordination mechanisms and use these mechanisms to test for how within the same corporation the nature of corporate control might vary systematically across subsidiaries (Gupta & Govindarajan, 1991), for how systematic associations between a subsidiary's knowledge-flow based strategic role and the systems and processes linking the subsidiary to the rest of the corporation might

vary (Gupta & Govindarajan, 1994), and the determinants of intra-MNC knowledge transfers (Gupta & Govindarajan, 2000) respectively.

These foundational studies do highlight the importance and the use of knowledge transfer mechanisms for the competitive advantage of the MNE. The missing thing however is that they build a foundation for studies on manufacturing MNEs only, it is not clear in the literature how the study of knowledge transfer mechanisms has evolved for services firms; most of the subsequent literature consequently focuses on manufacturing MNEs from developed countries. This study hence highlights the need for more literature on knowledge transfer mechanisms in services MNEs, especially for Multinational banks.

Another key point is that KTMs have been notably researched in the literature for use in product innovation of manufacturing MNCs. Subramaniam and Venkatraman (2001) argue that the transnational new product development capabilities of MNEs will significantly depend upon their ability to use these KTMs across overseas markets. They claim that their study is the first real study to provide empirical evidence on the critical role that tacit knowledge plays in influencing firm capabilities. Chiefly, they claim that organizations which use cross-national teams, teams with members who have prior overseas experience or teams whose members communicate frequently with overseas managers in order to acquire information about tacit differences among countries will have greater transnational product development capabilities (Subramaniam & Venkatraman, 2001; Subramaniam, 2006).

De Luca and Atuahene-Gima (2007) by showing the differential effects of market knowledge dimensions on product innovation performance were able to provide a more

refined understanding of the interplay among market knowledge, its integration, and the firm's performance in product innovation. According to them, by overlooking the role of knowledge transfer mechanisms, previous research may have provided an overly optimistic view of the value of cross functional collaboration in product innovation for MNCs. Lee et al. (2008) focuses on the conditions under which knowledge transfer can serve to induce positive new product outcomes in multinational corporations. Their study builds on resource-based theory to suggest that knowledge and the MNC network strength are the two critical firm resources individually and collectively influencing new product outcomes for MNCs.

Salomo et al. (2010) in their research address the global new product development (NPD) team and its impact on performance from both an antecedent and a contingency perspective. Using the RBV as theoretical framework their study clarifies how the internal, or behavioural, environment of the firm-specifically, resource commitment and senior management involvement-and the global NPD team are interrelated and contribute to global NPD program performance. Their results show that creating and effectively managing global NPD teams offers opportunities for leveraging a diverse but unique combination of talents and knowledge-based resources, thereby enhancing the firm's ability to achieve a sustained competitive advantage in international markets.

In spite of the volume of literature addressing KTMs for product innovation, it is again found that these studies mainly focus on manufacturing firms. This study argues from the perspective of how the current literature has almost ignored the possibility that KTMs are fundamental to the success of the MNE firstly, before it could help in achieving anything

else. There is scarcely any discussion in the literature on the fundamental need for KTMs to guarantee the smooth functioning of the MNC.

If the very existence and survival of the multinational enterprise is claimed to rest on its superior efficiency as an organizational vehicle by which to transfer knowledge across borders(Adams et al., 2006), then it follows that there should be significant attention paid to how KTMs are guaranteeing the existence and survival of MNEs. Almeida et al. (2002) try to capture this theme in their work while looking at the superiority of the MNC over international strategic alliances and market contracts. They found that this superiority stems from the MNEs ability to use multiple mechanisms of knowledge transfer flexibly and simultaneously to move, integrate, and develop technical knowledge across national boundaries. More studies like this should be conducted, especially in multinational bank research where there is hardly any work done on either KTMs for product innovation or KTMs for the survival and the existence of the MNE.

KTMs have however been looked at from other perspectives in the literature. Snow et al. (1996) explore how to use KTMs to globalize a company. They argue that KTMs are at the heart of the globalization process and as companies spread their operations around the world, KTMs will always be used to both launch and manage the process of globalizing the MNE. Snell et al. (1998) were of a similar opinion and find that as the challenges of managing across borders become increasingly complex, companies are exploring innovative ways to organize and manage people, most are turning to the use of KTMs such as transnational teams composed of individuals from multiple nationalities working on tasks that span multiple countries.

Zahra et al. (2000) said that the use of KTMs for knowledge integration will make the information and skills gained from international expansion activities an integral component of the routines that guide the firm's future strategic actions. They explain that although knowledge can be tacit and fragmented throughout the firm and that managers and employees are often unaware of the amount or importance of what they have learned from their firm's international expansion activities, its integration via the use of KTMs will enable the firm to internalize what it has learned in its international operations. It then becomes possible to combine different insights and skills learned from a firm's different markets and national systems of innovation to overcome deficiency in the MNEs knowledge base.

Noorderhaven and Harzing (2009) emphasize in their work that a social process of mutual engagement is what can facilitate the formation and use of KTMs, that learning tacit knowledge is only possible in a dialogue in which both parties assume the roles of sender as well as receiver. They see KTMs not only as a pipeline for the transfer of knowledge produced at one location and consumed at another but that KTMs, especially social interaction, forms an important condition for the possibility of knowledge-sharing and integration. On the back of social learning theory, they emphasize that knowledge is not an object that is passed physically from one to another but its socially constructed through collaborative efforts with common objectives or dialectically opposing different perspectives in dialogic interaction.

It is important to keep in mind that the literature review sort to identify and understand the difference in the strategies and organizational learning patterns of EMNEs as compared to

their developed country counterparts. The study finds that there are far few studies that have looked at knowledge transfer mechanisms in developing country multinational banks, as compared to developed country banks. The research on knowledge transfer mechanisms as they impact multinational bank success is also lacking in breadth.

### **3.9 Types of KTM in the literature**

#### **3.9.1 Corporate Socialization**

The strategic action here involves moving the people possessing the tacit knowledge to different areas in the firm and allowing for socialization to inspire new combinations of knowledge (Galunic & Rodan, 1998). “Socialization is a process of sharing experiences, thereby creating tacit knowledge such as shared mental models and technical skills” (Nonaka and Takeuchi 1995:62). By socialization, an individual can acquire tacit knowledge directly from others without using language but through observation; shared experience becomes extremely important as one individual can project him or herself into another individuals thinking process (Nonaka and Takeuchi 1995:62).

Gupta and Govindarajan (2000) find that corporate socialization increases the openness of communication among interacting parties and hence makes new combinations of knowledge possible; the greater the participation of a subsidiary in corporate socialization, the greater would be the extent of tacit knowledge transfer between the subsidiary and the rest of the MNE. According to Björkman et al. (2004), the aim of corporate socialization is to establish a shared sense of values, objectives, and beliefs across the MNE. They note that the underlying rationale is the more different units share long term visions and goals, the more likely they are to transfer knowledge to each other.

Noorderhaven and Harzing (2009) find that corporate socialization is an important knowledge transfer mechanism, stimulating and making possible knowledge transfer in the MNE. Similarly, Najafi-Tavani et al. (2012) find that corporate socialization structures are employed by knowledge-intensive service companies and can act as a strong determinant of the extent of reverse knowledge transfer from a focal subsidiary to the headquarters.

Corporate socialization in practice is job transfers from a subsidiary to peer subsidiaries or corporate headquarters, and participation in multi-subsidary executive programs (Gupta & Govindarajan, 2000). Almeida et al. (2002) report that at Intel, international personnel transfers contributed a great deal to internationalizing the company's culture and helping overcome some of the language and cultural barriers it was facing. According to Inkpen (2008), General Motors (GM) relied primarily on short visits and the use of GM managers assigned to the joint venture (JV) NUMMI for 2 years to learn from Toyota and then rotating them back to GM.

A direct effect of using corporate socialization by a subsidiary can be the emergence of stronger relationships between it and other subsidiaries and the headquarters, and therefore facilitating greater knowledge transfer. As participants become more embedded in corporate socialization, they spend quality time interacting with one another and this means openness in communication and mutual understanding (Gupta & Govindarajan, 2000). Björkman et al. (2004) affirm that corporate socialization among different business units can blur the boundaries of those units. Consequently, the more the staff are able to develop closer relations with their counterparts in peer subsidiaries and headquarters, the lesser the

boundaries and the greater the knowledge transfer between the subsidiary and the rest of the MNE.

The openness of communication between the actors could also mean that knowledge could be transferred at faster speeds. Corporate socialization can and does make possible that employees get along with each other more easily (Björkman et al., 2004), as they spend quality time interacting with one another (Inkpen & Tsang, 2005). This implies that the more the individuals from different units get along with each other, the faster can knowledge be transferred from one unit unto the next.

### **3.9.2 Liaison Personnel**

Liaison personnel are specific actors who identify relevant and potentially fruitful knowledge and can induce inter-subsiary knowledge combination throughout the firm (Nadler and Tushman 1987). Two subsidiaries could for instance appoint two individuals to serve as sources of information and expertise for problems and as contacts and advisors on systems work that affects their two divisions (Nadler and Tushman 1987). Liaison personnel within one or more functional departments are hence assigned to communicate directly with their counterparts in other subsidiaries within the MNE (Olson et al., 1995; Gupta & Govindarajan, 2000).

The existence and use of liaison personnel by a subsidiary can extensively deal with the volume of contacts necessary between itself and other subsidiaries in the MNE, and since it involves the use of individuals at lower and middle management, the subsidiary can bypass the long lines of communication involved in upward referrals when dealing with other units

(Galbraith 1973) (Galbraith, 1974). The usage of liaison personnel have been proven to facilitate knowledge transfer between subsidiaries of a MNE (Gupta & Govindarajan, 1991; 2000).

### **3.9.3 Transnational Teams (TNT)**

Transnational teams have been noted in the literature as important mechanisms used by MNE headquarters to integrate knowledge within its intra-corporate networks. They consist of participants comprising individuals with different nationalities, and working in different cultures and functions from several subsidiaries selected by headquarters to develop and share a distinctive knowledge for a certain field (Adenfelt & Lagerström, 2008). Given such diversity where nationalities, races, religions and gender all matter (Earley & Mosakowski, 2000), Schweiger et al. (2003) argue that these teams actually have to be semi-virtual and should have individuals who can form ‘the hub’ of the network to facilitate congruence, given the absence of collocation. Governance of transnational teams therefore becomes an issue to contend with; whether to strategically manage such a team or leave it to self-govern (Mahnke & Venzin, 2003).

Transnational teams are not just needed for the multiple and diverse sources of knowledge and skills they provide for solving problems (Schweiger et al., 2003), but have been noted to have a dramatic effect on the knowledge transfer process of the entire MNE (Subramaniam et al., 1998; Subramaniam & Venkatraman, 2001). For instance take the case of global product innovation, since these products are neither totally standardized nor unique to specific markets, MNEs need to employ cross national product development teams that can do the job (Subramaniam et al., 1998). These teams will need the ability to

exploit knowledge globally across subsidiaries (Murray & Chao, 2005). Sivakumar and Nakata (2003) note that global new product development teams in particular face the significant challenge of cultural diversity; where cultural values can lead to conflict and misunderstanding in some instances and in some cases could be a source of strong idea generation and creative problem solving. One vital point however is that global teams help to develop inter- cultural competences that can help to serve a broad spectrum (Bartel-Radic, 2006).

#### **3.9.4 Centres of excellence (COE)**

This is a subsidiary that possesses distinctive knowledge, selected by the headquarters and mandated with the responsibility for developing and sharing knowledge with other units in the MNE network (Adenfelt & Lagerström, 2008). Crucially, the COE should possess knowledge resources that can be disseminated throughout the network (Andersson & Forsgren, 2000). These surface in the literature as knowledge transfer mechanisms used by MNEs to leverage capabilities within their globally dispersed network (Ambos & Reitsperger, 2004) , and given such strategic importance, issues regarding managing and controlling COE become very pressing (Ambos & Reitsperger, 2004).

Frost et al. (2002) argue that the formation of COE rest on the conditions of the subsidiaries local environment as well as the subsidiaries internal embeddedness with other parts of the MNE. Of particular interest is the fact that COE are conceptualized in the literature as organizational mechanisms having impact on strategic behaviour of the MNE (Andersson & Forsgren, 2000) and on innovation performance (Frost et al., 2002). COE are therefore

seen as organizational mechanisms for innovative activity (Adenfelt & Lagerström, 2006) and a source of competitive advantage for MNEs (Adenfelt & Lagerström, 2008)

### **3.9.5 R&D co-practice**

These refer to ‘collaborative technical activities carried out jointly by R&D personnel from two or more organizational subunits’ (Frost & Zhou, 2005). MNEs have been seen to increasingly use R&D co-practice as an important facilitator of knowledge integration in global innovation strategies; where joint technical activities between units in the MNE network sees site rotations of scientists and engineers, peer assist programs, exchange programs, etc (Frost & Zhou, 2005). This form of knowledge transfer mechanism like centres of excellence, does not necessarily call for collocation of participants; this might be necessary at the formation or early stages where it almost always involves the movement of people (Frost & Zhou, 2005).

### **3.9.6 Community of Practice**

This encompasses individuals working closely to accomplish strategic tasks, and learning occurs here as staff are engaged jointly in shared activity (Fox, 2000). According to Noorderhaven and Harzing (2009), with regard to intra-MNE knowledge flows, these flows are thus to be expected predominantly where individuals from different MNE units are engaged in shared practices; where there is strong operational integration between units. Fox (2000) asserts that the essence of a community of practice in an MNE is for shared practices in which the members of such a community engage with each other, and this can be seen as a sort of rail along which tacit knowledge travels.

Noorderhaven and Harzing (2009) explain that in a community of practice, the focus is on the direct face to face interaction, as this has two desirable characteristics. They note that firstly, there is the bandwidth effect; there is the ability to convey non-verbal and visual cues, and secondly, there is the synchrony effect; where there is chance to provide and receive immediate feedback. They therefore conclude that since communities of practice involve face to face communication in which different units are involved, it remains the gold standard for knowledge transfer in MNEs.

Accordingly, Fox (2000) note that organizations are constituted by numerous communities of practice where younger and inexperienced staff are subject to the power and knowledge of their more experienced colleagues, as they learn by participating in shared activities with them

### **3.10 Banking as a Knowledge Intensive Sector**

The banking sector is a knowledge intensive sector and offers an ideal context for knowledge research. Mavridis (2004) explain that the banking sector is ideal for knowledge research because the business nature of the banking sector is intellectually intensive than other service sectors; the knowledge required for banking operations is more complex than in most industries. According to Shih et al. (2010), the elements of highly regulated, risky, volatile, and market sensitivity are inherent in banking operations and should explain why banking is more knowledge intensive than other sectors. They also claim that such knowledge in banking is known for its diversity and abstractness.

Banks therefore rely heavily on the professional knowledge or expertise of its employees who would have accumulated such tacit knowledge of the elements of highly regulated and highly volatile international financial markets; and since knowledge is the main input and output in banking, the absorption and production of knowledge becomes a guarantee for competitive advantage in banking (Kubo & Saka, 2002). Banking is a typical knowledge-intensive industry, as it involves the activities of service (knowledge) exchange rather than product exchange (Shih et al., 2010).

Internationalizing banks will hence seek to exploit as much as possible the professional knowledge and expertise of their staff as they are spread abroad in foreign countries. According to Meyer et al. (2011), internationalizing firms will have as their primary focus generating value through the leveraging of knowledge resources across national borders. Since banking is a typical knowledge-intensive industry (Shih et al., 2010), MNBs in a strong position to tap into knowledge resources and capabilities from multiple local contexts are fortified for competition. Meyer et al. (2011) explain that MNEs are becoming increasingly knowledge driven, that competition is forcing them to seek and develop knowledge advantages wherever they can find them. Specific features of the banking sector as a knowledge intensive sector therefore provides the right context in which to observe strategic operations in knowledge transfer for internationalizing firms. EMNBs such as multinational banks internationalizing into the UK from Nigeria will be a typical example of internationalizing banks seeking to exploit such knowledge networks.

### **3.11 Motivations for Bank Internationalization**

Multinational Banking is conducting banking operations that derive from many different countries and national systems (Robinson, 1972). John H. Dunning's 'eclectic model' of international production for manufacturing firms has been found useful as an explanatory tool for incentives of banks to become multinational, with particular attention devoted to the sources of advantage of a foreign bank in a host economy (Jones, 1990). Also, Qian and Delios (2008) assert that the research on foreign direct investment (FDI) activities of multinational banks has developed from a distinct conceptual base and specifically identifies the defensive expansion or the follow the client hypothesis as being a major argument theorizing on bank FDI.

Based on the main facets of the Dunning Eclectic model, Gray and Gray (1981) argue that the conditions which induce non-financial firms to become multinational can also be applied to the operations of commercial banks. They focus on Dunning's first and prerequisite category of the existence of ownership-specific advantages by the bank, that these are assumed to exist for any banking organization which makes the decision to become multinational.

Gray and Gray (1981) explicate on this, this ownership specific advantages must include the bank being able to provide some specialized service which extends beyond its domestic market, or it must have the reputation for efficiency, credit worthiness or the quality of the information it purveys which will enable it to profit from an extension of its operations into the supranational or other national markets. They further assert that the bank needs to have advantages in regards of Imperfections in product markets; these are generally attributed to

barriers to entry, product differentiation, and segmented markets, imperfections in factor markets; the two most important factors here being funds and knowledge. For instance, an EMNB internationalizing into an already saturated financial market in an advanced economy should have ownership advantages that domestic firms do not have, such as having the knowledge and expertise to service a specialized set of clients.

Other advantages include economies of internal operation; the notion that a firm can reduce its own cost of operation by substituting internal control, preserving established customer accounts; where the information capital of the banks customers provides the opportunity for MNBs to internalize a firm-specific advantage so long as client relationships remain intact, entry into growth markets; the desire to participate in high growth markets explaining the rush to open offshore banking offices, and ensuring access to raw materials; the benefits of gaining direct access to indigenous supplies of key currencies.

Hultman and Randolph McGee (1989) found that Japanese banking presence was found to be directly related to Japanese FDI in the US and that the growth of foreign bank presence in the US was found to be directly related to changes in the direct foreign investment, the exchange value of the dollar, and the passage of the international Banking Act of 1978. Buch (2003) confirms that information costs and regulations are the important factors influencing international asset choices of banks. Qian and Delios (2008) also find that banks undertake foreign direct investment to secure internalization benefits and to achieve economies of scale in the application of their intangible assets in international markets

The follow the client theory had been very much affirmed by the work of Gray and Gray (1981). They found that when banks foreign subsidiaries operate in supranational markets, there is hardly any competition with indigenous firms, that the supranational markets give rise to a distinct type of subsidiary that is very competitive in servicing clients of the parent company, clients which cannot really be served by host country banks (Gray & Gray, 1981). Williams (2002) also affirm that banks go abroad to service their customers in foreign markets and they conclude that the defensive approach helps increase the size of the multinational bank, but this has little impact upon multinational bank profits.

### **3.12 Gaps in the Literature**

Existing research on cross-border knowledge flows in multinational enterprises' (MNEs) have mainly focused on the transfer of knowledge within developed countries' MNEs. There remains a gap in international business research as to how cross-border knowledge transfer is managed by services firms, especially firms from emerging economies. The international business scene is significantly changing, with more and more firms from emerging economies engaging in FDI. The existing research gap is hence one that reflects a dearth of literature reporting on how EMNEs engage in the process of cross-border knowledge transfer; there is a scarcity of literature reporting on the structures and processes used to transfer knowledge. The research aims to address a key question in the international business literature as to whether firms from emerging markets are able to absorb knowledge in cross border relationships and whether they actually benefit from knowledge mobility in cross-border relationships; this has also been highlighted as an open question that is needs addressing (Ghauri & Santangelo, 2012).

Specifically, as multinational banks have been noted to be the most knowledge intensive sector, knowledge transfer studies in MNBs should be paid a wealth of attention. There however sits a gap in the literature of a lack of studies on the strategies used by MNBs, especially EMNBs, to transfer knowledge. The new body of FDI literature which focuses more on the strategies for managing EMNEs (Khan & Khan, 2007) is now looking to attempting an understanding of the differences in the strategies and organizational learning patterns of EMNEs as compared to their developed country counterparts, and this is what the incumbent research is set to do. To attempt an understanding of the strategies and learning approaches adopted by banks from emerging economies as compared to banks from advanced economies; there is hardly any literature giving insight on the definition and operationalization of KTMs as expressed in different multinational banks.

### **3.13 Conclusion**

Of significance by this review chapter is the clear identification of the gaps identified in the knowledge transfer literature. Although there exists a good amount of literature on knowledge transfer activities of multinational companies, there is the missing element of studies on knowledge transfer mechanisms for services firms, most of the literature consequently focuses on manufacturing MNEs from developed countries. This study hence highlights the need for more literature on knowledge transfer mechanisms in services MNEs, especially for Multinational banks. The thesis thus proceeds to fill the identified gaps.

This chapter also lays a strong foundation for the work. The review chapter was based on an SLR approach that picked up all the journal articles necessary. It was hence possible to identify where the research debate is on knowledge transfer mechanisms and also how other researchers have applied theories and methodologies in similar work. It therefore became clear that the Springboard Perspective, Knowledge Based View (KBV) and Network Theory were the most fitting theories to apply to the research. Examples of KTMs as applied and used in different settings, and by different authors, have also been highlighted and discussed in the chapter.

A discussion on the motivations for bank internationalization has also shown that the theories can be readily applied in the context of multinational banking. A clear focus on theory means that the methods and approaches to empirically achieving the work will also now be focused.

## **4. METHODOLOGY**

### **4.1 Introduction**

This chapter takes the work further by clearly explaining how the knowledge needed to fill the research gaps is obtained. The methodology chapter follows on from the literature review by trying to situate the study in the right framework, with appropriate methods and approaches to collecting data. Previous studies on cross-border knowledge transfer were also used as a guidance to the selection of the methods needed for the study. The methodological issues of importance in the chapter are thus the concepts, their measurement and the identification of underlying themes.

Based on the concepts and research questions therefore, the research subscribes to the qualitative approach which uses interpretivist and naturalistic approaches to research. The chapter is laid out accordingly; the initial section explains and justifies why the qualitative methodology is chosen for the study. The steps involved in achieving a qualitative study have been applied here. The chapter explains and covers analysis on how the research questions will be answered, how the sites and subjects of the study were selected and how the research was achieved in the light of ethical considerations. Highlighted by the chapter is the collection of secondary and primary data for the research. Documentary sources and Qualitative interviews served as data sources. The chapter concludes by considering how the limiting factors to the research were curtailed.

## **4.2 Qualitative Approach**

The qualitative methodological approach is chosen for this study. As clarified by Rynes (2004), qualitative research is multimethod research that uses interpretivist and naturalistic approaches to its subject matter, it does emphasize qualities of entities- the processes and meanings that occur naturally. They explain that a qualitative research should study phenomena in the environments in which they naturally occur and should use social actors' meanings to understand the phenomena. This study uses the meanings and understanding of social actors to understand the issue of knowledge transfer in multinational banks.

According to Bryman and Bell (2015), a qualitative approach should generally reject the practices and norms of the natural scientific model, and of positivism in particular, in preference for an emphasis on the ways in which individuals interpret their social world; it should embody a view of social reality as a constantly shifting emergent property of the individual's creation. Qualitative usually emphasizes words rather than quantification in the collection and analysis of data. The qualitative approach is also the appropriate methodology to use in applying the underlying theories of the KBV and Network theory.

The KBV is interested in the human capital of the firm due to the major role it plays in the process of knowledge creation, acquisition and transfer, it is therefore important to capture directly through qualitative interviews for example what the staff view as knowledge.

In applying the KBV theory, the study will be able to determine from both types of companies the nature of tacit knowledge in multinational banking. The application of the KBV is mainly going to be deterministic in establishing how tacit knowledge is transferred within multinational banks through KTM, as it helps to establish that there should be

potentially valuable stock of knowledge within the firm that needs transferring via a mechanism. In doing this the study can identify and answer the research questions posed, as to which internationalizing banks have knowledge transfer mechanisms.

The network theory will be applied in the light of establishing the study in a context of a multinational network in which the KTMs exist and are used by internationalizing banks. This network will make possible for organizational units of the headquarters and subsidiaries to be seen as gaining critical competencies from each other, and this should contribute to their competitiveness. Company A for instance could hence be acquiring knowledge from the home country context and sharing it with Subsidiary A in the network, and Subsidiary A could be acquiring knowledge from the host context and sharing with Company A its Parent. Through the network theory it becomes feasible to collect data from one unit of the MNE that could be representative of the whole, qualitative data from a subsidiary for instance, can serve to represent the whole MNE, seeing that the Network theory conceptualizes knowledge transfer occurring in a context in which different units are linked together.

The main steps involved in qualitative research. 1. General research questions need to be formed. 2. Selection of relevant sites and subjects. 3. Collection of relevant data. 4. Interpretation of data. 5. Conceptual and theoretical work. 6. Writing up findings/conclusions (Bryman & Bell, 2015). These steps are very definitive of how qualitative research can be approached and this were the steps that guided the incumbent study.

### **4.3 Research Question 1**

*Question:* Which Internationalizing banks have knowledge transfer mechanisms?

The question is seen as the foundation question for the research project. It will be answered using documentary sources, including documents obtained from the website of the banks chosen for this study, online press and academic publications, and any resources available on the internet will also be consulted. It is the intention through research question one to identify what knowledge transfer mechanisms might exist for different multinational banks, company reports can help establish how these are defined and operated. As a research method, document analysis can be identified particularly with qualitative studies (Yin, 1994). Bowen (2009) defines document analysis as a systematic procedure for reviewing or evaluating documents, both printed, computer based and internet-transmitted material. He explains that document analysis should involve data selection instead of data collection, so that it becomes a less time consuming and a very efficient method, and also, that the analytic procedure should involve one of finding, selecting, appraising, and synthesizing data contained in the documents.

Documents do provide the background and contextual information as well as the historical insight which can help researchers understand the historical roots of specific issues, and can indicate the conditions that impact upon the phenomena currently under investigation (Bowen, 2009). According to Bryman and Bell (2015), the emphasis should be placed on documents that have not been produced at the request of a business researcher, the documents should be simply 'out there' waiting to be assembled and analysed and should be relevant to the concerns of the business researcher. The argument of availability also

holds; many documents are in the public domain, especially on the internet, and are obtainable without seeking the author's permission.

The adopted method is actually an appropriate one to apply in this context because, at the beginning of a research project a method that is cost efficient and less time consuming is needed. Based on Scott's four criteria for assessing the quality of documents, the documents used should be Authentic, Credible, Representative and Meaningful; authenticity speaks of the genuineness and unquestionable origin of the documents, credibility expresses the freedom from error and distortion of the documents, representativeness articulates if the evidence is typical of its kind, and meaning, justifies the clarity and comprehensible nature of the documents used (Bryman & Bell, 2015).

Secondary data hence provided a substantial component of the research at the start. It became possible to identify knowledge transfer mechanisms for the banks through accessing 20 annual reports. These company reports were readily available online, specifically, on the company websites. The reports covered a 5 year period, from 2011-2015. The documents served as useful tools for establishing the background and the contextual information about different settings. These are authentic company documents, and hence are credible, representative, meaningful and useful for academic research.

In contrast to what has been said above however, Bowen (2009) argues that, documents are produced for some purpose other than research, that they are created independent of the research agenda, and hence, do not offer sufficient detail to fully answer a research question. Bryman and Bell (2015) concur to this, they explain that based on the ontological

status of documentary reality, documents should not be taken to be transparent representations of an underlying organizational or social reality. They explain that documents need to be recognised for what they are; they are texts written with distinctive purposes in mind, and not as simply reflecting reality.

This means that if the researcher wishes to employ documents as a means of understanding aspects of an organization and its operations, it is likely that he or she will need to buttress an analysis of documents with other sources of data (Bryman & Bell, 2015). Organizational documents that are in the public domain, such as company annual reports may not be an accurate representation of how different organizational actors perceive the situations in which they are involved. People who write organizational documents, such as managers, are likely to have a particular point of view that they want to get across. Therefore, documents cannot be regarded as providing objective accounts of a state of affairs. They have to be interrogated and examined in the context of other sources of data (Bowen, 2009).

Document analysis is often used in combination with other qualitative research methods as a means of triangulation. The researcher is expected to draw upon multiple (at least two) sources of evidence; that is, to seek convergence and corroboration through the use of different data sources and methods and such sources should include in-depth qualitative interviews (Bowen, 2009).

#### **4.4 Research Question 2**

*Question 2:* How are knowledge transfer mechanisms defined and operationalized for different internationalising banks?

At this stage, the research through qualitative interviews was going to affirm the data obtained from the company reports and also answer research question 2. Speaking face to face with interviewees at this stage was going to guarantee that important details for differentiating knowledge transfer mechanisms in different multinational bank settings was going to be achieved. Also, Brinkmann (2016) observe that it is highly relevant to engage in qualitative interviewing when the topic under scrutiny is something that lends itself to being addressed in the context of a face-to-face encounter with a focus on verbalizations. This approach therefore guaranteed how the theory of KBV and Network theory will be applied. The KBV in particular claims that firm specific, non-tradable, intangible and inimitable knowledge is the only durable source of competitive advantage of the firm, the only way to find out is to speak directly to this companies to find out if this is true.

Before delving into the field however, it was safe to conduct a pilot study. Sampson (2004) argues for the importance of a pilot; the benefits of putting a toe or two in the research waters before diving in. That there is the need for a well-planned, preliminary visit to the field, which can help the foreshadowing of the research problems and questions. Accordingly, this can allow for proper risk assessment and the implementation of risk reduction strategies that give the researcher a position of understanding and consideration of the dangers involved in the field work. The pilot study involved presenting the thesis to a panel of Professors, telephone interviews with knowledgeable international bankers, and

getting a sample questionnaire vetted by a CEO of a developing country multinational bank (See Appendix for details).

Succeeding the pilot study was the need for an appropriate sample. The sampling procedure for the selection of the companies was non-random, specific MNEs were targeted for the study. Based on the classification of Africa's top 100 banks (Ford, 2012), all the Nigerian Banks included on the list and who have two or more subsidiaries abroad were selected for the study. In order to determine eligibility, all the websites of the Nigerian Banks on the African top 100 list were consulted to determine whether each bank had a presence in other markets. 5 Nigerian banks qualified for the study and were well included in Africa's top 20. Each of these banks boasts a great number of subsidiaries in developed and developing countries. Through snowball sampling, Company B became the choice advanced economy multinational bank to be used for the study. Bryman and Bell (2015) affirm this, often times, qualitative researchers are clear on the fact that their samples are sometimes convenient and opportunistic ones.

The work focused on conducting elite interviews. Firstly, this ensured consistency with other knowledge transfer studies in multinational companies. Elite staff have been the choice of respondents in other knowledge transfer studies; there are a host of knowledge transfer studies where respondents always had to be the CEOs, Presidents, Managing Directors, Subsidiary Managers or even top Marketing Managers (Gupta & Govindarajan, 2000; Subramaniam & Venkatraman, 2001; Subramaniam, 2006; De Luca & Atuahene-Gima, 2007). The nature of the research questions meant that information could only be obtained from employees such as these.

Welch et al. (2002) define an elite interviewee in international business as an informant who occupies a senior or middle management position, has considerable international exposure, has functional responsibility in an area which enjoys high status in accordance with corporate values, has extensive industry experience, and possesses a broad network of personal relationships. They note that this kind of person will have an overview of the firm's strategy and can positively affect the interview situation and quality of the data obtained from the interview. They can represent properly corporate headquarters and subsidiary management of an MNE. In the opinion of Drew (2014), organizational elites are often gatekeepers of information and are potential sources of rich data for researchers.

The busy work life of such senior level manager's means that gaining access to this group of people can be extremely difficult, and arranging a mutually convenient time to conduct the interview can be a challenging thing (Bryman & Bell, 2015). Also, given the number of outside requests for information and assistance that most managers receive, it is particularly important to structure a request for interview in a way that is most likely to lead to a favourable response (Bryman & Bell, 2015). For example, the respondents in Minbaeva (2007) had to be approached by a cover letter sent via email, this explained the purpose of the survey, detailed the research process and analysis procedures, offered follow up reports and related working papers, and provided straightforward directions for completing the accompanying questionnaire.

The request for interview was made by letter, addressed to the CEOs and Managing Directors of all the subsidiaries of the Nigerian Banks identified for the study. These banks have a presence in London; one of the largest financial centres of the world. Enclosed in the

letter was a brief description of the nature and purpose of the research; indicating how the findings might be useful to the company being researched (See appendix). A reference letter from the university assuring confidentiality and good ethical conduct from the researcher was also sent alongside. The supervisors of the project wrote a reference and gave their word on the professional capabilities of the researcher to conduct the research, this was also included in the letter.

Following a positive response from Company A, an interview date was set. This required that the interview guide was sent beforehand. As explained by Bryman and Bell (2015), the interview guide should be a brief list of memory prompts detailing areas to be covered in unstructured interviewing or to the somewhat more structured list of issues to be addressed or questions to be asked in semi-structured interviewing. They further assert that interviewers can always depart significantly from any schedule or guide that is being used; they can ask new questions that follow up interviewees' replies and can vary the order of questions and even the wording of questions.

The interview guide used for the semi-structured interviews was structured in such a way as to be able to help answer the 3 research questions (See appendix). It was a simple and very straightforward document, reflecting a certain amount of order on the topic of knowledge transfer mechanisms in international banks. The questions on the interview guide were not set in stone, the interview guide was only a guide, there was leeway for altering the order of questions asked and even asking new questions as the interview progressed.

According to Bryman and Bell (2015), the formulation of the research questions should not be so specific that alternative avenues of enquiry that might arise during the collection of field work data are closed off. Such premature closure of the research focus would be inconsistent with the process of qualitative research. What is crucial is that questioning allows interviewers to glean the ways in which research participants view their social world, and that there is flexibility in the conduct of the interviews. It is the flexibility of the interview that makes it so attractive and a very widely employed method in qualitative research (Bryman & Bell, 2015).

Preparing to go conduct the interviews was very important. The desktop research done in the earlier phase of the research meant that the researcher was already familiar with the business the interviewee was involved in and could be comfortable talking to such a high profile Manager. The managers agreed to be taped; qualitative researchers nearly always tape-record and then transcribe their interviews (Bryman & Bell, 2015). Interviewing at such a high level within the organization meant encroaching on an individual's work time, this meant that lateness to the interview appointment would not be tolerated, and hence it was important to be nice and early for the appointment down in London.

The interview process itself needed as much focus and precision, Roulston (2010) observes that during the interview it is important to ask questions in ways that may be understood by the interviewees. Also, conducting the interview itself requires a certain depth of listening, Bryman and Bell (2015) note that in qualitative interviewing there is much greater interest in the interviewees' point of view. Listening helped in understanding how the interviewee

interpreted the topic and hence there was awareness on how to navigate the discussion to the relevance of both parties.

Pinsky (2015) are of the opinion that it is important that the interview is navigated in an interactional way; that it is important to build a rapport with the interviewee, engage in a sense of trust with them, and ask questions that can elicit detailed responses and thus more useful data. It was also important to let the interviewee go off tangent during the interview, going off at tangents is often encouraged in qualitative research; it gives insight into what the interviewee sees as relevant and important and also leads unto exposing rich, detailed answers to the questions being asked. It was hence important to respond to the direction in which the interviewee took the interview and it was necessary to adjust the emphasis in the research to align with the issues that emerged in the course of the interview (Bryman & Bell, 2015). In fact, Brinkmann (2016) insist that the interviewers are supposed to act receptively in order to interfere as little as possible with the interviewee reporting

The interview with Company A took place at the office premises in London; very suitable for interviewing. The interviewee was very open-minded and very interested in the study. The interviewer was also allowed to take notes and ask questions freely; he did not object to answering any of the questions, he was almost helping with the interview process itself. The interview lasted about 40-45 minutes. Also this interview opened a door to getting access to Company B. At the end of the interview it was necessary to find out from the interviewee if he knew any contacts in a developed country bank that might be willing to participate in the study. He willingly agreed to put in touch a friend of his who worked for Company B.

The interview at Company B was very much similar to that conducted with Company A. The same interview guide was used so as to maintain consistency. Two regional managers were interviewed at once; they allowed for tape recording. The interview took place at their office premises in Leeds and they did mention at the end of the interview that the study was very interesting, and had given them insight on an issue that they felt was not really discussed in boardrooms of banks. The interview lasted between 40-45 minutes.

#### **4.5 Ethical Considerations**

All of the qualitative steps above were done in the light of ethical considerations. The study takes into consideration ethical issues. In order to conduct the research according to ethical standards, it became necessary to seek consent from those that were going to be interviewed by the research. The empirical work was going to involve collecting data from human participants and hence it became necessary to consider ethical issues, such as being open and honest about the aims and methods of the research, so that the respondents can give full informed consent to be a part of the study. The Ethics Proforma provided by the University of Hull was also signed. This meant that the research was going to honour matters of confidentiality. The companies and individuals involved in the research will have to be anonymized; original company names will have to be changed and addressed with alternative names so as not to reveal any privacy of those involved.

#### **4.6 Limitations of the Study**

It will be necessary to take into consideration the limiting factors as results of the study are being interpreted accordingly. The sample size was small and the interviews conducted were few. The study however gains credibility because the interview data was robust and rich in quality, as high profile elite managers were the interviewees; the qualitative interviews focused on speaking to very experienced and high placed individuals in the banking industry. Also an extensive preliminary desktop analysis of 20 annual reports for both companies studied meant that the interview data was well complimented by sufficient secondary data already collected by the researcher.

It is also important to note that the nature of the study has been much tailored to gain access to top international bankers in the industry. Gaining access to such managers who are very busy and hardly available for such interviews meant that it was going to take a long time to collect the necessary data needed to inform the study. This posed a significant risk to doing the study itself and almost discouraged the research at certain stages. Owing to the difficulty of gaining such access, as well as the sensitivity of the information needed to inform the study, it became necessary to limit the study to just two cases. The research project is being carried out in requirement of obtaining a doctorate degree that is very limited in the regards of time and resources, this means that it was not possible to wait for several months or even years in some cases to obtain access to bank managers who might be extremely busy. This would mean that the PhD will not be completed in the allotted time.

## **4.7 Conclusion**

The chapter plainly explains the methodology used. The concepts and research questions have guided the research to a qualitative approach which captures and reports clearly how the research data has been collected. Of significance by this chapter is the insight it gives on the collection of secondary and primary data for the research; where documentary sources and qualitative interviews served as data sources. The Documentary sources were used extensively to understand the background and context of the research, while the Qualitative interviews served as deeper insight into the research issues.

Also this chapter has now served to capture and explain how the limiting factors to the research were addressed; the qualitative interviews focused on high profile elite managers that served as sources of rich data informing the study. The chapter lays a foundation for building chapter 5, the following chapter, that explains how the data collected at this phase of the research was analysed.

## 5. DATA ANALYSIS

### 5.1 Introduction

This chapter focuses on the analysis of the data obtained. The documents and interview data will be interpreted and structured into meaningful text which can help in answering the research questions. According to Bryman and Bell (2015), qualitative data deriving from documentary sources and interviews typically take the form of a large quantity of unstructured textual material and are not straightforward to analyse. They assert that it is important to recognise that there are no clear-cut rules about how qualitative data analysis should be carried out.

Bazeley (2013) describes qualitative data as challenging, non-linear, contextualised and highly variable. Accordingly, he notes that due to the nature of such data, in order to produce fresh insights and deep understanding, it is important to develop a sense of the whole data and see the connections across parts before breaking it into components. This can then be followed up by coding the data; coding is a very important part of the qualitative analytic process. Coding involves seeing and interpreting what has been said, written, or done; it is the art of reflecting on evolving categories and deciding what is important to follow up necessary to gain meaningful results (Bazeley, 2013).

With this in mind, the work will proceed to analyse the data obtained from both companies, both sources of data are very cumbersome; these are much unstructured in nature and will require an immense effort to organize. The task will therefore be to develop that sense of the whole data collected as noted above, developing the connections and interconnections of the data through coding will however be the main task here. The objective of the chapter

will be, through this analysis, to find a path through the large volume of interview data and also systematically extract relevant text from the company annual reports. The primary and secondary data collected from both companies will be used for a cross case analysis of company A and company B.

## **5.2 Secondary Data Analysis**

The secondary data consist of annual reports for company A and company B. These reports were downloaded directly from the company websites. These companies are public limited companies and hence have to make such reports available to the public through annual publications. Annual reports of the parent companies were also readily accessible; in order to appreciate the whole picture of the multinational nature of the company, the parent multinational firm also had to be considered. The reports hence consisted of annual reports of the parent companies, and then annual reports specific to company A and company B in the UK also had to be downloaded. The process hence involved data selection rather than data collection at this stage. The reports covered a 5 year period, from 2011- 2015.

These are typical of company annual reports. They consist of huge amounts of information regarding strategic initiatives, subsidiary activity, company financial review, risk reviews, governance issues, financial statements and shareholder information. The task was therefore to find text in the reports that could inform the research objectives. As Bryman and Bell (2015) rightly note, in case-study research, documentary sources can be used to build up a description of the organization and its history. They assert that documents do offer partial insights into past managerial decisions and actions and can be a wealth of information for qualitative researchers.

Company reports are prepared very professionally and hence are a true reflection of the state of the company at the time. These therefore meet the criteria of being authentic, credible, representative and meaningful. The reports are genuine and have an unquestionable origin, are free from error and distortion, and very comprehensive. It was important to make sure that the secondary data used to inform the research met these criteria.

The company annual reports were used very significantly in understanding the internationalization activities of both banks, there was a lot about the history of the parent companies and the history of their UK subsidiaries, it was also possible to tell how much geographical presence both companies' parents had globally. These were also very helpful in understanding the nature and strategic model for both companies, corporate governance, and of course strategic direction with regards to knowledge transfer and KTM. These documents hence served to provide the background and contextual information as well as the historical insight which was necessary to understand the phenomena currently under investigation.

The reports were analysed via content analysis. According to Bryman and Bell (2015) qualitative content analysis comprises a searching-out of underlying themes in the materials being analysed, and this lies at the heart of the coding approaches that are often employed in the analysis of qualitative data. The task was therefore to search the company reports for the issues under investigation. Each company report was read in detail in order to identify what was recorded about the companies internationalizing activities. Based on an already established conceptual framework, the issues of knowledge, knowledge transfer

mechanisms and success were under spot light. The researcher hence had a clear focus while reading the contents of the annual reports. Extensive text was extracted based on the themes, and this will be represented in the results using quotations from the reports.

### **5.3 Primary Data Analysis**

The primary data for this study was collected through face to face in-depth interviews as reported in chapter 4. The interview guide which was used for the interviews was structured in such a way as to capture the specific data needed, and also to make the analysis and the reporting of the data focused. The interview guide was a brief list of memory prompts and questions detailing areas to be covered in the interview. The interviewees however in some instances departed from the interview schedule, in which cases new data was obtained.

In qualitative research, the interview is usually tape recorded and transcribed. Tape recording the interviews helped extensively. Bryman and Bell (2015) highlight that because the interviewer is supposed to be highly alert to what is being said, following up interesting points made and prompting and probing where necessary, it is best if he or she is not distracted by having to concentrate on getting down notes on what is said. The recordings were then going to be transcribed into text useable for the research.

Transcribing the interviews was very time consuming, it took a few weeks to achieve the transcription. There wasn't a need for a transcription kit, as it was better to listen carefully to what was being said. Carefully listening and typing out the interviews helped to prepare the work for the next stage; where it was possible to begin to see the themes that were emerging out of the data. The words from the interviewees were kept very much intact

while transcribing, the written text hence reproduced exactly what was being said by the respondents. The transcription took the form of switching between the researcher's voice and the respondents voice.

The next thing was reading through each transcript to note the themes that emerged out of the data. Bazeley (2013) asserts that is important to read through the whole transcript to remind oneself of the depth and breadth of its content. That this should be the beginning task in analysing an item of data before it is broken down into detail. It was hence the task here to read the transcripts and reflect on what was read; so as to allow for processing. It became possible to identify the internationalizing strategies for both types of banks, their knowledge strategies for growth and expansion and the types of KTM used by both types of internationalizing banks. Connecting these themes in order to answer the research questions posed was the next thing; and this was the main task. As Bazeley (2013) notes, the analysis of qualitative data is as much about identifying the larger significance and meaning, and about finding connections and the interdependencies within and across the data.

There was no need for the use of computer software such as NVIVO for arriving at codes and connecting the themes. According to Bazeley (2013) the themes derived can be referred to as codes, they note that when coding qualitative data, one is basically labelling a passage of data with a code based on one's understanding of what that passage is about; this is what was done by the research here. The code is then used both to represent and to access that passage along with other data that are the same and similar. They also note that interview transcripts are typically complex in terms of the number of cross cutting contexts, ideas,

and concepts present in any one passage and consequently, coding can hence be multifaceted in order to capture all the descriptive context and experience.

The data is reported in the body of the work using quotation marks. Using the quotation marks made it easy to differentiate between the presentation of the data and the discussion of the data. It was also important to introduce who was speaking before the quotation was used. The speaker is always “introduced” before the quote.

#### **5.4 Conclusion**

In summary, this chapter had main emphasis on the analysis of the data obtained from the data collection stage. The documents and interview data have been well interpreted and structured into meaningful themes that cover the research questions, especially how both types of banks engage with the use of KTM as they internationalize into new markets. Although the documentary sources and interviews were a large quantity of unstructured textual material and were not straightforward to analyse, the content analysis of the data helped in achieving the task.

The objective of the chapter of finding a path through the large volume data has now been achieved and this can help in shedding constructive light on the research issues. Without the data analysis stage it would have been impossible to report the findings of the study. This has now given the work a platform to proceed unto discussing the findings in a very structured manner.

## **6. DISCUSSION**

### **6.1 Introduction**

The aim of this chapter will be to use the data obtained from the analysis to answer the research questions. The documents and interview data that have been well interpreted and structured into meaningful themes will be used in answering both research questions. As highlighted earlier in chapter 4, the extracts from the annual reports would be used to shed light on the background and context of both cases, and will also be used to answer research question 1. It became possible to identify knowledge transfer mechanisms for both banks using their annual reports; the company annual reports were used very significantly in understanding the internationalization activities of both banks, and it was possible to tell how much geographical presence both companies had globally.

Research question 2 focuses on how knowledge transfer mechanisms are defined and operationalized for different internationalising banks. The question is answered using extracts from the annual reports and quotations from the interview data. The chapter firstly discusses and establishes the context of both cases. The emerging economy bank is referred to as Company A, and its subsidiary located in the UK is referred to as Subsidiary A. The advanced economy bank is referred to as Company B and its UK subsidiary is referred to as Subsidiary B. Research questions 1 & 2 are clearly answered by the chapter with a discussion on the KTMs identified for both MNBs. The chapter concludes by highlighting the empirical and theoretical contributions of the research.

## **6.2 Company A**

Company A is an African commercial bank with operations in 12 countries. According to company reports, the bank claims to be the largest banking group in sub-Saharan Africa. Offering banking services to a rich network of both individual customers and businesses across the region, the bank claims to be growing its international footprint significantly, especially across West Africa. It has very recently through organic expansion and targeted acquisitions extended its presence into Ghana, Gambia, Guinea and Sierra Leone. Its strategic growth initiatives are to continue to upscale its reach in existing and new markets through such acquisitions and organic expansion.

The goal for the company is to create a business network that provides its clients with greater choice and flexibility regarding how and where services will be delivered. Its presence therefore spans the three continents of Africa, Asia, and Europe. Products offered across company A includes asset management, investment banking, commercial banking, capital markets, insurance, microfinance, private equity, and mortgage and pension fund custodian services. By its product offering the company also claims to be one of the most diversified financial conglomerates on the continent of Africa; we remain one of Africa's most diversified financial services solutions providers.

Africa is a significant emerging market, and Company A intends to take advantage of this. Quoting directly from the company annual report, here is what the company has to say about this; "Our expanded African footprints position us to leverage profitable growth opportunities in one of the world's fastest-growing regions. The huge unrealised needs in the region and a succession of reforming governments in key countries mean that the

opportunities for growth are strengthened and on the other hand, we are now better able to support our customer's cross-border business”

Company A hence sees its multiple embeddedness in several countries as a huge advantage to it. Its strategic initiatives according to the annual reports are to exploit and optimize synergies between its subsidiary businesses to become more effective and increase value for its shareholders; “being more connected as a group means we can create an improved service for all our customers, by listening to them and understanding their diverse needs, we can provide innovative products and solutions that better connect us to them. It is this sort of forward thinking that has helped us to evolve to become one of the leading financial services in sub-Saharan Africa. Capitalising on the synergy between our Group's subsidiary businesses means we can maximize opportunities, explore new ones and build on our shared learning. It means we can offer our customers a one-stop shop, giving them access to a huge range of financial services and solutions. We are the sum of all our parts”

One of Company A's focal subsidiaries is located in the United Kingdom. This is wholly owned by Company A, and this subsidiary's vision is to be the foremost-choice UK and European bank for Africa. A wholly owned subsidiary as defined by Peng (2009b) is a subsidiary located in a foreign country that is entirely owned by the parent multinational. This subsidiary will be referred to as Subsidiary A. Subsidiary A CEO reiterated the importance of the network it has with its parent company:

“There is a very keen focus that as Company A has continued to expand out of Africa that we truly act as a group, so the ethos of the bank is ONE BANK, so wherever we think

about doing business, say we have to do business in Guinea...how can we work with our group or how can we work with our parent on this? So, we are always thinking about the Company A group...”

### **6.3 Subsidiary A**

Subsidiary A’s mission is to provide world-class international banking and trade services in support of commercial relations between Africa and the European Union. Subsidiary A is an authorised banking institution regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) and provides a range of domestic and international banking and financial services. The principal activities are the provision of correspondent banking, corporate banking, structured trade commodity finance, private banking, project and structured finance and property finance to clients.

This company concentrates on the provision of services to existing and new customers with business interests spanning Europe and Africa. Subsidiary A works very closely with Company A (its Parent company) in its network to provide structured trade finance products, and targets a large volume of corporate lending facilities. The company also focuses on banks in Africa for their correspondent banking needs, by providing trade links to Europe and the rest of the world. Its Private banking has a client base largely resident in the West African region and the United Kingdom.

Subsidiary A has built its core competence in financial solutions for mid-tier to large corporates, operating specifically within or with the African market. Subsidiary A’s overall

vision is to continue to be the first choice UK and European Bank for Africa in the UK, offering excellent service to African countries through the integration of the various strategic business units within its group. Subsidiary A currently has exposure to approximately 50 countries globally, with half of these being in Sub-Saharan Africa.

Subsidiary A and its Parent Company A make up the network in which it is possible to study knowledge transfer in an emerging economy bank. The network between these two companies represents the arguments of the Network theory earlier discussed in chapter 3. According to Tsai (2001), this network makes possible for organizational units to gain critical competencies that ultimately contribute to their competitiveness. Company A could hence be acquiring knowledge from the home country context and sharing it with Subsidiary A in the network, and Subsidiary A could be acquiring knowledge from the host context and sharing with Company A its Parent.

According to Gray and Gray (1981), if MNBs as a class have only one advantage over non-MNBs, it has to be the ability to develop an internal global intelligence network beyond the capabilities of purely domestic markets. Presumably, the more broadly-based the bank, the better will be its information capability. The sheer number of separate sources of commercial intelligence can provide a more efficient network of information with consequent increased profit opportunities. In the same way, individual foreign offices will be able to provide a source of identification of special opportunities or risk in foreign national markets before they are generally known.

## **6.4 Company B**

Company B is a European multinational bank, one of the largest banks in the Eurozone and one of the largest in the world by market capitalization. The bank is a global retail and commercial bank and has on many occasions revolutionised the financial sector with new products and services. Its global business areas develop products that are distributed through its global group retail network. Company B has expanded globally through a number of acquisitions, has operations in Europe, Asia, Latin America and North America.

According to its company reports, the company continues to engage in mergers and acquisitions to take advantage of the opportunities to grow and gain market share in emerging economies. Company B claims to be one of the world's most efficient international banks. It says it has attained an excellent geographic diversification of its businesses by maintaining a commercial banking model with a critical mass in its 10 main markets. Geographic diversification in 10 countries gives Company B the right balance between mature and emerging markets.

Company B's international expansion has been achieved through its subsidiaries that are autonomous in capital and liquidity. The bank's subsidiary model involves autonomous units operating in core markets with each unit being responsible for its own liquidity, funding and capital management on an ongoing basis. This model is designed to minimize the risk to Company B and all its units from problems arising elsewhere in the group. The subsidiary model means that Company B can take advantage of opportunities in several markets but has no obligation to provide any liquidity, funding or capital assistance to its subsidiaries. This implies that each Subsidiary has the capital required to develop its own

activity autonomously and meet local regulatory requirements. Each subsidiary therefore develops its own financial plans, liquidity projections and calculates its finance needs without counting on funds or guarantees from the parent bank.

The model of subsidiaries autonomous capital and liquidity has strategic and regulatory advantages. According to the company reports, the autonomy of the subsidiaries limits the possibilities of contagion between the various Group units during a crisis, thereby reducing systemic risk. Secondly, the subsidiaries are subject to double supervision (local and global) and internal control. Thirdly, the model facilitates crisis management and resolution while generating incentives for good local management. Fourthly, the listed subsidiaries can allow access to capital efficiency. Fifthly, the shares of the subsidiaries are an attractive currency for acquisitions in the local market and an alternative to investing the Group's capital. Finally, this model gives visibility to various business units in the Group's valuation and can guarantee a high level of transparency and corporate governance in the various countries.

Company B combines the financial flexibility of its subsidiaries with their operations as an integrated group that creates high synergies. The corporate systems and policies that Company B implements in all the Group's units enables a stronger company culture, greater efficiency in investment, synergies in cost and revenues, and *the capacity for developing and sharing global strategies and best practices among its units located in different countries*. One of Company B's foremost subsidiaries is its UK subsidiary. This subsidiary will be referred to as Subsidiary B.

## **6.5 Subsidiary B**

Subsidiary B and its subsidiaries collectively operate primarily in the UK. This is a major financial services provider in the United Kingdom, it offers a wide range of personal financial products and services, and is a growing participant in the corporate and commercial banking market. According to its reports, the company is well positioned to continue to grow, with a distribution capability across an extensive branch and regional corporate business centre network. Subsidiary B is regulated by the UK prudential regulation authority (PRA) and the financial conduct authority (FCA), and is hence expected to satisfy the FSA liquidity and capital requirements on a standalone basis.

Also, being under Company B's flexible subsidiary model implies that Subsidiary B primarily generates funding and liquidity through UK retail and corporate deposits, as well as in the financial markets through its own debt programmes and facilities to support its business activities and liquidity requirements. Then again, due to this flexibility, Subsidiary B can have a corporate governance model that ensures that its board and the management makes its own decisions on liquidity, funding and capital, having especial regard for what is appropriate for its business and strategy in the UK.

Subsidiary B has a distribution network of almost 2000 branches in the UK. By focusing on offering a diversified, customer-centred, full commercial banking service in the UK, Subsidiary B aims to be the best commercial bank in the UK for its customers, its shareholders and its staff. A key feature of Subsidiary B's strategy is to develop and build deeper customer relationships through increased current account primacy and customer

segmentation. Subsidiary B is also driving a commercial transformation that will deliver even greater value to its customers and make it the bank of choice for small and Medium Enterprises in the UK.

Being a part of Company B means that Subsidiary B can continue to take advantage of the significant operational synergies and strengths that come from being a part of a global network in brand, products, systems, platforms and management capability. It can use the resources available through this global network to achieve its purpose of being the best bank in the United Kingdom, by drawing on the expertise of its parent, a leading global commercial bank. In fact, a significant strategy for Company B according to its reports is its knowledge management strategy, where the Group's size enables it to identify and efficiently transfer its best practices between the different markets in which it operates.

## **6.6 Conditions Inducing Multinationalism for Company A**

Company A's presence in the United Kingdom through Subsidiary A has shed insight into some of the reasons why an emerging economy bank will internationalize into an advanced economy. What will be the source of competitive advantage for Company A, being in competition with local European banks having advantages in their familiarity with local customers, capital markets, employees and the government? Dunning (1977, 1980) identifies the OLI (Ownership, Location, Internalization) framework which can be used to understand the conditions inducing Company A's multinationalism.

Applying the OLI framework particularly to banks, Gray and Gray (1981) observe that ownership advantages for financial intermediating companies will normally differ from manufacturing, and that the conditions inducing multinationalism among banks will not usually be parallel to those delineated for non-financial corporations. According to them, these ownership advantages are assumed to exist for any banking institution which makes the decision to become multinational. In fact, Cho (1983) specifies that, the ownership-specific advantages for the internationalizing bank are not only a prerequisite to bank multinationalization but should be sufficient to overcome the advantages which indigenous banks have in the host market.

The internationalizing bank hence must be able to provide some specialized service which extends beyond its domestic market, or it must have the reputation for efficiency, credit worthiness or the quality of information which it purveys which will enable it to profit from an extension of its operations into the supranational or other national markets should be superior (Gray & Gray, 1981). Accordingly, these advantages for banks include product

differentiation, imperfections in factor markets, preserving established customer accounts, and ensuring access to raw materials. For Company A three advantages stand out in this regard.

### **6.6.1 Company A Ownership Specific Advantages**

#### *Product Differentiation*

Product differentiation for a multinational bank can often result from superior marketing techniques, research and development and the *qualitative differences associated with experience in a particular product line* (Gray & Gray, 1981). Evidence shows that the experience of Company A in a niche product line is certainly what has given it a competitive edge in the UK financial market, it focuses on providing international banking and trade services to blue chip European companies doing business in Africa. Here is a direct quote from Subsidiary A company report;

“As a bank with a focus on African-related business, both here in the UK and in Africa, we have directors from both the UK and from Africa who have extensive knowledge of the African Market. This helps the board to understand both African needs and the relationship between Africa and the rest of the world with regard to both business and personal relationships. There is a cross section of cultural backgrounds, with both English and African members on the board”

Company A’s competitive advantage can therefore be said to rest on its ability to understand the African market and create products tailor made to companies that are

dealing in Africa. Most banks in the UK will not have such extensive knowledge of the African market and will not be able to offer the nature of products offered by Company A. According to its reports, Company A notes that Africa is increasingly being seen as an emerging market, with potential to invest, gain sustainable growth and generate greater returns. Foreign investors or financial institutions, which were previously reluctant to invest in Africa, now see it as an attractive investment and are heavily investing in various sectors. The services of company A has hence continued to be on the rise. This becomes a unique sector which only the likes of Company A can play in, a bridge between Africa and Europe.

The capacity to offer bespoke products to meet individual client needs can hence be seen as one of the factors that have induced Company A to become multinational. Its ability to support commercial relations between Africa and the European Union, concentrating on customers with business interest spanning Africa and Europe gives it a unique advantage. Company A has maintained a competitive advantage over its UK competitors due to the fact that it has a vast experience of a world class international banking service to African related businesses and individuals, becoming the choice UK and European bank for Africa.

Here are comments in support from the CEO of Subsidiary A:

“...of course we have competitors but there is no bank that does everything that we do... I will say that we are a fairly type of unique bank...very niche...erm, say why don't your competitors enter this market? There isn't many people out there who know about how it works, so your staff are constantly been approached to come and work for us for more money”

### *Imperfections in factor markets*

MNBs derive these advantages through the possession of information capital relevant to the individual customers and industries they serve (Gray & Gray, 1981). Company A possesses a considerable stock of commercial intelligence to serve African clients who would have moved over to the UK for business. Subsidiary A is very much involved in property financing, offering services to high-net worth African individuals who wish to purchase property in the UK. Its services and products are also tailored to meet the international needs of African business executives, professionals and entrepreneurs, through an in-depth understanding of international and West African markets.

Company A has hence become multinational so as to be able to retain or even to expand on this commercial knowledge advantage about its home clients as mentioned above. According to Gray and Gray (1981), banks which fail to open foreign offices to serve their multinational clients may lose the cognitive advantage abroad and at home, the need to preserve information capital is hence an important condition leading to multinationalism in banking. Because Company A knows these clients and it can serve them better than anyone else.

### *Preserving established customer accounts:*

This point closely relates to the one above. According to Gray and Gray (1981), the loss of a key customer for any reason could mean the loss of any advantage a bank may have had from a market specialization. Therefore, if a bank's global share of market is to be maintained, they assert that it must perpetuate and extend its specialized knowledge by providing on-the-spot information and intermediary services for its domestic clients in foreign markets. One of Company A's core target market in the UK are thus those Affluent

and high net worth individuals who already have established accounts with it. Its unique advantage here is thus the ability to take advantage of London as a destination for Africans, providing solutions for their personal banking and investment needs.

### **6.6.2 Company A Location Specific Advantages**

Location specific advantages are those benefits accruing to a certain location due to differences in location-specific endowments between countries (Dunning, 1977). According to Cho (1983), a bank can acquire these advantages simply by operating in that location. Major sources of location-specific advantages for banks can generally be found in five areas: *different national regulatory frameworks*, effective interest rate differentials, different economic situations, nationality of banks, and general socioeconomic differences. Nigh et al. (1986) notes that a substantial foreign banking presence in various offshore banking markets and some onshore banking markets of developed and developing countries seems to suggest the significance of the motivation of banks to be attracted to foreign markets to exploit favourable (or less restrictive) foreign banking environments.

Subsidiary A is located in the UK, one of the toughest and costliest regulatory environments for banking activity in the world. Its company reports show evidence of the challenging UK regulatory framework, here is a direct quotation from Subsidiary A's company report in regards to this:

“The regulatory environment, particularly in the UK, remained very challenging. Some of the rules are quite restrictive and costly...The increasing cost of regulation is a major concern for the whole financial sector in the UK...Regulatory pressures increased within

the banking industry as central banks and regulatory bodies continued to collaborate to establish more stringent banking rules, in order to ensure banks are in better health and to maintain financial stability going forward”

For a developing country MNB, the cost of compliance to such regulation can seem enormous. The CEO of Subsidiary A admits to this;

“One of the most important things, a most common thing will come up here-regulatory adherence. Our reputation is far more important than profitability and therefore we must always ensure that we do not fall foul of the regulator. There is a big cost to that, the cost of compliance is huge, just to give you an idea, in our London team we have around 140 staff and roughly 10% of them will be compliance. And on top of that, many other staff throughout the organization would have a compliance contact. I would guess that the cost of compliance today within the bank would be somewhere in the region of 20-25% of our total cost”

Although the cost of regulatory adherence for Company A in the UK seems huge, adhering to such regulation has enabled the company to develop extensive competence in the regards of compliance. Evidence from the data shows that this is one of the benefits to the company having presence in the UK. According to Subsidiary A reports, Subsidiary A will continue to be proactive in responding to the ongoing economic recovery and more stringent regulatory requirements through its conservative approach to business. Seeing that there is no alternative to adherence, Subsidiary A has increased its resources in its regulatory

reporting and compliance areas to ensure that its reputation remains intact, and it sees its ability of keeping ahead of regulations as a measure of its prudent risk management policy.

### **6.6.3 Company A Internalization Advantages**

Internalization advantages arise largely because of imperfections and failures in both factor and goods markets. *Banks use information extensively as an intermediate input in supplying banking services, and the markets for information are characterized by important imperfections* (Gray & Gray, 1981). Industries which rely heavily on proprietary information also are more likely to enjoy considerable potential for internalization advantages. Banks can achieve internalization advantages from multinationalism in five areas: availability and cost of fund transfers within the MNB, efficient customer contacts, transfer pricing manipulation, *larger and improved networks of market information and commercial intelligence within the MNB*, and the potential for reduced earnings variability (Cho, 1983).

Evidence from the data show that Company A relies heavily on trading proprietary information internally. There is a huge focus on the use of knowledge as an intermediate input in supplying banking services. According to its company report, one of the major achievements in 2013 for the company was the anchoring of an extensive knowledge sharing session in Africa, facilitated by the Chief Risk Officer of Subsidiary A (its UK subsidiary) on structured trade & commodity finance. The strategic impact of this was the development of competency on structured trade and commodity financing by the African staff who were part of the session.

Company A is hence capitalizing on its larger and improved networks of market information and commercial intelligence by transacting knowledge from its UK subsidiary to its African operations, so as to offer better products. In fact, a major part of Company A's strategic focus is to structure policies and practices to strengthen its global expansion strategy through internal knowledge transfer.

### **6.7 Company A Internationalisation and Knowledge Strategy**

Although the OLI framework used above explains conditions that induce an EMNB to become multinational, it doesn't quite explain internationalization based on the uniqueness of the EMNE as a type of multinational (Luo & Tung, 2007). EMNEs have been argued to be induced mainly to internationalize due to the need to gain strategic resources such as knowledge (Luo & Tung, 2007; Kothari et al., 2013; De Beule et al., 2014; Fey et al., 2016). Evidence from the data points to the fact that Company A's internationalization is geared towards creating and development of cross border knowledge transfer within its multinational network of subsidiaries. This hence agrees with the springboard perspective, Companies such as Company A hence use international expansion as a springboard to acquire strategic resources.

The data shows that Company A's knowledge management and cultivation framework is aimed at knowledge sharing across the group. Evidence points to the fact that Company A is engaged in an internal transfer of tacit knowledge from itself to Subsidiary A, its UK subsidiary, and Subsidiary A is also able to create and transfer a wealth of tacit knowledge to its parent firm based in Africa. As highlighted by the spring board perspective in chapter 3, EMNEs are eager to acquire such capabilities through internationalization so as to fill their resource voids (De Beule et al., 2014). The underlying premise of Company A's

knowledge framework is therefore that knowledge is a scarce and valuable resource and hence the company has to become better at identifying, acquiring, developing and transferring meaningful knowledge in the organization. According to its reports, the knowledge management framework will support innovative learning, knowledge repository and sharing for facilitating the use of critical knowledge and experiences as a foundation and resource repository in view of its sub-Saharan African expansion.

Company A's framework therefore encompasses the capture, storage, sharing and transfer of valuable knowledge, necessary for improving organizational effectiveness, competitiveness and overall business continuity. The springboard perspective hence applies to EMNBs likewise, Company A while internationalizing structures its HR strategy very constructively. Company A's UK presence has been used very efficiently to create new international business knowledge for itself. It strategically recruited very knowledgeable staff while in the UK market, Subsidiary A CEO confirmed this;

“most of our staff within Subsidiary A come from international banking experience; the London market has lots of international banks in it, so most of us are in that sort of field, up till recently, Company A has had a very domestic focus, it is only recently expanding within the African continent, therefore, it has used our expertise in international banking to make sure that it is going in the right direction”

This confirms that the knowledge acquired by Company A as a result of its UK presence has been used by it to further its international expansion strategy. The expertise of the staff in the UK is been used across the group; the international banking experience of its UK staff can be transferred internally and used to create growth capacity. Subsidiary A CEO explained this further;

“...so if we recruit people we have to go to companies like Standard chartered or Standard bank where if they are good you have to pay a lot of money, and similar to what I explained to you earlier about trade finance, we will train our staff and we will perhaps pick up potential- people we identify throughout the organization, the graduate trainees, those sort of people who find this sort of financing thing interesting and they can see potential in it.”

The HR initiative is hence to recruit into the company tacit knowledge available in the UK financial market, a well-established location for international banking where it can acquire people from companies such as Standard Chartered. This hence confirms that EMNBs internationalize so as to acquire critical assets from mature MNEs as observed by the springboard theory, accordingly, there won't be a need to develop such capability internally, just acquire from an advanced economy MNE (De Beule et al., 2014). Company A as an emerging country bank sees the chance to learn from already established advanced economy banks through its recruitment process. Subsidiary A CEO used himself as an example to buttress this point;

“When I first joined the bank we were doing very simple correspondent banking, it's what I will call bread and butter business...doesn't need a lot of knowledge. I was approached to come and join Subsidiary A, the bank took the decision to recruit knowledge into the organization. I was brought in having done this type of business in another organization, and the target was to build a sustainable business that would be difficult for other banks to replicate...so that's how we are where we are today...and also why it is difficult for our competition to replicate what we do”

Company A is a developing country bank with a presence in the city of London, and by this presence it is able to recruit knowledge from bigger banks and hence tap into the knowledge resources in the international market. With its HR strategy therefore, it can create a pool of tacit knowledge resources in the UK subsidiary which can be used across the group. The likes of Subsidiary A CEO are the primary target in creating a pool of tacit knowledge for global expansion. As Subsidiary A grows in size and recruits more staff, Company A will have more capacity for knowledge transfer. Subsidiary A CEO confirms that his company is growing and now even creating graduate training programmes, here is what he had to say;

“...we’ve taken on an initiative to actually bring in young people, try to get like apprenticeship schemes- we do have young people join the bank as Graduate trainees, perhaps take on school leavers at 16 or 18; introduce them into banking, but you’ve got to make it interesting enough for them”

Company A’s knowledge management and cultivation framework is therefore creating knowledge for itself which can be shared across the group. As with all EMNEs, Company A recognises that human capital is a key driver of competitive advantage for itself, premium is therefore placed on developing and implementing best in class people management strategies and practices across its group while entering foreign markets. Its essence of human resource management is very strategic, focusing on aligning people management strategies with international business strategies. Company A recognises that with the rapid changes in the business environment, its competitors are also increasingly looking at human resource as the unique asset that can drive superior performance to

achieve sustained competitive advantage, it therefore sees the need to design and implement effective HR strategies that are properly aligned to its corporate goals of international expansion.

This strategy is therefore aimed at acquiring staff from advanced economy banks who possess a wealth of international banking experience. Knowledge sharing and competency development across the Group will now become its major focus as it grows and enters new markets. Here is a direct quote from its report:

“The need to also manage both explicit and tacit knowledge in the group has become more apparent with the entrance of younger and more productive staff and gradual reduction of experienced staff over the years. If a knowledge management strategy is not put in place, it might lead to a dearth of capacity. The situation has informed the establishment of a knowledge management framework for the Group. The main benefit of the framework is to harness the Groups tacit and explicit knowledge and make it available to a larger percentage of staff to ensure business continuity”

The Bank recognises that its key assets are its people-staff, management and Board. It appreciates that the combination of sharp commercial awareness of its strategic business units and strong technical know-how of operational teams of world-class international banking and trade services in support of commercial relations between Africa and the European Union, underlined by a robust risk and regulatory framework is what helps the bank to structure and execute bespoke financial products and services to meet client needs. The explicit and tacit knowledge of its staff have therefore assumed strategic relevance in supporting its business to achieve corporate objectives.

## **6.8 Company B Internationalization and Knowledge Strategy**

Company B's internationalization has been geared towards engaging in FDI to take advantage of the opportunities to grow and gain global market share. As earlier discussed, Company B by its geographic diversification has attained a right balance between mature and emerging markets, maintaining a commercial banking model with a critical mass in its 10 main markets; its focus is on gaining market share. Unlike Company A, Company B's knowledge strategy is focused on creating a harmony and homogenization between its countries and corporations to enable that flow of knowledge within its multinational. *Company B is more focused on identifying and sharing best practices* so as to take advantage of the Group's diversity.

Company B by its knowledge strategy affirms the tenets of the KBV. As an already established MNE, the KBV theory anticipates that Company B will recognize the knowledge of its staff in different countries as a strategic resource that should enable it conceive and implement strategies that improve its efficiency and effectiveness (Barney 1991). According to its reports, Company B's size enables it to identify and quickly and efficiently transfer its best practices between the different markets in which it operates, adapting them to local features. The Group has near enough to 200,000 professionals globally and has a keen focus on the international mobility of its staff. According to its company reports, the objective of the international mobility of its staff is for this to be used as a means of disseminating values and the business model, as well as for the exchanging of knowledge and best practices between its units.

Company B acknowledges that an organisation's future lies in the professionalism, knowledge and the commitment of its workforce, and hence the company board has made attraction, development and retention of the best talent worldwide a priority. According to

its reports, the successful implementation of its growth strategy depends on the availability of skilled management, both at its head office and at each of its business units. Company B's team of employees worldwide is the bedrock sustaining its business model. Human resources management at the Bank is thus designed to respond to the team's needs, and ensure that the Bank possess the best international talent to guarantee sustainable growth and results.

The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel, it says its continued success depends in part on the continued service of key members of its management team. The ability to continue to attract, train, motivate and retain highly qualified and talented professionals is a key element of the company's strategy. The successful implementation of the Company's growth strategy depends on the availability of skilled management, both at its head office and at each of its business units.

According to its reports, if the company or one of its business units or other functions fail to staff their operations appropriately or loses one or more of its key senior executives, and fails to replace them in a satisfactory and timely manner, its operating results, financial condition and prospects, including control and operational risks, may be adversely affected. The main task of Company B's Human Resources division is therefore to attract and win the commitment of the best professionals to ensure the creation of a pool of knowledge that can guarantee the Group's leadership in each market. Company B hence continues to consolidate a people management policy focused on talent, knowledge and commitment as key pillars for supporting its business.

Company B's talent and leadership model is one that benefits the global group, with a wide geographic diversification and different needs for attracting and retaining professionals in each country. The employees' management model is based on strategic planning of talent and leadership, knowledge and a solid corporate culture. Management of talent and leadership is conducted with an integral focus that enables Company B to select the best professionals for each post and invest in their career and commitment. As regards external talent, the Bank, through the employer brand initiative, communicates its value offer to attract the best candidates from universities, business schools and networks of professionals throughout the world.

As asserted by the KBV, this potentially valuable stock of knowledge Company B creates in one location of the MNB needs to flow to other parts of the business; that the knowledge should be amenable to transfer and flow through the appropriate mechanisms (Ambos et al., 2006). In order to promote the creation and exchange of knowledge and best practices between the countries in which the Group operates, Company B has created "The Knowledge Institute" which develops its activity via corporate schools specialising in key business areas.

As a means of disseminating company values, as well as exchanging knowledge and best practices across its international presence, Company B has engaged in the global job posting policy for its staff. The global job posting strategy is a corporate platform that gives its professionals the possibility of knowing and opting to apply for job openings in the Group. According to its reports, more than 500 positions in various countries were publicised since its launch in 2014 and as at 2015, 381 job offers were made across the group.

Company B also has an internal network enabling professionals in all countries to share their ideas on strategic issues for the Bank, vote on them and comment. Since the platform's launch in 2014, 27,850 users contributed more than 13,000 ideas. "Company B Ideas" received 3,046 ideas in 2015 and held seven challenges in six countries. The Group's size enables it to use data to spur business growth; identify and quickly and efficiently transfer updating and modernising systems and its best practices between the different streamlining processes and the organisation markets in which it operates, adapting them as a whole to local features.

## **6.9 Answers to Research Questions**

### **6.9.1 Research Question 1**

Which Internationalizing banks have knowledge transfer mechanisms?

Of significance by the sections above is the establishment of the fact that both Company A and Company B are involved in a multinational network of tacit knowledge transfer. KTM hence needs to exist for both firms in order for such knowledge to be transferred across border. Company A's knowledge management and cultivation framework creates knowledge for itself which can be shared across the group; through acquiring staff from advanced economy banks who possess a wealth of international banking experience; Company A can use such knowledge for further growth and internationalization. KTM should explain how this knowledge is transferred and put to use.

Likewise, Company B's knowledge strategy is focused on creating a harmony and homogenization between its countries and corporations to enable that flow of knowledge within its multinational. KTM should explain how Company B identifies and shares its best practice across the group. Internationalizing banks from emerging and advanced economies should hence possess knowledge transfer mechanisms. As observed by theory, an MNE should always possess internal linkages and coordination mechanisms that represent and respond to many different kinds and extents of knowledge dependency and interdependency in inter-unit knowledge exchange relationships (Ghoshal & Bartlett, 1990b).

Company A and Company B should hence possess KTMs; if their very existence as MNEs rest on their superior efficiency to transfer knowledge across borders (Adams et al., 2006). The point here is, as extant research on cross-border knowledge flows in multinational enterprises' have mainly focused on the transfer of knowledge within manufacturing MNEs, it is not clear in the literature if KTMs exist in services firms like Company A and B. The argument therefore follows here, if Company A, an EMNB, enters a foreign market to seek knowledge, it should have a means of internally transferring that knowledge within its multinational, and likewise, Company B appreciates the strategic knowledge resources available to it as a result of its global size and should be having structures that make possible the identification and use of its knowledge resources.

The data hence points to the fact that Company A and B do have structures in place that ensure the capture, analysis and integration of tacit knowledge between their units. KTMs can enable assembling, creating, sharing and utilization of knowledge across distinct units (Lagerström & Andersson, 2003; Adenfelt & Lagerström, 2006; Adenfelt & Lagerstrom, 2008). Both Company A and Company B appreciate the advantages accruing to multiple embeddedness and are indeed strategizing to take advantage of their presence in different markets; MNBs are increasingly realising the capacity for developing and sharing global strategies and best practices among their units located in different countries.

For Company A, according to its company reports, being more connected as an international group implies capitalising on the synergy between its subsidiary businesses so as to maximize opportunities, explore new ones and *build on its shared learning*. It attributes to this sort of strategic initiatives as what is helping it to evolve to become one of

the leading financial services firms in Africa. Similarly, Company B combines the financial flexibility of its subsidiaries with their operations as an integrated group that creates high synergies. Strategic focus and policies implemented in all of Company B's units enables a stronger company culture, greater efficiency in investment, synergies in cost and revenues, and most importantly, the capacity for developing and sharing global strategies and best practices among its units located in different countries. There hence needs to be strategic structures put in place for transferring knowledge across border as this complements corporate goals for both types of banks.

As evidenced by the data, Company B possesses more formal and very structured knowledge transfer mechanisms. The creation and exchange of knowledge and best practices between the countries in which Company B locates is made possible by "The Knowledge Institute" which develops its activity via corporate schools specialising in key business areas. Also as a means of disseminating company values, as well as exchanging knowledge and best practices across its international presence, Company B has engaged in the global job posting policy for its staff. These KTMs are very formal and more structured as compared to Company A.

Company A has less structured mechanisms for enabling cross-border knowledge transfer. In order to broaden and deepen competencies and transfer knowledge, Company A uses senior staff to facilitate communities of practice throughout the group. Company A also utilizes secondment and job-shadowing initiatives to give staff the opportunity to expand and acquire knowledge across the Group.

A major contrast between Company A and Company B is the difference in the size and nature of business. Company B is a much bigger organization as compared to Company A. The size of Company B's UK subsidiary, Subsidiary B, is significantly 2,000 branches as compared to Company A's one branch in London. Subsidiary A is a small company, here are comments from Subsidiary A CEO:

“So, as I sort of explained, our customer base is very small, probably only about 20/30 customers, but these are top trading customers...if I mentioned the name you will know the company, but I won't mention names, they are household names. So you have a certain risk profile as you are dealing with the top five in one sector, which reduces the risk...I would say that, it's quite difficult to get a customer through the door to start with, because you are perceived as an African Bank, but we are not an African Bank, we are a UK bank with African shareholders. Whichever way you skin it I don't think there's any difference, but customer perception- they've got their perception about how an African Bank works, but once you've got them through the door, which is quite a difficult thing to do... the global financial crises helped us immensely, because during the global financial crises most of the big banks closed up for business, they didn't have any liquidity to lend, so the major trade houses had to look for alternative sources of funding. Now, myself and other senior staff members have worked with these major traders in the past in other organizations, so they know individuals within the bank and we were approached...are you open for business...once they came through the door...these customers can now be impressed by the level of service they are receiving”

This gives insight into how EMNBs presence in advanced economy international markets is not very heavy. Subsidiary B on the other hand, is a major financial services provider in the UK and part of a much bigger European Bank. Top Management for Subsidiary B give insight into this:

“In fact, the UK is the largest profit contributor to Company B, 70% uplift from the prior year. We’ve had a good half year, although we would still be very concerned about managing the business very tightly, you know banking is changing incredibly quickly, digitalization as well as globalization of financial markets, new entrants coming in with very low cost base, so we have to be lean, agile, and innovative to be able to compete and grow our market shares in our various countries, so that’s something that occupies our minds”.

### **6.9.2 Research Question 2**

Through evidence from the data research question 2 attempts an understanding of how KTM is defined and operationalized in different settings; for different multinational banks. It tries to capture the differences in the strategies and organizational learning patterns of EMNEs as compared to advanced economy multinationals. *How are knowledge transfer mechanisms defined and operationalized for different internationalising banks?*

Company A to start with, is an African commercial bank with most of its operations on the African continent; it is growing its international footprint mainly across West Africa. Company A has presence in 12 countries, of which most of its subsidiaries are in and around Africa. However, according to its reports, strategic initiatives to grow operations in more advanced markets are ongoing, there is also presence in France, the United Kingdom, China and the UAE. Based on the theoretical framing of this research, the network perspective conceives all the subsidiaries of Company A being linked up in a network which makes possible for each unit to gain critical competences from each other. Knowledge transfer will therefore be occurring in a network where the headquarters in Nigeria can transfer knowledge from the home country context to its subsidiaries in the network and each subsidiary located in different markets can do likewise.

The advantage here for Company A becomes one of taking benefit from its network by gaining knowledge resources created and developed by subsidiaries located in advanced economies (Lagerström & Andersson, 2003), as it is asserted that the MNE through its subsidiaries must know how to learn (Bartlett & Ghoshal, 2000). If strategic initiatives to grow operations in more advanced markets and even across Africa must be achieved,

Company A must be able to remove knowledge created by its subsidiaries in France, China or the UK via internal transmission mechanisms, and be able to utilize it to the benefit of its entire network.

Most of the knowledge Company A has is of doing business in the African countries. If it must extend itself into more advanced markets it has to acquire the necessary knowledge from its strategic subsidiaries located in the advanced markets, of which the UK becomes a prime knowledge source. The data hence reveals that KTM is mainly used by Company A to transfer knowledge that can facilitate international expansion. In fact, Company A has been observed to have internationalized into more advanced markets so as to learn from such locations. KTM for Company A is hence defined based on the need for knowledge acquisition for international expansion. KTM is used by Company A to promote internationalization strategy; seeing also that it is an EMNB, its major focus will be on acquiring the necessary knowledge that can help fill its resource void.

Company B on the other hand is a European multinational bank; one of the largest banks in the Eurozone and one of the largest in the world by market capitalization. The data reveals that Company B, unlike Company A, has attained an excellent geographic diversification and a right balance between mature and emerging markets. It is maintaining a commercial banking model with a critical mass in Europe, Asia, Latin America and North America. For Company B, presence in each country is very heavy, Subsidiary B alone has almost 2,000 branches in the UK for instance. Company B has over 200,000 employees globally. Based on the tenets of the Network View, Company B by its significant presence in many markets has the advantage of benefitting immensely from utilizing its network; as this network of

units spread across many parts of the world can enable gaining a significant amount of critical competences availed to it (Tsai, 2001). Company B can benefit from value creation based on international arbitrage made possible by its multiple presence in many countries (Meyer et al., 2011).

The wider dispersion of Company B knowledge activities hence implies that it can profit from a wealth of knowledge from different parts of the world, as its units are well linked together in a network. Company B's knowledge strategy is therefore focused on how to create a harmony and homogenization between its countries and corporations that can enable that flow of knowledge within its multinational. Given such an elaborate network, the data shows that Company B is very keen on how to identify and share the best practices it can find from all over the world. KTM is mainly used by Company B to transfer knowledge of best practices. Company B is not an emerging economy MNB and hence is more concerned with best practices been transmitted through its already established network. KTM for Company B is hence defined based on the need for the acquisition and sharing of best practices.

According to the knowledge based view, this knowledge needed by both Company B and Company A resides within the individuals in the firm- the staff; and the fundamental task of acquiring this knowledge of the many specialists for the advantage of the firm can be very challenging (Grant, 1996b). This is because this knowledge is a fluid mix of framed experiences, values, contextual information, and expert insight that is stored within the individual (Noorderhaven & Harzing, 2009). Trying to transfer this knowledge across

border can therefore be a challenge to MNBs; the next sections capture how KTM is operational to facilitate cross border knowledge transfer for EMNBs and MNBs from advanced economies.

### **6.9.2.1 Staffing Policies and Networks**

The data reveals that both Company A and Company B through staffing policies are able to achieve cross border knowledge transfer. In this regard, Company A uses secondments and job shadowing initiatives as KTM, while company B uses Global Job Postings;

Secondments are a much smaller structure as compared to Global Job Postings. The strategic action here involves moving the staff who possess the tacit knowledge or who need to acquire new knowledge to different parts of the MNE, and allowing for them to socialize and give or receive tacit knowledge (Galunic & Rodan, 1998).

#### **A. Secondments**

The use of Secondees as a KTM by Company A is mainly operational to achieve internationalization strategy. As a corollary to building broad and deep institutional knowledge, Company A embarked on secondment and job-shadowing initiatives to give staff the opportunity to expand and acquire knowledge across the Group. Markedly, Secondees have been used to transfer compliance knowledge across the company. Seeing that Subsidiary A is located in one of the toughest regulatory environments, its expertise on regulatory adherence has been extensively transferred through the group using compliance Secondees. This structure is confirmed by the CEO of Subsidiary A;

“...and also with regards to knowledge transfer, it is important that we have Secondees here. At the present time we’ve got a Secondee in our compliance department from our Parent, because it is very important that we have knowledge transfer from company A to the parent company and also that Subsidiary A fully understands all of the compliance concerns in the home country of the parent bank. So we are making sure that we have that knowledge transfer. And most important is that the parent bank acknowledges that the regulatory environment in the UK is probably one of the toughest in the world, and our parent wanting to lead the way in regulatory compliance and adherence therefore decided that it will set its standards to the highest level. So throughout the group it aims to reach UK standards, therefore that’s the reason they want to place compliance Secondees within Subsidiary A to make sure that all compliance staff within the bank group have a very high level of knowledge. That’s the way that knowledge transfer is important when you are within a group”

In this case the secondment is tailored towards transferring compliance knowledge to and from the parent company and its units. This is a very key strategy by EMNBs, as demonstrating compliance practices in today’s banking climate is key to remaining successful as a bank. These are staff who are transferred from the parent bank to work in Subsidiary A for the definitive reason of acquiring a high level of compliance knowledge and also sharing compliance knowledge about the home country compliance concerns.

The parent bank through Subsidiary A is hence tapping into the high level of compliance standards in the UK; seeing that the regulatory environment is one of the toughest in the world. This knowledge acquired is also made available to other parts of the MNE.

Compliance staff throughout the bank group can have a very high level of compliance knowledge through the knowledge of Secondedes placed in Subsidiary A.

### **B. Global Job Posting**

Company B on the other hand uses its Global job posting to drive a more robust knowledge management approach. Seeing that it has such a broad network of units, it can facilitate employee mobility and achieve extensive tacit knowledge transfer. Making job openings available to staff is an open door for the exchange of tacit knowledge across its group. Top Management for Subsidiary B confirmed this;

“...even somebody that would work on the counter in one of our branches...they could go to another country to gain some experience, say the USA or Spain and vice versa. Any member of staff can apply for that...that is open to any member to apply and we’ve just had one of our cashiers from Leeds whose got a Spanish speaking degree and can speak fluent Spanish has been sent to America, however, the point is we are taking UK best practice and sending quite a young member of our team to spend 6 months in the US, learning about their networking, how they work, and bringing and exchanging that knowledge. She will then come back into the UK with that knowledge and share that. So we have those programs running all over the world”.

According to its reports, this is the corporate platform that gives all its professionals the possibility of knowing and opting to apply for job openings in the Group. In 2015, 381 offers were made. The objective is to facilitate employee mobility, foster tacit knowledge

transfers and make internal selection processes more transparent. More than 500 positions in various countries have been publicised since its launch in July 2014.

The concept of Global job posting can be found in the academic literature and has been found to be a KTM also used by manufacturing firms, it just appears in different forms and has been named differently by other authors. Hong and Nguyen (2009) speak of International transfer of personnel, asserting that international personnel transfers contributed to internationalizing Intel's company culture across its global locations and this helped in overcoming the language and cultural barriers that existed for the company. Gupta and Govindarajan (2000) encapsulated the concept in what they call lateral integrative mechanisms, where there had to be job transfers to peer subsidiaries for the purpose of acquiring knowledge from that subsidiary.

### **6.9.2.2 Communities of Practice (COP) and Networks**

This is a cross-border mechanism used by Company A. This comprises of different groups set up within the firm so as to enable staff to work together in “small communities” where learning can occur (Fox, 2000); and flows of knowledge can be expected to happen in an MNE network where staff from different MNE units interact together in such communities (Noorderhaven & Harzing, 2009). The COP therefore serves as that link in the Network where staff from different subsidiaries can share tacit knowledge with their colleagues from other subsidiaries. This is a cross border structure used by Company A, and this is seen to be fitting for an MNB of its size. Senior staff are used to anchor and facilitate collective learning across the group.

This exercise is an integral part of Company A knowledge management framework, this is aimed at developing the depth of staff knowledge and experience across its Group through engaging in collective learning. In order to broaden and deepen competencies within the company, senior staff are used to facilitate communities of practice. Evidence from the data points to the fact that Company A relies heavily on using the proprietary knowledge of its UK subsidiary. There is a huge focus on the use of knowledge as an intermediate input in supplying banking services by the bank through the use of communities of practice.

According to its company report, one of the major achievements in 2013 for the company was the anchoring of an extensive communities of practice knowledge sharing session in Africa, facilitated by the Chief Risk Officer of Subsidiary A (its UK subsidiary) on structured trade & commodity finance. The strategic impact according to the report was the

development of competency on structured trade and commodity financing by the African staff who were part of the session. Here are comments from Subsidiary A CEO on this;

“...tacit knowledge transfer happens for us in many different fields not just compliance. Our parent bank as you would know is very much a retail bank, most of our staff within Subsidiary A come from international banking experience; the London market has lots of international banks in it, so most of us are in that sort of field. Up till recently our parent bank has had a very domestic focus, its only recently expanding within the African continent, therefore, it has used *our expertise* in international banking to make sure that it is going in the right direction”

These communities of practice are set up by the bank and are facilitated by staff such as mentioned above. This highlights the significance of how knowledge captured for the purpose of helping the parent bank expand into more international markets is transferred across the group. The CEO of Subsidiary A is also on the board of the parent bank; this creates that direct flow of his international banking knowledge to the rest of the group.

### **6.9.2.3 The Commercial Banking Corporate School and Networks**

This is a cross-border mechanism used by Company B. Company B has a broader network, and this can present a challenge. The greater number of subsidiaries in the network, the higher the coordination challenge of utilizing and disseminating its knowledge generated in different countries (Meyer et al., 2011). Due to the complexity of its network and the challenges associated with efficiently managing its geographically dispersed activities therefore, Company B has had to structure a more formal mechanism for cross border knowledge transfer. This proves that Multinational service firms are successfully implementing the multiplex design and responding to their complex environments by developing highly differentiated structures in order to capture the benefits of deep specialization (Greenwood et al., 2010).

The commercial banking corporate school is an institution created by Company B to harness its global tacit knowledge. This is a significant investment by the company. Owing to its size, it can only be possible to agglomerate its global tacit knowledge resources through such a KTM. A significant number of employees are engaged with the corporate school to ensure that the exchange of experiences and the gathering and dissemination of best business practices across the different countries is achieved.

Company B has 25,000 branches all over the world, and 200,000 professionals working for it, this is a substantial amount of tacit knowledge available. Instituting a school for the exchange of best practice between the countries is the best strategy, considering its size of global employees. Company B relationship model between its countries of presence ensures the identification and the sharing of best practices to take advantage of the Group's

diversity. This ensures that best practices are shared and promoted between its 10 countries of presence.

This is operationalized via a global network comprising 600 experts in different business areas who participate in working groups that promote *the exchange of experiences and bring together the best business practices that are then adopted by the different countries*. This school is based in Europe and has representation in all the Bank's countries. According to its report, through this KTM joint working agendas have been put together with the countries where the company is present to cooperate in the implementation of projects which are based on the Group's best practices. Top management for Subsidiary B confirm how this KTM is operationalized;

“...so there is a business school in Europe for the Group which acts as a knowledge hub and from time to time we'll all go twice a year for sometimes courses, investment in our development...often it is linked to knowledge transfer between countries, best practice if you like”

Knowledge transferred through this business school is mainly “best practice” as noted above, it is a KTM that ideally fits the very size of the bank, having about 200,000 employees. It is very interesting to find that in the academic literature there is hardly any mention of a KTM for such a multinational bank. Top management explained about the corporate school;

“...they will often have meetings in the Business school, so they will have a meeting of the digital heads of the business to share digital knowledge. So the American, The Polish, the

Mexican, the Chilean, everyone who has that particular role in each individual country will travel to go exchange best practice and communicate with our head office people. The heads of corporate, the heads of our underwriting meet quarterly to discuss risk, you know, global risk, local risk, best practice and so on”

Top management for company B also mentioned how customer relationship management best practice has been transferred through the KTM and even applied by them:

“...so a good example of that is recently, in Chile they have a really strong CRM (Customer relationship Management) tool, world leading in terms of banking customer relationship, we are implementing a fairly sophisticated version of what they have done here in the UK to improve our own CRM capability to create a contact strategy”

The KTM hence emphasizes the role of the business school as a hub for the interchange of tacit knowledge across the MNE. This knowledge transfer also needs to occur very frequently as noted by Top management:

“...well we go at least once a year for 3 or 4 days. There is an annual global conference and I would go to that annually at least. Shareholder conferences, annual general meetings...I went to that last year for 3 days...its people from all over the world locations of our parent company”

Spending 4 days interacting with colleagues from all over the world indicates that company B is very much in a system of global tacit knowledge sharing. Best practice from over 10

countries coming together, being integrated and channelled in the right direction is hence very key to the survival of the parent bank as a global competitive multinational bank.

### **6.10 Empirical Contribution**

The research will be contributing empirically to the international business literature in the light of the following;

Firstly, this work proves that EMNBs, like other EMNEs, mainly internationalize into advanced markets so as to learn and acquire knowledge; to seek knowledge. This is evidenced by Company A's engagement in an internal transfer of tacit knowledge from its UK presence. Through acquiring staff from advanced economy banks who possess a wealth of international banking experience, Company A has been able to transfer a wealth of knowledge from Subsidiary A, its UK subsidiary, to its parent firm based in Africa.

In a different context, MNBs from advanced economies, as shown by Company B, have been revealed by the research to be more concerned with creating a harmony and homogenization between countries and corporations where they have presence; so as to enable that flow of knowledge within the multinational. Company B has been shown to be more focused on identifying and sharing best practices so as to take advantage of its diversity.

Secondly, the research proves that KTMs exist for services MNEs. If Company A and Company B do have cross-border knowledge transfer motives, they should have a means of internally transferring that knowledge within its multinational; KTM needs to exist for both firms in order for such knowledge to be transferred across border. The work therefore demonstrates that KTMs used by both Company A and B have enabled the acquisition

and transfer of knowledge. Secondments and Communities of Practice are KTMs used by an EMNB, Company A. Global Job Postings and The Commercial Banking Corporate School is used by an advanced economy MNB., Company B. More formal and very structured KTMs are used by advanced economy MNBs, as compared to less structured mechanisms for EMNBs.

### **6.11 Theoretical Contribution**

The research makes a theoretical contribution;

First of all, it makes a contribution to the Network Theory. Based on the theoretical framing of the research, the network perspective conceives all the subsidiaries of Company A and B being linked up in a network which makes possible for each unit to gain critical competences from each other. The work suggest that the Network theory applies more to advanced economy MNBs; that MNBs from advanced economies benefit more from their network than EMNBs. Applying this theory to both types of MNBs reveals that Company B, by its wider dispersion in many markets, can and does profit more by being in a network. It is more connected to different parts of the world than Company A, and it is using its network efficiently. The global job postings and corporate schools certainly show that it is taking advantage of having staff located all over the world. Company A KTM reveals a less focus on the efficiency of utilizing its network.

Secondly, the work contributes to a very key issue in the international business literature. The question of whether firms from emerging markets are able to absorb knowledge in cross border relationships, and the issue of whether they actually have the strategies that enable them to benefit from knowledge mobility, as compared to advanced economy

MNEs, has been extensively addressed by this research. The identification of KTM in Company A as an EMNB, shows that emerging economy firms are indeed absorbing knowledge in cross border relationships. Company A KTMs as shown by the study explain in detail the strategies adopted by an EMNB in order to benefit from its international expansion. The work also reveals that these KTM structures do exist in MNBs from advanced economies and fundamentally differ from how they exist in EMNBs. The research therefore gives more insight on understanding the differences in the strategies and organizational learning patterns of EMNEs as compared to their developed country counterparts.

Thirdly, the research confirms that, just like manufacturing MNEs, EMNBs also internationalize so as to gain knowledge resources. This complements the tenets of the springboard perspective. The work affirms that the springboard perspective applies to MNBs as well. Company A in order to fill its void of knowledge resources while internationalizing, learns from its UK subsidiary. KTM used by Company A has been shown to be used to acquire knowledge that can promote internationalization strategy.

Finally, the KBV raises the vital importance of knowledge as a resource. Accordingly, the thesis set out to establish if knowledge as a strategic resource can enable the multinational firm to conceive and implement strategies that improve its efficiency and effectiveness as the KBV claims (Barney 1991). The tenets of the KBV can be said to be proved right by the current study. For the MNB especially, the sole reliance on proprietary knowledge for competitive advantage makes the theory of the KBV even more applicable. Developing extensive internal global communications and intelligence networks make it possible for

MNB's to take advantage of global knowledge which is an intermediate input in supplying banking services. The MNB can therefore be seen as a bundle of knowledge, and intangible and inimitable knowledge is a durable source of sustained competitive advantage.

Of significance to the KBV theory is the importance of human capital and the role it plays in the process of knowledge creation, acquisition and transfer within the multinational firm. (Yong Suhk & Young-ryeol, 2004). The current study has clearly affirmed that MNBs focus widely on optimizing the networks of their globally dispersed workforce. Larger and improved networks of the human capital around the world has been proven by this study to be what is facilitating MNBs to structure and offer bespoke financial products and services across different countries.

The transfer and recombination of knowledge was also quite vital as the KBV asserts that knowledge in itself cannot lead to sustainable competitive advantage but the configuration and integration of knowledge is the key to realizing success for the multinational company (Lee et al., 2008). The identification and clear definition of the knowledge transfer mechanisms by this study has proven that the KBV is right, seeing how the knowledge in MNBs has been transferred and recombined by both developed country MNBs and developing country MNBs. MNB's dispersed geographically do employ extensive knowledge management strategies so as to access and bring together the knowledge resources availed to them, through the knowledge transfer mechanisms, the thesis proves that the tenets of the KBV hold, seeing that this knowledge has be brought together, discussed and shared, in order to be applied to the benefit of the whole organization.

The KBV also mentions that due to the stickiness of tacit knowledge in particular, the process of knowledge transfer is characterized by uncertainty and ambiguity, and therefore managers need to employ very strategic organizational integration structures to capture and utilize knowledge so as to gain competitive advantage. The study also finds this to be very applicable in the case of MNBs. The structures designed to capture and utilize tacit knowledge by MNBs had to be very strategically designed, both MNBs from developed and developing countries recognized how complex tacit knowledge can be and significant amount of resources have been invested by both types of MNBs to capture their knowledge resources, hence the design of mechanisms such as Corporate global schools.

The assertions of the KBV have been proved right in the context of internationalization of banking. But this could also be applicable to any other sectors that are similar in nature. The thesis assumes that any other similar service sectors where internationalization occurs can experience knowledge transfer on the same scale. The KTM designed and used here by MNBs is strategic in harnessing the tacit knowledge of the human capital. It therefore follows that sectors where proprietary knowledge is highly important and where the human capital is dispersed internationally, will have significant focus on designing knowledge transfer mechanisms for the transfer and recombination of knowledge resources.

## **6.12 Conclusion**

Of worth by this chapter is the mention of the empirical and theoretical contributions the work has made. The study proves that EMNEs do have new ways of learning or unique mechanisms through which they facilitate cross border knowledge transfer. Up till now there has been very little exposition on the issues of KTM for international banks from emerging and advanced economies. This work hence represents a tangent in the literature on knowledge transfer and KTM in the academic literature. Earlier studies have been more focused on studying knowledge transfer in manufacturing companies, and hence the findings by this study have a significant contribution to the academic literature on knowledge transfer.

This research has also proven to be very relevant to practitioners, to the bankers themselves. The issue of knowledge transfer and knowledge transfer mechanism was recognized as an issue that didn't get to be discussed that much in bank board rooms and needed to be addressed more frequently. The bankers thought the study was helpful and had provoked some thought for new ways to approach management strategy. This also gives a lot of validity to the whole study, showing that it was worth the time and the commitment. When practitioners in industry appreciate that a theoretical concept is very relevant and workable, it proves that theory has been clearly verified. The next chapter highlights the implications of the whole study.

## **7. CONCLUSION**

### **7.1 Introduction**

This chapter aims to summarise and bring together the main areas covered by this research. It begins by presenting a summary of the findings of the study. These findings have both practical and theoretical implications; the findings of the research hence contribute to the academic literature and infer implications for Managers in industry. The conclusions encapsulate what has been discussed in all the chapters, highlighting the main achievements of each. Following the conclusions is a mention of the factors that have limited the study. The chapter highlights at this stage the importance of interpreting the whole study in the light of these limiting factors; it is necessary that the reader considers the study with these factors that have impacted on the research. Following the mention of the limitations is the recommendations for future research.

### **7.2 Managerial Recommendations**

There is a definite need for MNBs to use knowledge management strategies to drive growth strategy. MNB competition is increasingly going to be based on the efficient acquisition and use of knowledge resources; managers therefore need to be aware of the strategic importance of having the right KTMs, so as to optimise global knowledge resources. As MNBs continue to grow and enter new markets, it is important that managers are aware of how to leverage their tangible and intangible resources across international markets. This study suggests that the larger these banks become, the greater the need for strategy to manage the scope of knowledge available by such a global footprint

This research reveals that it's not always evident to boards in MNBs the strategic importance of KTMs. Although both MNBs have happened upon a successful process for knowledge transfer, it seemed that their understanding of knowledge transfers and their deeper thought and analysis of it was something lacking. There was evidence from the research that boards aren't looking at this as explicitly, therefore a better understanding of knowledge transfer may bring about a more successful process for transferring and optimally utilizing knowledge resources for multinational banks.

### **7.3 Future Research Avenues**

This research can serve as a basis for further studies on KTMs in MNBs. KTMs can be looked at for a broader range of Multinational banks. The incumbent study mainly focuses on one bank from Nigeria and one bank from Spain, however, there are many other contexts in which the research could be applied. Future research could look at KTMs from across different countries; maybe countries that are smaller than Nigeria and Spain and don't have such a strong internationalizing from its banking sector. Smaller banks in central America or south America for example, or other countries in Africa that haven't established banking systems that have internationalizing experience; will be insightful to know what happens in such contexts.

Secondly, future research could look at KTMs from the other way round –advanced to emerging economy expansion. A good example here could be a work done on Chinese MNBs internationalizing into the African market, how do these MNBs learn and what could be the mechanisms facilitating internal knowledge transfer for such firms? Also the context of Chinese firms expanding into advanced economies of the West could offer

further insight on this area. The characteristics of the home country and the nature of MNB concerned could influence the nature of the knowledge transfer.

#### **7.4 Summary of Findings**

This study has shown that internationalizing banks do have knowledge transfer mechanisms. In fact, significant findings to emerge from this study points to the fact that MNBs under the circumstances of multiple embeddedness in several countries employ substantial knowledge management strategies, so as to take advantage of the skill and expertise of their global work force. It is therefore revealed by the study that exploiting and optimising synergies between subsidiaries through KTMs is what is facilitating shared learning for both MNBs from developed and developing countries. The identification of KTMs for MNBs by this study has also exposed that the developing of internal global communications and intelligence networks are significant, especially for MNBs, as they rely solely on proprietary knowledge for competitive advantage.

MNBs use information extensively as an intermediate input in supplying banking services, and the sheer number of separate sources of such commercial intelligence can provide a more efficient network of information with consequent increased profit opportunities. The study therefore concludes that the use of KTMs should be at the very core of strategic business initiatives by MNBs. Larger and improved networks of market information and commercial intelligence combined with the strong technical know-how of its global workforce is what will facilitate MNBs to structure and execute bespoke financial products and services internationally. As MNBs continue to engage in mergers and acquisitions therefore, the capacity for developing and sharing global strategies and best practices

among units located in different countries will necessitate for the use of KTMs such as Secondments, Corporate Schools, Global Job Postings and Communities of Practice as identified by this study.

The study also reveals that there is a difference between the nature of KTMs adopted by developed country MNBs, as compared to developing country MNBs. The most obvious reason for this difference, as discovered by the study, is that the size and nature of the MNB has direct relationship with the type of KTM designed and used. Developing country MNBs from Africa are much smaller in size as compared to MNBs from Europe. As shown by the results, Company B needed a broader KTM to manage its tacit knowledge; the commercial banking corporate school is a significant investment by Company B to promote the exchange of experiences and bring together the best business practices that are adopted by the different subsidiaries in different countries. Similar to this is a global job posting platform by Company B designed to facilitate the global mobility of its 200,000 professionals.

As discovered by the study, Company A's use of KTM is on a smaller scale. Communities of Practice and Secondments facilitate the movement of staff across the company group, but on a small scale. Senior staff are used to anchor cross border knowledge sharing sessions, and secondees are used throughout the group to transmit compliance tacit knowledge. Company A is not as big as Company B and so does not need a Corporate School. The study therefore concludes that the KTMs designed and used by MNBs is based on the organizational need of the company.

The study has also shown that knowledge transfer across national boundaries can lead to success for both developed and developing country MNBs. Findings reveal that cross border knowledge transfer is crucial to the survival of MNBs, accordingly, the study reveals that transferred knowledge has been used to significantly implement growth strategies for both developed and developing country banks. Company A confirmed using knowledge transfer as a means of building a sustainable UK business difficult to replicate by its competitors, moving from a simple correspondence banking model to a strategic and complex structured commodity trade finance business. Company A has also used knowledge transfer to strengthen its compliance framework across its group, this has ensured regulatory adherence and therefore business continuity.

Company B also confirms that the successful implementation of its growth strategy depends significantly on its ability to transfer tacit knowledge across border. Findings reveal that Company B has been using tacit knowledge transferred from its South American presence to implement a growth strategy in the UK and vice versa. Most significantly, Company B through its commercial corporate school has ensured its continued global success through ensuring that all the heads of its businesses in all the 10 countries where it is present learn together, exchanging tacit knowledge and build supportive networks.

## **7.5 Research Summary**

The research set out to understand whether or not multinational banks have formalized and informalized processes and mechanisms for the transfer of corporate knowledge across national boundaries. The emphasis has been on a cross-case analysis of developing banks as against developed country banks, in regards to if these firms have knowledge transfer mechanisms, how differently these mechanisms might be operational and whether the use of these mechanisms can indeed prove the success of these firms.

The research has been situated in a new body of FDI literature which focuses on the strategies for managing multinational companies from developing countries. This literature attempts to understand the difference in the strategies and organizational learning patterns of EMNEs as compared to their developed country counterparts; whether existing international business paradigms, theories and conceptualizations of developed country MNEs can be readily applicable to EMNEs (Witt & Lewin, 2007; Ghauri & Santangelo, 2012). With this in mind the research set out to investigate one of the key issues as highlighted by Ghauri and Santangelo (2012). They observed that, it is still an open question whether firms from emerging markets are able to absorb knowledge in cross border relationships, and whether they actually benefit from knowledge mobility.

In light of the conceptual framework developed for the study, it became possible to consider in a very systematic way how the process of knowledge transfer can lead to successful outcomes for multinational banks. The key concepts of the framework being tacit knowledge, knowledge transfer mechanisms and multinational banks (developed and developing), and success. The research clearly through this framework distinguishes

between a multinational bank from a developed country and a multinational bank from a developing country and how the use of knowledge transfer mechanisms is important for the success of multinational banks. The framework was used to achieve the study

A robust literature review meant that the concepts and terms used for the research were clearly identified and defined through scholarly journal articles. A significant gap identified by the review was one that highlighted a noteworthy lack of studies on knowledge transfer mechanisms for multinational banks. There is far too few scholarly work done on how multinational banks use knowledge transfer mechanisms, notably, there is hardly any work that compares how similar or how differently these mechanisms might exist in developing country banks as opposed to developed country banks. This hence became the prime objective of the research, to fill this gap identified in the literature

Using qualitative methods that collected and used primary and secondary data to inform the study, documentary evidence from company annual reports were used as well as empirical intensive interviews with company managers. The choice of the methodology was guided by the research questions; the intension was to let the research questions drive the methodological approach adopted. A significant challenge to the work here was gaining access to the managers who were interviewed, owing to how difficult it is to gain access to multinational banks. The qualitative method was well situated in philosophy; the ontological and epistemological perspective acted as a clear guide.

The data analysis of the secondary data and interviews conducted was analysed in harmony with the theoretical framework that frames the whole study. The annual reports and online

articles were read and extracted into different themes. In a similar fashion, the interviews conducted with the bank managers were read in detail and the information relevant to the study was extracted in the form of quotations. The data was then discussed under headings according to the theoretical framework, and was used subsequently to address the research questions. It was the intension to present a cohesive and synthesized analysis of the primary and secondary data collected and ensure that it fitted well with the conceptual framework designed to guide the study.

Through the data it became possible to identify the knowledge transfer mechanisms that do exist for multinational banks, the conditions inducing multinationalism of developing country banks, and the interpretation of what tacit knowledge is for both banks studied. The data also revealed that the respondents were indeed the right people to speak to about the research, they all held significant job roles in the banks such as Chief Executive Officer (CEO). It was also possible to speak to people like Regional Managers who had spent significant years in banking

The findings of the research suggest that there are differences in KTM for multinational banks from developed as opposed to developing and that EMNEs do indeed have unique mechanisms for transferring knowledge across border. Up till now there has been very little exposition on the issues of KTM for international banks emerging from developed and developing countries. Earlier studies have been more focused on studying knowledge transfer in manufacturing companies, and hence the findings by this study have a significant contribution to the academic literature on knowledge transfer. The findings are

discussed under headings according to the theoretical frame and the selected data was put in the form of direct quotations from the interviews conducted.

## **7.6 Conclusion**

The chapter aimed summarising and bringing together the main areas covered by this research. It began by presenting a summary of the findings of the study. These findings were discussed in the light of practical and theoretical implications; the findings of the research hence contributed to the academic literature and infer implications for Managers in industry. The conclusions encapsulated what has been discussed in all the chapters, highlighting the main achievements of each. Following the conclusions was a mention of the factors that have limited the study. The chapter highlighted at this stage the importance of interpreting the whole study in the light of these limiting factors; it was necessary that the reader considered the study with these factors that have impacted on the research. Following the mention of the limitations was the recommendations for future research.

## REFERENCES

- African Business (2008) Africa's premier banking multinational, *African Business* 2008, 342, May 2008 2008, 33-34.
- Adams, R., Bessant, J. & Phelps, R. (2006) Innovation management measurement: A review. *International Journal of Management Reviews*, 8(1), 21-47.
- Adenfelt, M. & Lagerstrom, K. (2008) The Development and Sharing of Knowledge by Centres of Excellence and Transnational Teams: A Conceptual Framework1. *Management International Review*, 48(3), 319-338.
- Adenfelt, M. & Lagerstrom, K. (2008) The Development and Sharing of Knowledge by Centres of Excellence and Transnational Teams: A Conceptual Framework1. *Management International Review*, 48(3), 319-338.
- Adenfelt, M. & Lagerström, K. (2006) Knowledge development and sharing in multinational corporations: The case of a centre of excellence and a transnational team. *International Business Review*, 15(4), 381-400.
- Almeida, P., Song, J. & Grant, R. M. (2002) Are firms superior to alliances and markets? An empirical test of cross-border knowledge building. *Organization Science*, 13(2), 147-161.
- Ambos, B. r. & Reitsperger, W. D. (2004) Offshore Centers of Excellence: Social Control and Success. *Management International Review*, 44(2), 51-65.
- Ambos, T. C., Ambos, B. & Schlegelmilch, B. B. (2006) Learning from foreign subsidiaries: An empirical investigation of headquarters' benefits from reverse knowledge transfers. *International Business Review*, 15(3), 294-312.
- Andersson, U. & Forsgren, M. (2000) In search of centre of excellence: Network embeddedness and subsidiary roles in multinational corporations. *Management International Review*, 40(4), 329-350.
- Andersson, U., Forsgren, M. & Holm, U. (2002) The Strategic Impact of External Networks: Subsidiary Performance and Competence Development in the Multinational Corporation. *Strategic Management Journal*, 23(11), 979-996.
- Andersson, U., Forsgren, M. & Holm, U. (2007) Balancing Subsidiary Influence in the Federative MNC: A Business Network View. *Journal of International Business Studies*, 38(5), 802-818.

Bartel-Radic, A. (2006) Intercultural Learning in Global Teams. *Management International Review*, 46(6), 647-677.

Bartlett, C. A. & Ghoshal, S. (1988) Organizing for Worldwide Effectiveness: The Transnational Solution. *California Management Review*, 31(1), 54.

Bartlett, C. A. & Ghoshal, S. (2000) Going Global. *Harvard Business Review*, 78(2), 132-142.

Bazeley, P. (2013) *Qualitative Data Analysis: Practical Strategies*. SAGE California.

Birkinshaw, J., Hood, N. & Young, S. (2005) Subsidiary entrepreneurship, internal and external competitive forces, and subsidiary performance. *International Business Review*, 14(2), 227-248.

Björkman, I., Barner-Rasmussen, W. & Li, L. (2004) Managing knowledge transfer in MNCs: the impact of headquarters control mechanisms. *Journal of International Business Studies*, 35(5), 443-455.

Blalock, G. & Simon, D. H. (2009) Do all firms benefit equally from downstream FDI? The moderating effect of local suppliers' capabilities on productivity gains. *Journal of International Business Studies*, 40(7), 1095-1112.

Bolisani, E. & Scarso, E. (1999) Information technology management: a knowledge-based perspective. *Technovation*, 19(4), 209.

Bonaglia, F., Goldstein, A. & Mathews, J. A. (2007) Accelerated internationalization by emerging markets' multinationals: The case of the white goods sector. *Journal of World Business*, 42(4), 369-383.

Bowen, G. A. (2009) Document Analysis as a Qualitative Research Method. *Qualitative Research Journal*, 9(2), 27-40.

Bresman, H., Birkinshaw, J. & Nobel, R. (1999) Knowledge Transfer In International Acquisitions. *Journal of International Business Studies*, 30(3), 439-462.

Brinkmann, S. (2016) Methodological breaching experiments: Steps toward theorizing the qualitative interview. *Culture & Psychology*, 22(4), 520-533.

Bryman, A. & Bell, E. (2015) *Business Research Methods. Fourth Edition*, Oxford University Press.

Buch, C. M. (2003) Information or Regulation: What Drives the International Activities of Commercial Banks? *Journal of Money, Credit & Banking (Ohio State University Press)*, 35(6), 851-869.

Buckley, P. J. (1988) The Limits of Explanation: Testing the Internalization Theory of the Multinational Enterprise. *Journal of International Business Studies*, 19(2), 181-193.

Cantwell, J. & Mudambi, R. (2005) MNE Competence-Creating Subsidiary Mandates. *Strategic Management Journal*, 26(12), 1109-1128.

Cavusgil, e. a. (2008) *International Business: Strategy, Management, and the New Realities*. Pearson Prentice Hall.

Chen, S.-F. S. (2005) Extending internalization theory: a new perspective on international technology transfer and its generalization. *Journal of International Business Studies*, 36(2), 231-245.

Cho, K. R. (1983) *Multinational Banks: Their Identities and Determinants*. UMI Research Press.

Criscuolo, P. & Narula, R. (2007) Using Multi-hub Structures for International R&D: Organisational Inertia and the Challenges of Implementation. *Management International Review*, 47(5), 639-660.

Crossan, M. M. & Apaydin, M. (2010) A Multi-Dimensional Framework of Organizational Innovation: A Systematic Review of the Literature. *Journal of Management Studies*, 47(6), 1154-1191.

Cuervo-Cazurra, A. (2008) The multinationalization of developing country MNEs: The case of multilatinas. *Journal of International Management*, 14(2), 138-154.

Cuervo-Cazurra, A. & Genc, M. E. (2011) Obligating, Pressuring, and Supporting Dimensions of the Environment and the Non-Market Advantages of Developing-Country Multinational Companies. *Journal of Management Studies*, 48(2), 441-455.

De Beule, F., Elia, S. & Piscitello, L. (2014) Entry and access to competencies abroad: Emerging market firms versus advanced market firms. *Journal of International Management*, 20(2), 137-152.

- De Luca, L. M. & Atuahene-Gima, K. (2007) Market Knowledge Dimensions and Cross-Functional Collaboration: Examining the Different Routes to Product Innovation Performance. *Journal of Marketing*, 71(1), 95-112.
- Drew, H. (2014) Overcoming Barriers: Qualitative Interviews With German Elites. *Electronic Journal of Business Research Methods*, 12(2), 77-86.
- E&Y (November 2015) Financial Services Executives are embracing sustainable M&A. *Capital Confidence Barometer*, Financial services 13th edition.
- Earley, P. C. & Mosakowski, E. (2000) Creating Hybrid Team Cultures: An Empirical Test of Transnational Team Functioning. *The Academy of Management Journal*, 43(1), 26-49.
- Elango, B. & Pattnaik, C. (2007) Building capabilities for international operations through networks: a study of Indian firms. *Journal of International Business Studies*, 38(4), 541-555.
- Fan, D., Xia, J., Zhang, M. M., Zhu, C. J. & Li, Z. (2016) The paths of managing international human resources of emerging market multinationals: Reconciling strategic goal and control means. *Human Resource Management Review*, 26(4), 298-310.
- Fan, D., Zhang, M. M. & Zhu, C. J. (2013) International human resource management strategies of Chinese multinationals operating abroad. *Asia Pacific Business Review*, 19(4), 526-541.
- Fasnacht, D. (2009) *Open Innovation in the Financial Services*. Springer.
- Fey, C. F., Nayak, A. K. J. R., Wu, C. & Zhou, A. J. (2016) Internationalization Strategies of Emerging Market Multinationals. *Journal of Leadership & Organizational Studies*, 23(2), 128-143.
- Figueiredo, P. N. (2011) The Role of Dual Embeddedness in the Innovative Performance of MNE Subsidiaries: Evidence from Brazil. *Journal of Management Studies*, 48(2), 417-440.
- Ford, N. (2012) Africa's Top 100 Banks: African Business' 2012 annual ranking. (cover story). *African Business*(390), 18-25.
- Fox, S. (2000) Communities of Practice, Foucault and Actor-Network Theory. *Journal of Management Studies*, 37(6), 853-867.

- Frost, T. S., Birkinshaw, J. M. & Ensign, P. C. (2002) Centers of excellence in multinational corporations. *Strategic Management Journal*, 23(11), 997-1018.
- Frost, T. S. & Zhou, C. (2005) R&D co-practice and 'reverse' knowledge integration in multinational firms. *Journal of International Business Studies*, 36(6), 676-687.
- Galbraith, J. R. (1974) Organization Design: an information processing view. *Interfaces*, 4(3), 28-36.
- Galunic, D. C. & Rodan, S. (1998) Resource recombinations in the firm: Knowledge structures and the potential for Schumpeterian innovation. *Strategic Management Journal*, 19(12), 1193-1201.
- Gammeltoft, P., Barnard, H. & Madhok, A. (2010) Emerging multinationals, emerging theory: Macro- and micro-level perspectives. *Journal of International Management*, 16(2), 95-101.
- Gaur, A. S., Delios, A. & Singh, K. (2007) Institutional Environments, Staffing Strategies, and Subsidiary Performance. *Journal of Management*, 33(4), 611-636.
- Ghuri, P. N. & Yamin, M. (2009) Revisiting the impact of multinational enterprises on economic development. *Journal of World Business*, 44(2), 105-107.
- Ghuri, P. N. P. & Santangelo, G. D. P. (2012) Multinationals and the Changing Rules of Competition. *Management International Review*, 52(2), 145-154.
- Ghoshal, S. & Bartlett, C. A. (1990a) The Multinational Corporation as an Interorganizational Network. *Academy of Management. The Academy of Management Review*, 15(4), 603-603.
- Ghoshal, S. & Bartlett, C. A. (1990b) The Multinational Corporation as an Interorganizational Network. *Academy of Management Review*, 15(4), 603-625.
- Ghoshal, S. & Nohria, N. (1989) Internal Differentiation within Multinational Corporations. *Strategic Management Journal (1986-1998)*, 10(4), 323.
- Görg, H. & Strobl, E. (2005) Spillovers from Foreign Firms through Worker Mobility: An Empirical Investigation. *Scandinavian Journal of Economics*, 107(4), 693-709.
- Grant, R. M. (1996a) Prospering in Dynamically-competitive Environments: Organizational Capability as Knowledge Integration. *Organization Science*, 7(4), 375-387.

- Grant, R. M. (1996b) Toward a Knowledge-Based Theory of the firm. *Strategic Management Journal*, 17, 109-122.
- Gray, J. M. & Gray, H. P. (1981) The multinational bank: A financial MNC? *Journal of Banking & Finance*, 5(1), 33-63.
- Greenhalgh, T. & Peacock, R. (2005) Effectiveness and efficiency of search methods in systematic reviews of complex evidence: audit of primary sources. *British Medical Journal*, 331(7524), 1064-1065.
- Greenwood, R., Morris, T. I. M., Fairclough, S. & Boussebaa, M. (2010) The Organizational Design of Transnational Professional Service Firms. *Organizational Dynamics*, 39(2), 173-183.
- Gugler, P. (2007) World Investment Report 2006. FDI from Developing and Transition Economies: Implications for Development. United Nations, New York and Geneva (2006). *International Business Review*, 16(4), 528-530.
- Gupta, A. K. & Govindarajan, V. (1991) Knowledge Flows and the Structure of Control within multinational corporations. *Academy of Management Review*, 16(4), 768-792.
- Gupta, A. K. & Govindarajan, V. (1994) Organizing for knowledge flows within MNCs. *International Business Review*, 3(4), 443-457.
- Gupta, A. K. & Govindarajan, V. (2000) Knowledge Flows within Multinational Corporations. *Strategic Management Journal*, 21(4), 473.
- Haines, C. L. & Ho, C. T. (2007) Global banking and national regulation: A conference summary. *Chicago Fed Letter*(236b), 1-4.
- Hemsley-Brown, J. & Oplatka, I. (2006) Universities in a competitive global marketplace. *International Journal of Public Sector Management*, 19(4), 316-338.
- Holtbrügge, D. & Berg, N. (2004) Knowledge Transfer in Multinational Corporations: Evidence from German Firms. *Management International Review*, 44(3), 129-145.
- Hong, J. F. L. & Nguyen, T. V. (2009) Knowledge embeddedness and the transfer mechanisms in multinational corporations. *Journal of World Business*, 44(4), 347-356.

Hultman, C. W. & Randolph McGee, L. (1989) Factors affecting the foreign banking presence in the U.S. *Journal of Banking & Finance*, 13(3), 383-396.

Inkpen, A. C. (2008) Knowledge transfer and international joint ventures: the case of NUMMI and General Motors. *Strategic Management Journal*, 29(4), 447-453.

Inkpen, A. C. & Dinur, A. (1998) Knowledge Management Processes and International Joint Ventures. *Organization Science*, 9(4), 454-468.

Inkpen, A. C. & Tsang, E. W. K. (2005) Social Capital, Networks, and Knowledge Transfer. *Academy of Management. The Academy of Management Review*, 30(1), 146-165.

Iršová, Z. & Havránek, T. (2013) Determinants of Horizontal Spillovers from FDI: Evidence from a Large Meta-Analysis. *World Development*, 42(0), 1-15.

Jeon, B. N., Olivero, M. P. & Wu, J. (2013) Multinational banking and the international transmission of financial shocks: Evidence from foreign bank subsidiaries. *Journal of Banking & Finance*, 37(3), 952-972.

Jeon, B. N. & Wu, J. (2014) Global Banks and Internal Capital Markets: Evidence from bank-level panel data in emerging economies Zagreb, 2014. University of Zagreb, Faculty of Economics and Business.

Jones, G. (1990) Banks as Multinationals. *Routledge*, New York.

Kedia, B., Gaffney, N. & Clampit, J. (2012a) EMNEs and Knowledge-seeking FDI. *Management International Review (MIR)*, 52(2), 155-173.

Kedia, B., Gaffney, N. P. & Clampit, J. P. (2012b) EMNEs and Knowledge-seeking FDI. *Management International Review*, 52(2), 155-173.

Khan, S. M. & Khan, Z. S. (2007) World Investment Report 2006, FDI from Developing and Transition Economies: Implications for Development by United Nations Conference on Trade and Development (UNCTAD). United Nations Publications, New York (2006). *Journal of Asian Economics*, 18(3), 553-561.

Klein, S. & Wöcke, A. (2007) Emerging global contenders: The South African experience. *Journal of International Management*, 13(3), 319-337.

Kogut, B. & Zander, U. (2003) Knowledge of the firm and the evolutionary theory of the multinational corporation. *Journal of International Business Studies*, 34(6), 516-516.

Kothari, T., Kotabe, M. & Murphy, P. (2013) Rules of the Game for Emerging Market Multinational Companies from China and India. *Journal of International Management*, 19(3), 276-299.

Kubo, I. & Saka, A. (2002) An inquiry into the motivations of knowledge workers in the Japanese financial industry. *Journal of Knowledge Management*, 6(3), 262.

Kuemmerle, W. (2002) Home base and knowledge management in international ventures. *Journal of Business Venturing*, 17(2), 99-122.

Kundu, S. K. & Merchant, H. (2008) Service Multinationals: Their Past, Present, and Future. *Management International Review*, 48(4), 371-377.

Lagerström, K. & Andersson, M. (2003) Creating and sharing knowledge within a transnational team—the development of a global business system. *Journal of World Business*, 38(2), 84-95.

Lee, R. P., Chen, Q., Kim, D. & Johnson, J. L. (2008) Knowledge Transfer Between Multinational Corporations' Headquarters and Their Subsidiaries: Influences on and Implications for New Product Outcomes. *Journal of International Marketing*, 16(2), 1-31.

Liu, X. & Buck, T. (2007) Innovation performance and channels for international technology spillovers: Evidence from Chinese high-tech industries. *Research Policy*, 36(3), 355-366.

Luo, Y. & Tung, R. L. (2007) International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, 38(4), 481-498.

Luo, Y., Xue, Q. & Han, B. (2010) How emerging market governments promote outward FDI: Experience from China. *Journal of World Business*, 45(1), 68-79.

Mahnke, V. & Venzin, M. (2003) Governance of Knowledge-teams in the MNC: The Case of HeidelbergCementI. *Management International Review*, 43(3), 47-67.

Martin, X. & Salomon, R. (2003) Knowledge Transfer Capacity and Its Implications for the Theory of the Multinational Corporation. *Journal of International Business Studies*, 34(4), 356-373.

Martinez, J. I. & Jarillo, J. C. (1989) The Evolution of Research on Coordination Mechanisms in Multinational Corporations. *Journal of International Business Studies*, 20(3), 489.

Mavridis, D. G. (2004) The intellectual capital performance of the Japanese banking sector. *Journal of Intellectual Capital*, 5(1), 92-115.

McCauley, R., McGuire, P. & von Peter, G. (2010) The Architecture of Global Banking: From International to Multinational? *BIS Quarterly Review*, 25-37.

Meyer, K. E., Mudambi, R. & Narula, R. (2011) Multinational Enterprises and Local Contexts: The Opportunities and Challenges of Multiple Embeddedness. *Journal of Management Studies*, 48(2), 235-252.

Miles, M. B. & Huberman, A. M. (1984) *Qualitative data analysis: a sourcebook of new methods*. Sage Publications.

Minbaeva, D., Pedersen, T., Bjorkman, I., Fey, C. F. & Park, H. J. (2003) MNC knowledge transfer, subsidiary absorptive capacity, and HRM. *Journal of International Business Studies*, 34(6), 586.

Minbaeva, D. B. (2007) Knowledge Transfer in Multinational Corporations. *Management International Review*, 47(4), 567-593.

Moore, K. & Birkinshaw, J. (1998) Managing knowledge in global service firms: Centers of excellence. *Academy of Management Executive*, 12(4), 81-92.

Mudambi, R., Mudambi, S. M. & Navarra, P. (2007) Global Innovation in MNCs: The Effects of Subsidiary Self-Determination and Teamwork\*. *Journal of Product Innovation Management*, 24(5), 442-455.

Murray, J. Y. & Chao, M. C. H. (2005) A Cross-Team Framework of International Knowledge Acquisition on New Product Development Capabilities and New Product Market Performance. *Journal of International Marketing*, 13(3), 54-78.

Najafi-Tavani, Z., Giroud, A. & Sinkovics, R. R. (2012) Mediating Effects in Reverse Knowledge Transfer Processes. *Management International Review (MIR)*, 52(3), 461-488.

Navaretti, G. B., Calzolari, G., Pozzolo, A. F. & Levi, M. (2010) Multinational banking in Europe - financial stability and regulatory implications: lessons from the financial crisis. *Economic Policy*, 25(64), 703-753.

Nigh, D., Cho, K. R. & Krishnan, S. (1986) The Role of Location-Related Factors in U.S. Banking Involvement Abroad: An Empirical Examination. *Journal of International Business Studies*, 17(3), 59-72.

Noorderhaven, N. & Harzing, A.-W. (2009) Knowledge-sharing and social interaction within MNEs. *Journal of International Business Studies*, 40(5), 719-741.

Ohmae, K. (1989) Managing in a Borderless World. *Harvard Business Review*, 67(3), 152-161.

Olson, E. M., Walker, J. O. C. & Ruekert, R. W. (1995) Organizing for effective new product development: The moderating role of product innovativeness. *Journal of Marketing*, 59(1), 48.

Peng, M. (2009a) *Global Business*. Cengage Learning.

Peng, M. W. (2009b) *Global Business*. South-Western Cengage Learning.

Pérez-Nordtvedt, L., Kedia, B. L., Datta, D. K. & Rasheed, A. A. (2008) Effectiveness and Efficiency of Cross-Border Knowledge Transfer: An Empirical Examination. *Journal of Management Studies*, 45(4), 714-744.

Persson, M. (2006) The impact of operational structure, lateral integrative mechanisms and control mechanisms on intra-MNE knowledge transfer. *International Business Review*, 15(5), 547-569.

Pinsky, D. (2015) The sustained snapshot: Incidental ethnographic encounters in qualitative interview studies. *Qualitative Research*, 15(3), 281-295.

Pittaway, L., Robertson, M., Munir, K., Denyer, D. & Neely, A. (2004) Networking and innovation: a systematic review of the evidence. *International Journal of Management Reviews*, 5/6(3/4), 137-168.

PWC (April 2013 ) Decline in banking M&A is a fundamental shift, not just a cyclical downturn.

PWC (March 2013) Sharing deal insight. *European Financial Services M&A news and views*.

Qian, L. & Delios, A. (2008) Internalization and experience: Japanese banks' international expansion, 1980-1998. *Journal of International Business Studies*, 39(2), 231-248.

Ralph De Haas, I. V. L. (2011) Multinational Banks and the global financial crisis: weathering the perfect storm, [Lecture].unpublished.

Ram, M. & Pietro, N. (2004) Is Knowledge Power? Knowledge Flows, Subsidiary Power and Rent-Seeking within MNCs. *Journal of International Business Studies*, 35(5), 385-406.

Rao-Nicholson, R., Khan, Z. & Stokes, P. (2016) Making great minds think alike: Emerging market multinational firms' leadership effects on targets' employee psychological safety after cross-border mergers and acquisitions. *International Business Review*, 25(1, Part A), 103-113.

Rashman, L., Withers, E. & Hartley, J. (2009) Organizational learning and knowledge in public service organizations: A systematic review of the literature. *International Journal of Management Reviews*, 11(4), 463-494.

Regnér, P. & Zander, U. (2011) Knowledge and Strategy Creation in Multinational Companies. *Management International Review (MIR)*, 51(6), 821-850.

Robinson, S. J. (1972) *Multinational Banking*. A.W. Sijthoff International Publishing Company, Netherlands.

Roulston, K. (2010) Considering quality in qualitative interviewing. *Qualitative Research*, 10(2), 199-228.

Rugman, A. M. & Verbeke, A. (2003) Extending the theory of the multinational enterprise: Internalization and strategic management perspectives. *Journal of International Business Studies*, 34(2), 125-137.

Rugman, A. M. & Verbeke, A. (2008) A New Perspective on the Regional and Global Strategies of Multinational Services Firms. *Management International Review*, 48(4), 397-411.

Salomo, S., Keinschmidt, E. J. & de Brentani, U. (2010) Managing New Product Development Teams in a Globally Dispersed NPD Program. *Journal of Product Innovation Management*, 27(7), 955-971.

Sampson, H. (2004) Navigating the waves: the usefulness of a pilot in qualitative research. *Qualitative Research*, 4(3), 383-402.

Schweiger, D. M., Atamer, T. & Calori, R. (2003) Transnational project teams and networks: making the multinational organization more effective. *Journal of World Business*, 38(2), 127-140.

Shih, K. H., Chang, C. J. & Lin, B. (2010) Assessing knowledge creation and intellectual capital in banking industry. *Journal of Intellectual Capital*, 11(1), 74-89.

Simonin, B. L. (1999) Ambiguity and the Process of Knowledge Transfer in Strategic Alliances. *Strategic Management Journal*, 20(7), 595-623.

Snell, S. A., Snow, C. C., Davison, S. C. & Hambrick, D. C. (1998) Designing and supporting transnational teams: The human resource agenda. *Human Resource Management*, 37(2), 147-158.

Snow, C. C., Davison, S. C., Snell, S. A. & Hambrick, D. C. (1996) Use Transnational Teams to Globalize Your Company. *Organizational Dynamics*, 24(4), 50-67.

Subramaniam, M. (2006) Integrating Cross-Border Knowledge for Transnational New Product Development. *Journal of Product Innovation Management*, 23(6), 541-555.

Subramaniam, M., Rosenthal, S. R. & Hatten, K. J. (1998) Global New Product Development Processes: preliminary findings and research propositions. *Journal of Management Studies*, 35(6), 773-796.

Subramaniam, M. & Venkatraman, N. (2001) Determinants of transnational new product development capability: Testing the influence of transferring and deploying tacit overseas knowledge. *Strategic Management Journal*, 22(4), 359-378.

Syed Zamberi, A. (2013) Foreign multinational banking in Malaysia: trends, motives and activities. *Asia - Pacific Journal of Business Administration*, 5(2), 135-156.

Tallman, S. & Chacar, A. S. (2011) Knowledge Accumulation and Dissemination in MNEs: A Practice-Based Framework. *Journal of Management Studies*, 48(2), 278-304.

Thorpe, R., Holt, R., Macpherson, A. & Pittaway, L. (2005) Using knowledge within small and medium-sized firms: A systematic review of the evidence. *International Journal of Management Reviews*, 7(4), 257-281.

Tranfield, D., Denyer, D. & Smart, P. (2003) Towards a Methodology for Developing Evidence-Informed Management Knowledge by Means of Systematic Review. *British Journal of Management*, 14(3), 207-222.

Tsai, W. (2001) Knowledge transfer in intraorganizational networks: Effects of network position and absorptive capacity on business unit innovation and performance. *Academy of Management Journal*, 44(5), 996-1004.

- Tung, R. L. (1984) Strategic Management of Human Resources in the Multinational Enterprise. *Human Resource Management (pre-1986)*, 23(2), 129.
- Wang, P., Tong, T. W. & Koh, C. P. (2004) An integrated model of knowledge transfer from MNC parent to China subsidiary. *Journal of World Business*, 39(2), 168.
- Welch, C., Marschan-Piekkari, R., Penttinen, H. & Tahvanainen, M. (2002) Corporate elites as informants in qualitative international business research. *International Business Review*, 11(5), 611-628.
- Welch, D. E. & Welch, L. S. (2008) The Importance of Language in International Knowledge Transfer. *Management International Review*, 48(3), 339-360.
- Williams, B. (2002) The Defensive Expansion Approach to Multinational Banking: Evidence to Date. *Financial Markets, Institutions & Instruments*, 11(2), 127-203.
- Witt, M. A. & Lewin, A. Y. (2007) Outward foreign direct investment as escape response to home country institutional constraints. *Journal of International Business Studies*, 38(4), 579-594.
- Yang, P. & Tao, L. (2012) Perspective: Ranking of the World's Top Innovation Management Scholars and Universities. *Journal of Product Innovation Management*, 29(2), 319-331.
- Yin, R. K. (1994) Case study research: Design and methods (2nd ed.). *Thousand Oaks, CA: Sage*.
- Yong Suhk, P. & Young-ryeol, P. (2004) A Framework of Knowledge Transfer in Cross-border Joint Ventures: An Empirical Test of the Korean Context. *Management International Review (MIR)*, 44(4), 417-434.
- Zahra, S. A., Ireland, R. D. & Hitt, M. A. (2000) International expansion by new venture firms: International diversity, mode of market entry, technological learning, and performance. *Academy of Management Journal*, 43(5), 925-950.

## APPENDIX

### **Rationale for a Systematic literature review**

Traditional narrative reviews have been seen as lacking thoroughness and rigour as compared to the systematic review methodology (Tranfield et al. 2003). The systematic literature review methodology thus has the potential to capture the breadth of a given field better than a traditional narrative review (Crossan & Apaydin, 2010). It is assumed that the more meticulous the search strategy, the more likely a systematic review will pick up all the important papers needed (Greenhalgh & Peacock, 2005). Hence it is employed here so as to capture in detail the existing literature on the research topic. The methodology is associated with transparency, clarity, equality and broad coverage (Thorpe et al., 2005), and is best known for its commitment to make the literature review replicable and void of researcher bias (Rashman et al., 2009). It's also been noted for appropriateness in management research, as it provides reliable knowledge accumulation from a range of studies (Tranfield et al., 2003).

The systematic literature review methodology was developed through the Cochrane Collaboration in the UK (Hemsley-Brown & Oplatka, 2006), and hence has its origin from the medical field (Rashman et al., 2009). And although this methodology has been reported to have challenges such as the insufficient representation of books, large amounts of material to review and very difficult data synthesis from varying fields (Pittaway et al., 2004), it argueably still provides the most efficient and high quality method for identifying and evaluating extensive literatures compared to traditional narrative reviews (Tranfield et al. 2003).

This will therefore aim to bring together as many already existing literature that are relevant to the research being undertaken (Thorpe et al., 2005). Specifically, the objectives of the review are;

1. Determine the cross-border knowledge transfer mechanisms that are used by multinational companies for intra- firm knowledge transfer
2. Ultimately derive research gaps in the literature for further investigation.

### **Systematic literature review methodology**

The review is structured according to a three stage procedure; planning, execution, and reporting (Tranfield et al., 2003), but was very much iterative (Rashman et al., 2009).

The *planning* stage involved;

1. Defining the objective of the process
2. Developing keywords and keyword strings from the scoping study: The words *International* and *innovation* emerged as the root keywords; to broaden the search scope further the synonyms for innovation which in this case are, *knowledge*, *creativity*, *technology* and *R&D* were also used. *Product*, *Service*, *System*, *Process* and *Capabilities* (*competence* and *capacity* are synonyms for the word capabilities) were derived as keywords to then narrow down the search to specific dimensions.
3. The ABS (Association of Business Schools) ranking was employed to assess journal publication quality and from this list a total of 24 journal publications ranking Grade 4\*, Grade 4 and Grade 3 were chosen for the searching; covering the fields of International business and area studies, Marketing, Innovation, General

Management, Operations research and management science, Organization studies, Sector studies, Social science, and Strategic Management (see table 1 in Appendix)

The *execution* stage involved;

1. First round of searching: 25 keyword strings were formed (see Table 2) and applied to each of the 24 journal publications in the EBSCO HOST database, there was no time limitation applied to the search so as to capture a broad scope of what has been researched. The search was going to be limited to full text peer reviewed journal articles and focused on multinational companies in both the manufacturing and service sector (See Table 3). Each result obtained from the keyword string application was recorded on a result sheet (see Table 4). After the application of the keyword strings the total number of 4618 citations were exported into the citation manager Endnote. These results were then filtered for duplicated papers, this reduced the number of articles to 1816. Articles that had no relationship whatsoever to the research scope were then disqualified based on the fact that they did not capture or report on any of the applied keyword strings used, this reduced the number to 405 articles. An exclusion and inclusion criteria was then to set up and used (see Table 5); this further reduced the articles to 36. Reference tracking selected articles yeilded 5 more, totalling 41 articles derived at this stage.

As systematic reviews cannot rely solely on predefined, protocol driven search strategies, no matter how many databases are searched (Greenhalgh & Peacock, 2005), pursuing references of references (Greenhalgh & Peacock, 2005) from the recommended articles can yield more relevant material for establishing the scope. This round of searching took approximately two months to complete, between December 2012 and February 2013.

2. Second round of searching: Triangulating the first round of searching with a general search method applied to the ABI Proquest and Web of science databases helped to derive more relevant papers. Choice of the database was based on recommendations by other systematic reviews in management research (Pittaway et al., 2004), as searching databases has proved to be a key tool in the search process (Rashman et al., 2009). The root keywords and keyword strings were modified (see Table 6) so as to ensure robustness to the search. The protocol for applying the strings to each database is documented (see Table 7). Where the search string retrieved more than 1000 citations the wildcard operators “OR” and “AND” were interchangeably used to refine the search and if the search string still retrieved more than 400, the results were sorted according to relevance and the first 400 citations were exported into the citation manager Endnote.

If the result was less than 400 it was all exported to Endnote regardless. The search again focused on peer reviewed articles, as peer reviewed journals remain the focus of the academic community (Yang & Tao, 2012), there was no time limitation applied and it was specifically on the fields of business and management. The initial application of keyword strings produced 5,357 articles; 3,889 remained after duplicates were removed. A title analysis of the 3,889 citations in Endnote based on the inclusion and exclusion criteria (see Table 5) helped reduce the number of citations to 41; using this approach has been recognized to have some setbacks but it has also been thought to be quite important when a systematic review is faced with an overwhelming list of citations (Thorpe et al., 2005). This round of searching took about one month to complete (April 2013)

3. Third round of searching (Hand searching of key journals from the University of Hull library): top 10 journals publishing innovation management research as recommended by Yang and Tao (2012) were hand searched using the predefined keyword strings (see Table 8). These include, *Journal of Product Innovation Management*, *IEEE Transactions on Engineering Management*, *Management Science*, *Academy of Management Journal*, *Journal of Marketing*, *Journal of Marketing Research*, *Strategic Management Journal*, *Journal of Operations Management*, *Academy of Management Review*, and *Administrative Science Quarterly*. International business and area studies journals were also chosen for hand searching, these include, *Journal of International Business Studies*, *International Business Review*, and *Management International Review*.

These 13 journals were found to be published in a host of databases including, Science direct, IEEE Xplore, JSTOR, ABI/INFORM, and EBSCO HOST. The initial application of the keyword strings to the 13 journals yielded 13,202 citations, but only a third remained after sorting the duplication; 4,412 (see Table 8). Due to such an overwhelming number of citations, a title analysis had to be again conducted. The title analysis of the 4,412 citations was done alongside a brief read of the abstract based on the predefined inclusion and exclusion criteria as highlighted by Table 5. This reduced the number of citations to 133 (see Table 8). This round of searching took approximately one month to complete (May 2013)

4. A critical read of the abstracts of the 41 from the second round and the 133 citations from the third round. This reduced the number to 20. Reference tracking gave

another 5 articles here. 10 articles duplicated what was already found in the first round of searching so this was removed, leaving 15.

5. Final list: this is a total of the articles used for the analysis: 56 in total (41+15)
  
6. Data extraction sheet: this contains general information and study features of the core articles analysed (Tranfield et al., 2003), it includes details of the author/s name, the year of publication, main constructs; knowledge transfer, innovation dimension, integration mechanism. Methodology and sources of data, the sector and journal title are also included on the sheet. This helped to inform the analysis in the next stage.

The *reporting* stage;

This involves the discussion of the literature. This follows in the next sections.

Author	Journal Abbreviate	ABS	Research Question/Issue	Aspect(s) of knowledge transfer mechanism
1. Subramaniam and Venkatraman (2001)	SMJ	4*	What impact does the international transfer and deployment of tacit knowledge have on a firm's capabilities for developing new transnational products? (:360)	<p><b>Cross national teams:</b> co-locate the managers who possess the requisite tacit overseas information with other managers who can assist in interpreting and applying it in product design</p> <p>Teams with members having prior overseas experience. Communication: Frequency of communication between team members and overseas managers</p>
2. Subramaniam (2006)	JPIM	4	They focus on the knowledge integration problem by analytically separating the transfer of multisource knowledge from its embodiment into products; taking apart the transfer of knowledge from its embodiment and to examine them individually.	<p><b>Cross-national teams:</b> employing members from both HQ and Sub. in the TNPD team when developing a particular product category; use face to face discussions across cross national managers who are part of the team. Cross nationality of teams is defined as the proportion of overseas members in the transnational new product development team</p> <p><b>Cross-national collaboration:</b> the extent of collaboration in the pricing, planning new products and programs, competitive analysis and product positioning, and product launches of the transnational product category; the collaboration between HQ and Sub. in managing different aspects of the TNP category related to its development. This approach draws on the motivation, e.g. when HQ-Sub. collaboration is high, managers are more likely to offer and accept each others input in product development, thus enhancing knowledge transfer. This approach is more effective in knowledge integration for superior TNPD because it prepares cross border managers to focus more on their unique interest when collaborating and in effect the level of standardization and adaptation of the product can be higher <b>Communication:</b> Cross-national communication: the frequency with which product development team members communicate with overseas managers; the communication between team members and overseas managers when developing a particular transnational product category. Greater frequencies of telephone</p>
3. Gupta and Govindarajan (2000)	SMJ	4*	The primary objective of this paper is to advance the state of our theoretical as well as empirical understanding of the determinants of intra-MNC knowledge transfers. It examines the determinants of knowledge flows in the following four domains: 1) knowledge outflows to peer subsidiaries. 2) knowledge outflows to the parent corporation. 3) knowledge inflows from peer subsidiaries. 4) knowledge inflows from the parent corporation.	<p><b>Formal integrative mechanisms:</b> Liaison positions, task forces, permanent committees. They report that the greater the extent to which a subsidiary is linked to the rest of the global network through such integrative mechanisms, the greater would be the density of communication interface between it and other units, thereby contributing positively to media richness; hence they hypothesized that the greater the reliance on formal integrative mechanisms to integrate a subsidiary with the rest of the MNC, the greater will be the knowledge outflows/inflows from that subsidiary to peer subsidiaries</p> <p><b>Corporate Socialization Mechanisms(Informal integrative mechanisms):</b> those organizational mechanisms which build interpersonal familiarity, personal affinity, and convergence in cognitive maps among personnel from different subsidiaries. Greater interpersonal familiarity and personal affinity can be expected to increase the openness of communication between the interacting parties. They hence argue that greater participation in corporate socialization mechanisms would have a positive impact on the richness of transmission channels between the focal subsidiary and other units. <b>Lateral socialization mechanisms:</b> job transfers to peer subsidiaries, participation in multi-subsidiary executive programs. <b>Vertical socialization mechanisms:</b> job transfer to headquarters, participation in corporate mentoring programs.</p>
4. Gupta and Govindarajan (1991)	AMR	4*	This article examines how within the same corporation the nature of corporate control might also vary systematically across subsidiaries. Differences in subsidiary contexts are analysed along two dimensions; 1) The extent to which the subsidiary is a user of knowledge from the rest of the corporation 2) the extent to which the subsidiary is a provider of such knowledge to the rest of the corporation. The article is devoted to advancing the theoretical base for the conduct of future research on the subject of strategy-organization coalignment within MNCs.	<p><b>Formal integrative mechanisms:</b> From the work of Galbraith (1973) and Nadler and Tushman (1987) they identified Liaison positions, cross-unit committees, integrator roles, and matrix structures as key formal structural mechanisms for coordination between subunits in an organization</p> <p><b>Corporate socialization of subsidiary managers:</b> socialization of managers can be a powerful mechanism for building identification with and commitment to the organization; some of the key processes through which such socialization occurs are job rotation across units and managerial development programs involving participants from several units. <b>Communication:</b> Intensity of communication: between a focal subsidiary and the rest of the corporation can be treated as a positive function of the frequency, informality, openness, and density of communication between the subsidiary and the other units. More intense communication create higher information-processing capacity</p>

Author	Theories/Concept Advanced		Data Collection		
			Research Design	Research Method	Sampling procedure
1. Subramaniam and Venkatraman (2001)	Knowledge based view	Information processing theory: the extent of tacit overseas knowledge assimilated into the transnational new product development process could be seen as a function of a fit between the tacitness in the overseas information acquired and the richness of the information-processing mechanisms employed (362). <u>Tacit knowledge is complex so requires rich mechanisms</u>	Survey	Based on a survey of 90 transnational product introductions: The survey was administered to key members (marketing, R&D and Managers who are likely to be involved in transnational new product development) of transnational new product development teams; were in the upper middle management (Directors, Vice Presidents, Presidents) A single informant spoke on behalf of the team. Focused on products that had been in the market for between 1 and 5 years.	Sampling process was non random. Pilot tested the face validity of measurement scales with 16 managers involved in transnational new product development
2. Subramaniam (2006)	Knowledge based view: underscore the significance of knowledge integration for the capabilities of firms to innovate and gain competitive advantage	Resource based view: ongoing multisource knowledge integration allows firms to continually combine and recombine different strands of their expertise to create new knowledge that propels innovative outputs difficult to replicate	Survey	The survey was administered to key members of transnational new product development teams. 62% of them carried titles of director, vice president, or president; 92% of them were from R&D-engineering, marketing, and general management	Sampling process was not random; MNCs that developed transnational products where targeted through 3 approaches; a major market research company, corporate sponsors of six research centres at the university where the research was done, and listing MNCs from the Directorate of corporate affiliations
3. Gupta and Govindarajan (2000)	Communications theory: any two-person communication involves: a message, a sender, a coding scheme, a channel, transmission through the channel, a decoding scheme, a receiver, and the assignment of meaning to the decoded message. Consistent with the above mentioned ideas from communication theory they conceptualize knowledge flows to be a function of the following five factors (Independent variables): 1) Value of the source units knowledge stock. 2) Motivational disposition of the source unit. 3) Existence and richness of transmission channels. 4) Motivational disposition of the target unit. 5) Absorptive capacity of the target unit. <b>Dependent variables:</b> knowledge outflows from the subsidiary to peer subsidiaries and parent corporation and knowledge inflows from peer subsidiaries and parent corporation.	Interorganizational network of differentiated units: knowledge transfers within the MNC take place within this context, hence flows of knowledge can be studied from at least three different levels of analysis; Nodal (focus on the behaviour of individual units), Dyadic (joint behaviour of unit pairs), Systemic (focus on the behaviour of the entire network). This paper focuses on the nodal level (individual subsidiaries only)	Quantitative: Survey and Secondary sources	The pre-tested questionnaires were mailed to Presidents, Managing Directors or General Managers	The following steps guided the development of the questionnaire instrument: 1) interviews with subsidiary presidents and corporate level executives in six MNCs to understand and clarify the phenomenon of interest 2) review of previous research to locate measures that would appropriately capture constructs under study 3) a pretesting of the questionnaire for clarity and relevance through face to face interviews with four subsidiary presidents
4. Gupta and Govindarajan (1991)	The multinational corporation as a network of transactions: The MNC can be thought of as a network of capital, product, and knowledge transactions among units located in different countries (.770) - a perspective consistent with the analyses of Barlett and Ghosal (1989)	NIL	Conceptual	NIL	NIL

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
1. Subramaniam and Venkatraman (2001)	Multiple regression analysis to test hypothesis	Manufacturing	Consumer packaged goods, consumer durables and industrial product sectors	DCMNE (Developed Country Multinational Enterprise) Majority of companies were U.S based. Three companies based in Europe, one in Japan and one in South Korea	The study was built on the premise that tacit knowledge is an important aspect of new knowledge creation and provides a strong impetus for innovation (:361)	The transnational product development capabilities of organizations significantly depend upon their ability to transfer and deploy tacit knowledge concerning overseas markets. Organizations which use cross-national teams, teams with members who have prior overseas experience or teams whose members communicate frequently with overseas managers in order to acquire information about tacit differences among countries have greater transnational product development capabilities. This study is one of the first to provide empirical evidence of the critical role of tacit knowledge in influencing firm capabilities (:371). Methodologically, this study develops new measures for key constructs such as tacit knowledge and firm capabilities
2. Subramaniam (2006)	Multiple regression analysis to test hypothesis	Manufacturing	Consumer packaged goods, consumer durables and industrial product sectors	DCMNE	Effective knowledge integration requires that multi-source knowledge not only gets transferred but also applied into design features and ultimately, embodied into products (:542)	All knowledge transfer approaches may not necessarily achieve knowledge integration. Although cross national teams and cross national communication enhance knowledge flows, they do not result in effective knowledge integration as do cross national collaboration (:541)
3. Gupta and Govindarajan (2000)	Each set of the hypothesis was tested through a series of multivariate OLS regressions	Manufacturing	Food products, industrial machinery, computers, telecommunication, pharmaceuticals, automobiles, chemical production, electronics, consumer durables, consumer nondurables	DCMNE: tested empirically with data from 374 subsidiaries within 75 MNCs headquartered in the U.S, Europe, and Japan	Consistent with communications theory they conceptualize knowledge flows to be a function of the value of the source units knowledge stock, the motivational disposition of the source unit, the existence and richness of the transmission channels, the motivational disposition of the target unit and the absorptive capacity of the target unit	Unlike previous studies, this paper successfully investigated both theoretically and empirically the determinants of intra-MNC knowledge flow. It hence advanced and adopted a more comprehensive theoretical approach as it built on communication theory and robustly mapped the knowledge transfer process based on the five major elements; the value of the knowledge possessed by the source unit, motivational disposition of the source unit regarding sharing of its knowledge, the existence, quality, and cost of transmission channels, the motivational disposition of the target unit regarding acceptance of incoming knowledge and the target units absorptive capacity for the incoming knowledge.
4. Gupta and Govindarajan (1991)	NIL	NIL	NIL	NIL	This article argues that differences in knowledge flow patterns among focal and peer subsidiaries represent a core dimension along which subsidiary strategic contexts can differ and it advances a conceptual framework pertaining to how these differences are likely to be reflected in the mix of formal and informal administrative mechanisms that corporate headquarters might utilize to shape the decisions and actions of various subsidiaries. Differences in knowledge flow patterns across subsidiaries can be captured by focusing on the magnitude of knowledge flows in which a subsidiary engages as well as the directionality of these flows	Strategic contexts of subsidiaries differ and this leads to subsidiary differences in knowledge flow pattern which ultimately determine strategic control.

Author	Journal Abbreviate	ABS	Research Qestion/Issue	Aspect(s) of knowledge transfer mechanism
5. Gupta and Govindarajan (1994)	IBR	3	Given the almost complete absence of prior research on inter-nodal differences within the MNC network (based on capital, product and knowledge flows), they deliberately chose to pursue a nodal and a more focused and in-depth examination of such differences but along only one dimension of the three types of flows-perhaps the most important-Knowledge flows. The paper hypothesizes and empirically tests for systematic associations between a subsidiary's knowledge-flow based strategic role and the systems and processes linking the subsidiary to the rest of the corporation. The economic reasoning behind it is that knowledge can be transferred more effectively and efficiently through internal organizational rather than external market mechanisms; this is due to the fact that external transactions in knowledge are susceptible to several market imperfections including recognition problems, disclosure problems, and negative externalities.	Formal Integrative Mechanisms  Intra-corporate socialization of subsidiary managers
6. Martinez and Jarillo (1989)	JIBS	4	This paper tries to understand the evolution of the empirical studies on the coordinating mechanisms used by MNCs. This is a literature review and it synthesizes the work of more than eighty top scholars in the field (from 1953 to 1988); trying to understand the evolution of the empirical studies on the coordinating mechanisms used by MNCs. It first shows that there is an observed evolution in the study of these mechanisms over time; and then it offers some suggestions as to why this evolution occurs as it does.	<b>FORMAL INTEGRATIVE MECHANISMS: Structural and Formal mechanisms:</b> 1) Departmentalization or grouping of organizational units, shaping the formal structure 2) Centralization or decentralization of decision making through the hierarchy of formal authority 3) Formalization and standardization: written policies, rules, job descriptions, and standard procedures, through instruments such as manuals, charts etc. 4) Planning: strategic planning, budgeting, functional plans, scheduling, etc. 5) Output and behavior control: financial performance, technical reports, sales and marketing data, etc and direct supervision  Informal and Subtle mechanisms: 1) Lateral or cross-departmental relations: direct managerial contact, temporary or permanent teams, task forces, committees, integrators, and integrative departments 2) Informal communication: personal contacts among managers, management trips, meetings, conferences, transfer of managers, etc 3) Socialization: building an organizational culture of known and shared strategic objectives and values by training, transfer of managers, career path management, measurement and reward systems, etc.
7. De Luca and Atuahene-Gima (2007)	JOM	4*	Firstly, to investigate and profer insight into the relative importance of different dimensions of market knowledge as drivers of product innovation performance. Secodly, to offer detailed explanation as to how and why KIMs matter in the relationship of market knowledge and cross functional collaboration on product innovation outcomes (as it is often implicitly assumed that KIMs are salient factors in transforming market knowledge and cross-functional activities into product innovation performance). Thirdly, to investigate that market knowledge and cross functional collaboration affect performance through their effects on the design of KIMs( as the increased information-processing requirements resulting from interdependence among functional units can be met only by corresponding increases in information processing capacity through the design of coordination mechanisms).	They differentiate between cross functional collaboration and KIMs. The Former being a mere recognition by functional units of their strategic interdependence and their need to cooperate for the benefit of the organization, but KIMs permit regular patterns of interactions that enable the transfer, recombination, and use of knowledge from different functions. KIMs responds to the problem of coordinating different knowledge elements to execute complex organizational tasks (:99). Examples of this is "despite the high degree of cooperation among its functional units, Toyota established coordinating mechanisms, including standardized reporting and documentation, formalized work processes (e.g Project reviews), problem solving meetings, and interactive leaders, to ensure knowledge sharing and integration among its different units". The second example here is " a study of the most innovative firms in the world indicates that two such firms, Southwest and BMW, have adopted mechanisms such as colocation, face to face meetings, and standard documentation, to integrate the knowledge among members of their cross-functional team. <b>BUT MOST IMPORTANTLY, INCREASED COLLABORATION REPRESENTS A CRITICAL STRATEGIC</b>
8. Almeida et al. (2002)	OS	4*	The primary goal of this paper is to investigate the roles of alternative <i>institutional forms</i> in knowledge transfer and development, by systematically testing the hypothesis that firms are superior conduits for cross-border knowledge flows as compared with alternative economic institutions like strategic alliances. <i>They investigate the effectiveness of the MNC in managing international knowledge flows by comparing MNCs with international strategic alliances and market contracts.</i>	International transfer of personnel: for instance, At Intel, international personnel transfers contributed to internationalizing the company's culture, thereby overcoming some of the language and cultural barriers.  When dealing with <i>experiential knowhow</i> Engineers confirmed that file transfers only worked when supplemented by frequent telephone conversations, videoconferencing facilities and the authority given to individuals engineers to make overseas visits without the need for supervisory or budgetary approvals(:158). <b>Communication:</b> All of our interviewees put heavy emphasis on the importance of communicating internationally using information technology. IT initiatives included standardized design tools and file formats, shared databases, common communication software, and design libraries, with users linked by company intranets (:158). All of our interviewees suggested the MNCs ability through its authority structure to ensure internal compatibility of information systems and common software and protocols was an important advantage over strategic alliances or independent companies linked by contracts

Author	Theories/Concept Advanced		Data Collection		
			Research Design	Research Method	Sampling procedure
5. Gupta and Govindarajan (1994)	This paper conceptualizes the MNC as a network of knowledge flows: The MNC is viewed as a network of three types of inter-subsidiary transactions; capital flows, product flows and knowledge flows (e.g. technology and/or skill transfer to and from various subsidiaries). There are many analytical benefits that accrue from the multi-dimensional network perspective. 1) since it is based on the global flow of capital, product and knowledge flows, it allows for a way to map accurately and comprehensively the emergent global strategies of different MNCs. Secondly, the multi-dimensional network perspective allows for a layered approach to MNC study, i.e. studying antecedents and consequences of across-MNC variations only in capital flow patterns, only in product flow patterns, or only in knowledge flow patterns. 3) The network perspective also provides an obvious and logical way to study the question of internal differentiation in subsidiary strategic roles and coordination and control mechanisms within the MNC.	NIL	Survey	A pilot-tested questionnaire survey was administered to Presidents, Managing Directors, General Managers of 359 subsidiaries of major multinational firms headquartered in the US, Japan and Europe. Every MNC in the sample had sales exceeding US \$1 billion and the number of employees per subsidiary averaged 959.	Every MNC in the sample had sales exceeding US \$1 billion and the number of employees per subsidiary averaged 959. In overall terms, participation in the study was sought from the presidents of 997 subsidiaries, thus the final sample of 359 represents a response rate of 36%
6. Martinez and Jarillo (1989)	NIL	NIL	Literature Review	NIL	NIL
7. De Luca and Atuahene-Gima (2007)	<b>Knowledge Based view:</b> Based on this theory they assert that the current state of literature is lacking and inconsistent because a key assumption of the KBV is that it is not knowledge itself but rather its integration among functional units in the firm that drives sustainable competitive advantage. The KBV suggest that the stickiness/characteristics of knowledge complicate the process of transfer by increasing uncertainty and ambiguity, and through this complication, increases the likelihood that firms will develop appropriate KIMs. We define KIMs as structures and processes, such as the use of documentation, information-sharing meetings, analysis of successful and failed projects, project reviews, and briefings by external experts and consultants, that ensure the capture, analysis, interpretation and combination of knowledge within the firm. This definition seems to suggest that it could be any structure and process, as long as it ensures the capture, analysis, interpretation and combination of knowledge within the firm; hence we ask the question, what are structures and processes used by MNEs?	<b>Contingency theory:</b> Two approaches; the "fit-as-mediation" view and the "fit-as-moderation" view. The former supposes that by increasing the information processing demands in the firm, strategic interdependence or collaboration among functions dictate the type and degree of organizational integration mechanisms adopted to transfer knowledge within the firm. The latter suggest that KIMs moderate the effect of market knowledge and cross functional collaboration on performance. This work focuses more on the mediating view (97). Contingency theory has been one of the major strands of thinking about firms and their structures and strategic actions. (If I use the argument that, based on contingency theory, EMNEs expansion/internationalization will call for greater strategic interdependence and collaboration among subsidiaries and hence the need to design superior organizational integration mechanisms to transfer knowledge within the firm)	Survey	90% were from marketing and sales 4% were chief executive officers/general managers 6% were product development managers	The instrument was prepared in English and then translated into Chinese. It was pretested with 25 managers who had at least three years of business experience in China to examine face validity. The study used a sample of 750 firms selected randomly from a mailing list of 2500 high technology firms provided by a local consulting firm. They collected the data onsite
8. Almeida et al. (2002)	<b>Knowledge based view</b>	<b>The MNC as a knowledge network:</b> We now recognise that knowledge creation and development occurs not only at the home base of the MNC but in all of a firm's locations (148) and an important advantage of the MNC is its ability to access local knowledge in multiple locations. " This view of the MNC as an international network that creates, accesses, integrates, and applies knowledge in multiple locations provides a much richer view of the processes through which MNCs create value from knowledge" (148). Thus the fundamental feature of the international movement of knowledge in MNCs is not so much the diffusion of knowledge from the units that specialize in knowledge creation to those that specialize in knowledge application, but much more complex process where units are engaged simultaneously and interactively in both creation and application	<b>Patent Data:</b> When a patent resulting from the work of an inventor in country X, cites a patent where the inventor was located in country Y, we regard such a citation as evidence of cross border knowledge building. <b>Secondly,</b> they conducted telephone interviews so as to understand why international corporations where more effective than cross-border alliances or market contracts	<b>Telephone interviews:</b> To gain direct input from the frontline personnel engaged in cross border knowledge building, we conducted a sample of the engineers identified as "Inventors" in patent documents. To gain a management-level perspective of the cross-border knowledge processes, we spoke to design managers and directors of technology development. The semi-structured interviews concentrated on four areas: the processes of international knowledge management, the types of knowledge being managed, the mechanisms for knowledge transfer and the relative advantages of various institutional arrangements	The leading companies in the industry are all multinational with a presence in the major consuming markets. All have fabrication plants in major regions of the world (North America, East Asia, and Europe) and most have also engaged extensively in cross-border alliances as mechanisms for accessing and exploiting not just technical knowledge but knowledge pertaining to the market relationships with customers and governments

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
5. Gupta and Govindarajan (1994)	Multiple regression analysis to test hypothesis	NIL	NIL	DCMNE: 359 subsidiaries of major multinational firms headquartered in the US, Japan and Europe.	The hypothesis were developed based on the following core arguments: 1) Different subsidiary strategic roles imply systematic differences in the task environments facing subsidiary managers 2) Different task environments require different behaviors on the part of subsidiary managers 3) Different control mechanisms induce and support different kinds of managerial behaviors 4) Therefore, assuming norms of administrative rationality, they argue that we can expect systematic associations between subsidiary strategic contexts and the emergence of specific corporate control mechanisms. (:446)	Their results strongly reinforce the notion of differentiated subsidiary strategic roles and differentiated control systems within MNCs. They found significant inter-subsidiary differences in knowledge flow patterns. In summary, their data provide strong support to the notion of differentiated knowledge flow roles as well as differentiated systems and processes within MNCs. Secondly, the data suggest that innovation by foreign subsidiaries is more typically the result of autonomous initiative by the subsidiaries rather than strategic directives issued from corporate headquarters.
6. Martinez and Jarillo (1989)	NIL	NIL	NIL	NIL	Two of the articles main points: First, it is found that the study of mechanisms of coordination has evolved from focusing on the more formal tools to an appreciation of the subtler forms of coordination such as acculturation and the creation of networks of informal communication. Secondly, the hypothesis is made that, together with other reasons, that the evolution of research may follow an evolution in practice .	A pattern of evolution is found: as time has passed, researchers have concentrated more on subtler and informal mechanisms, abandoning their singular focus on structural issues. It is suggested that the increase in the study of those mechanisms may be due to the fact that MNCs are indeed making more use of subtler mechanisms
7. De Luca and Atuahene-Gima (2007)	Regression analysis and SEM	Manufacturing	High technology firms	China: Domestic firms	They adopt the moderating and the mediating view of KIMs. The moderating view suggest that both market knowledge and cross functional collaboration are inherently valuable such that KIMs determine the strength of their effect on innovation performance. In contrast, the mediating view suggest that these resources are not inherently valuable and that they could affect innovation performance through their effects on KIMs	By showing the differential effects of market knowledge dimensions on product innovation performance, they were able to provide a more refined understanding of the interplay among market knowledge, its integration, and the firms performance in product innovation. They also conclude that by overlooking the role of knowledge integration mechanisms, previous research may have provided an overly optimistic view of the value of cross functional collaboration in product innovation
8. Almeida et al. (2002)	Constructed Statistical models for the t-tests in two ways. Firstly, they modeled a t-test at firm level analysis. Secondly, conducted an additional t-test at the regional level	Manufacturing	Semiconductor companies	DCMNE: Sample A consist of patents belonging to U.S subsidiaries of foreign MNCs with recorded patenting activity both in the U.S and in Japan, Taiwan, Korea, Singapore, Italy, France, Germany, the Netherlands, and the United Kingdom. Sample B: consist of patents belonging to the domestic units of United States firms	Drawing on recent research on multinational corporations and the knowledge based view they develop hypothesis regarding the relative superiority of alternative institutional arrangements as regards cross-border knowledge building (knowledge integration really) (:147)	Analysis of patent citations by semiconductor companies points to the superiority of multinational firms over both alliances and markets in cross-border knowledge building. Interviews with engineers and managers in MNCs point to the intertwining of codified and tacit knowledge and; therefore, the need for both formal and informal mechanisms for successful knowledge building. Our findings suggest that the superiority of MNCs stem from the firms ability to use multiple mechanisms of knowledge transfer flexibly and simultaneously to move, integrate, and develop technical knowledge(:147)

Author	Journal Abbreviate	ABS	Research Question/Issue	Aspect(s) of knowledge transfer mechanism
9. Hong and Nguyen (2009)	JWB	3	Considering the challenges facing the MNC to manage its complex and socially embedded knowledge the study tries to explore various knowledge transfer and sharing mechanisms implemented by host country subsidiaries of MNCs. They explored how these subsidiaries managed to overcome contextual factors about the complexities and operational difficulties of integrating the MNC knowledge across borders. While knowledge transfer has been extensively studied in MNCs in the last decades, they note that the association between different types of knowledge has not been investigated in the literature.	<b>Interaction:</b> they found that this as a mechanism included such techniques as job rotations and meetings. This helped managers to see things from a different perspective  Sense making and sense giving: experiential learning; helps local managers gradually appreciate the bigger picture of the business processes with their first hand experience and update their commonly held knowledge through trial and error
10. Noorderhaven and Harzing (2009)	JIBS	4	They Look at the influence of social interaction on knowledge sharing within the MNE from both the perspective of the sender-receiver model and the perspective of social learning. The focus is on two perspectives of intra-MNE knowledge flows.	<b>Community of practice:</b> encompasses individuals working closely together to accomplish certain tasks. With regard to intra-MNE knowledge flows, these flows are thus to be expected predominantly where individuals from different MNE units are engaged in shared practices (i.e. where there is strong operational integration between units). Social interaction should be seen not primarily as a means of transferring existing knowledge but rather as a necessary condition for the social production of knowledge; this is the essence of the communities of practice view (:725) The knowledge developed in social communities is collective knowledge, shared sense making and distributed understanding that doesn't reduce to the content of individual heads (:725). The focus here is on the direct face to face interaction. Direct face to face interaction has two desirable characteristics: Bandwidth and Synchrony; where the former refers to the ability to convey non-verbal and visual cues and  NIL
11. Snow et al. (1996)	OD: Organizational Dynamics	3	This paper explores how to use transnational teams to globalize a company. <i>Transnational teams are at the heart of the globalization process. As companies spread their operations around the world, transnational teams are almost always used to both launch and manage the process</i> (:66). Conducted a world wide study of successful TNT examining particularly how such teams are designed and managed to help their firms pursue global business strategies.	<b>Transnational Teams:</b> Many TNT must communicate and make decisions across vast geographic distances. Clearly, the first information technology needed by a TNT is a communications system. Such a system must enable geographically dispersed team members to communicate with each other, with others in the company, and with outsiders. The TNT therefore make heavy use of telephones, voice mail, email, and fax machines, and members must agree on how those communication devices should be coordinated and prioritized. <i>Some teams use teleconferencing and videoconferencing, but those communication modes have not been extensively adopted</i> (:60). Broadly defined a Transnational Team is a work group composed of multinational members whose activities span multiple countries. Many TNT are geographically dispersed, with members on different continents in some cases (:53). Example- "For a group of key brands (Lux, Dove, Comfort, Ballerina, and Snuggle), Unilever created a TNT charged with achieving efficiencies on a pan-European basis while simultaneously being responsive to the local requirements and preferences of each country". The team leader works with five marketing managers, each based in a different country, to coordinate the marketing and sale of Unilever's personal care  NIL
12. Snell et al (1998)	HRM	4	The overall purpose of this article is to articulate a comprehensive agenda for aligning HR strategies, policies, and programs to produce effective transnational teams.	<b>Transnational Teams:</b> Members of TNT who are geographically dispersed do not have the luxury of working side-by-side with their colleagues, when individuals are positioned in different countries to attend closely to local concerns, they must coordinate their activities across significant distances and cope with a host of logistical and communication problems. And because mutual exchange and shared information are virtually important for team learning, transnational teams must find ways to foster an ongoing dialogue among their members. "Most TNT face the challenge of balancing three concerns " Local responsiveness, Global Efficiency, and Organizational Learning" -where as local responsiveness requires recognising and instilling variety within the team, global efficiency  NIL

Author	Theories/Concept Advanced		Data Collection		
			Research Design	Research Method	Sampling procedure
9. Hong and Nguyen (2009)	The MNC as a network		Multiple Case Study	Conducted 19 interviews with company CEOs and local managers. The interviews lasted between 30 minutes and 1.5 hours	The work was designed to focus on a theoretical development of the field. Qualitative interviews hence allowed for approaching respondents from different positions, to compare, to contrast and understand their viewpoints with specific reference to a local context (350). All interviews were done in the local language. Interview questions were open ended
10. Noorderhaven and Harzing (2009)	<p>Social learning theory: This emphasizes that the knowledge shared between partners is likely to have a tacit dimension of it and is shared in a social process of mutual engagement. That learning tacit knowledge is only possible in a dialogue in which both parties assume the roles of sender as well as receiver. Instead of being a pipeline for the transfer of knowledge produced at one location and consumed at another (like sender-receiver), social interaction forms an important condition for the possibility of knowledge-sharing and integration. (.721), as social learning theory explicitly emphasizes that knowledge is not an object that is passed physically from one to another but its socially constructed through collaborative efforts with common objectives or dialectically opposing different perspectives in dialogic interaction. Knowledge is strongly tied to activities or practices, outside of which it has little relevance (.723) Learning occurs where individuals are engaged jointly in a shared activity</p>	<p>Sender-Receiver Model: This ideally boils down to the basic elements of a transfer: source, channel, message, recipient, and the context. Publications in this stream of research typically focus on one or more of the following factors: characteristics of the sender unit, characteristics of the receiving unit, characteristics of the relationship between sender and receiver, and characteristics of the knowledge transferred (.722)</p>	Survey	Subsidiary managing directors	Questionnaire was pilot tested in a focus group consisting of five postgraduate students from five different countries, these students had between 4 and 10 years work experience in MNEs. After modification the questionnaire was pilot tested with a different student group, further modifications were made and the questionnaire was then pilot tested by four subsidiary managing directors which resulting in some minor changes to enhance comprehensibility. Final questionnaire was mailed to the subsidiary managing directors of 2754 subsidiaries of MNEs headquartered in the USA, Japan, Germany, and the UK, France and the Netherlands. Subsidiaries were located in more than 50 different countries. The sample was drawn from the Dun & Bradstreet Who owns whom database (.728)
11. Snow et al. (1996)	NIL	NIL	Conceptual Paper	NIL	NIL
12. Snell et al (1998)	NIL	NIL	Mixed Methods	Interviewed more than 100 team members and their leaders about issues related to strategic purpose, team composition, training, job design, appraisal, rewards, and performance	The 2 year study consisted of three phases 1) In-depth interviews 2) A questionnaire 3) A demonstration project

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
13. Lagerstrom and Andersson (2003)	Data processing comprised 3 steps: Interviews were read and extracted, data was then synthesized under headings according to the theory that framed the empirical study.	Manufacturing	High Technology Engineering	The company (Malm) is represented in 130 countries with headquarters located in Sweden	An increased capability to effectively use TNT to exploit globally dispersed knowledge is critical in MNCs	Empirical evidence from a case study of a transnational team identifies socialization of team members as perhaps primary for efficient creation and sharing of knowledge, and information technology as secondary.
14. Adenfelt and Lagerstrom (2006)	Data was read and extracted. Then categorized according to the theoretical framework, then compiled in the form of quotations	Manufacturing	Technology and Engineering MNC		The theoretical framework presents arguments that knowledge development and sharing occur locally and globally in the MNC	The findings of this case study indicate that successful knowledge sharing, in terms of usefulness and speed was dependent on pre-existing relationships between the COE and the receiving subsidiary. For the TNT, the findings show that the knowledge development process was initially hampered by a lack of interpersonal relationships and a shared structure and practices within the TNT. NOTE: knowledge development in a COE occurs locally, whereas the process is global in the TNT and the success of knowledge sharing from both organizational mechanisms is contingent upon adaptation.(395)
15. Adenfelt and Lagerstrom (2008)	NIL	NIL	NIL	NIL	They claim that "TNT and COE are characterized by two significant inborn differences-first, their organizational constitution differs in that a COE is established in a single, already existing subsidiary, whereas a TNT is formed-a novo- by multiple, often geographically dispersed subsidiaries. "The Thrust of our arguments are simply 1) HQ establishment of COE and TNT serve as efficient organizational mechanisms embracing knowledge processes in line with a local and a global approach 2) Both organizational mechanisms have the intention to instigate and create a uniform knowledge foundation in the MNC (325)-BASICALLY these mechanisms serve as two such valuable organizational mechanisms that allow for taking advantage of dispersed subsidiary knowledge while at the same time permitting high subsidiary participation (332)	The importance of organizational mechanisms for knowledge development and sharing in todays MNC creates the need as well as the opportunity for a substantial stream of research. They advocate for empirical studies, including multiple units and combining qualitative and quantitative approaches
16. Adenfelt (2010)	The interviews were transcribed and read, and information relevant for the purpose of the study was extracted (532)	Services	Communication and Business intelligence	DCMNE	Transnational project performance is inherently linked to knowledge sharing	Using case study data, derived from a transnational project assigned with the task of developing a transnational project, this work shows that transnational project performance was hampered by communication and coordination difficulties. Expose on the double meaning of knowledge sharing and the organizational context as setting the boundaries for project management in practice.

Author	Journal Abbreviate	ABS	Research Question/Issue	Aspect(s) of knowledge transfer mechanism	
17. Grant (1996A)	OS: Organization Science	4*	This paper develops a knowledge-based theory of organizational capability. Central to the theory is analysis of the mechanisms through which knowledge is integrated within firms in order to create capability (375). This paper seeks to extend our understanding of the determinants of competitive advantage in dynamically-competitive market environments by analysing the role of knowledge in organizational capability (375) and establishes the rudiments of a knowledge a knowledge based theory of the firm.	<b>Direction:</b> This involves codifying tacit knowledge into explicit rules and instructions(379)- For example To optimize the operation of a McDonalds restaurant, it is more efficient for McDonalds to create an operating manual which covers almost every aspect of the restaurants management than to educate every McDonalds manager in cooking, nutrition, hygiene, engineering, marketing, production mangement, human resource management, psychology, accounting and finance, and the other specialist areas of knowledge embidied in standard operating rules. "Converting tacit knowledge into explicit knowledge in the form of rules, directives, formulae, expert systems, and the like inevitably involves substantial knowledge loss (379)	<b>Organizational Routines:</b> This provides a mechanism for coordination which is not dependent upon the need for communication of knowledge in explicit form (379)- For example, observing a work team, whether it is a surgical team in a hospital...reveals closely-coordinated working arrangements where each team member applies his or her specialist knowledge, but where the patterns of interaction appear automatic. This cordination relies heavily upon informal procedures in the form of commonly-understood roles and interactions established through training and constant repetition, supported by a series of explicit and implicit signals (379)
18. Ghosal and Bartlett (1990)	AMR: Academy of Management Review	4*	The article advocates for the adoption of interorganizational theory for future MNC-related research. They believe that interorganizational theory properly adapted can provide new insights about a complex and geographically dispersed organization system like the MNC and so the main objective is to propose an initial formulation regarding how the concepts and tools of interorganizational analysis can be applied to fit the MNC (603). "This article must be viewed as an initial attempt to identify the possibility of developing a network theory of the MNC, rather than as a rigorous presentation of such a theory" (606).	NIL	NIL
19. Schweiger et al. (2003)	JWB: Journal of World Business	3	This article explores the impact that context has on transnational project teams and networks (TPTNs); how such teams function and the role that leadership plays in their effectiveness. They claim that there is almost no research that has examined teams and networks that possess the five elements as analysed by them (128).	<b>Transnational Project Teams and Networks:</b> 1) Involved in creative task, i.e, the creation of new knowledge incorporated into product and services 2) Functionally heterogenous 3) Nationally heterogeneous 4) Virtual in the sense that all team members are not co-located in the same geographic territory, i.e, they are physically dispersed 5) Their formation is either "improvised" or emergent or stimulated through a top-down "business planning" process (128). Such teams are needed in an MNC for reasons such as, "in the case of new product development multiple and diverse sources of knowledge and skills are often needed to solve a problem"- this knowledge or skills can reside in different functions, divisions and national subsidiaries and operations within an MNC"- The knowledge may include functional skills (manufacturing, marketing etc), local market skills, or knowledge of competitors or best practice-unless the MNC can effectively mobilize this resources it cannot effectively respond	NIL
20. Meyer et al. (2011)	JMS: Journal of Management Studies	4	This paper constitutes the contents of a special issue: They tried to draw the broader image of the MNE arising from the diverse set of contributions in the special issue.(247)	NIL, but some quotes in this regard "In any specific context, MNEs must find subtle ways to combine their firm-specific capabilities with local knowledge to create value propositions that suit the particular local context, these integration challenges are substantial, requiring adaptation as well as creative competencies and possibly even the development of entirely new business models"(244)	NIL

Author	Theories/Concept Advanced	Data Collection			
		Research Design	Research Method	Sampling procedure	
17. Grant (1996A)	Knowledge Based View: "If knowledge is a critical input into all production processes, if efficiency requires that it is created and stored by individuals in specialized form, and if production requires the application of many types of specialized knowledge, then the primary role of the firm is the integration of knowledge"(377) This view of the firm as an institution for knowledge integration establishes a view of the firm based upon close integration between organizational members implying stability, propinquity and social relationships, but it does not readily yield precision definition of the firm and its boundaries"(377)	NIL	Conceptual Paper	NIL	NIL
18. Ghosal and Bartlett (1990)	Differentiated Inter-organizational network: "Typically, in such large, dispersed, and interdependent organizations, hierarchical authority coexists with significant local autonomy and such a situation, we believe, is not inappropriate for the application of interorganizational theories". The MNC is here conceived as a differentiated inter-organizational network, where the headquarters and the various subsidiaries represent distinct units which are embedded in their own external network. Let us consider a multinational corporation M with operating units in countries A, B, C, D, E, F and a focal organization in the corporate headquarters H. By the term multinational network we shall refer to all the relationships and linkages that exist among different units in M; each of the national operating units of M is embedded in a unique context and, for any specific type of exchange relationships has its unique organization set. Say, the unit A can have existing or potential exchange relationships with a special set of customers [CA], Suppliers [SA], buyers [BA], regulatory agencies [RA] and it competes for resources with an identifiable set of competitors [KA]. Collectively, the group consisting of [CA, SA, BA, RA and KA] consist an	NIL	Conceptual Paper	NIL	NIL
19. Schweiger et al. (2003)	NIL	NIL	Multiple Case Study	Senior Managers(Vice presidents of HR, marketing and research and development), Team/Network leaders and team members	They focused on teams that met the criteria as outlined by Hedlund and Ridderstrale (1993)-129
20. Meyer et al. (2011)	NIL but in this regard "However, the MNE network is a differentiated one, so that managing systematic frictions as well as aligning incentives is often a daunting task-the greater the number of subsidiaries, the higher the coordination challenge of optimally utilizing and disseminating the knowledge generated at the subsidiary level (244) NOTE: THEY SUGGEST IDEAS FOR ADVANCING THEORY IN THE REGARDS OF THE SPECIAL ISSUE: "as MNEs grapple with managing the complexities of multiple embeddedness, it is likely that some develop unique capabilities in the management of the issue that enable them to achieve unique, possibly sustainable competitive advantages, further research may explore the nature and antecedents of these operational capabilities in coordinating across multiple contexts"(247)	NIL	Introductory Essay to a special issue	NIL	NIL

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
17. Grant (1996A)	NIL	NIL	NIL	NIL	Knowledge is the preeminent resource of the firm and that organizational capability involves the integration of multiple knowledge bases	"The resulting theory of organizational capability provides a more cogent description of firm competence and analyzes more precisely than hitherto the relationship of organizational capability to competitive advantage in markets where market leadership and power is continually undermined by competition and external change"(384)
18. Ghosal and Bartlett (1990)	NIL	NIL	NIL	NIL	"The main thesis in this article is that different attributes of the MNC can be explained in terms of selected attributes of the external network within which it is embedded"(610)	They conceptualize the MNC as an interorganizational network that is embedded in an external network consisting of all other organizations such as customers, suppliers, regulators, with which the different units of the multinational must interact; based on this conceptualization a model of the multinational corporation as an internally differentiated interorganizational network is proffered.
19. Schweiger et al. (2003)	Based on the interviews, themes were developed using a method proposed by Miles and Huberman (1984)-(129)	Manufacturing	Multiple: Air Liquide, Sonoco Products, Sony, Ingersoll Rand, Verizon, and Alcatel	DCMNE: Team members and Leaders were located in countries including the US, France, Germany, Italy, Spain, Japan, Finland, England, Australia, Puerto Rico, Venezuela, New Zealand and Holland	TPTNs can play a valuable role in the functioning of the MNC, they facilitate the horizontal cooperation that is necessary in today's MNC to effectively innovate and quickly respond to the ever-changing external environment.	Transnational project teams are semi-virtual networks ("although it would be desirable to co-locate members of a team for the duration of the project, it is often not practical")- our research suggest that a few key people (the hub) are primarily responsible for the functioning of the project team and do form a tight network (129)- the key members of the hub do not co-locate, but must meet frequently enough to be able to effectively manage the project. Each core member must in turn be responsible for a component of a project and manage an extended network of people who are responsible for the component(129). "our research suggest that technology can complement face-to-face relationships but not replace them" (136)-for instance, there are many times when emails are difficult to interpret (136)
20. Meyer et al. (2011)	NIL	NIL	NIL	NIL	Local contexts are likely to become more rather than less important, as locations that provide the necessary infrastructure for sophisticated business operations proliferate (248). Despite the increased frequency and intensity of interactions across local context, they continue to retain their distinctive differences (235)	The emergent image of multiple embeddedness of the MNE is considerably more complex than models in the established literature, such as the integration-responsiveness framework by Bartlett and Ghosal (1998), it creates new challenges for both theoretical treatments of the MNE, for practitioners and for policy makers(247)

Author	Journal Abbreviate	ABS	Research Question/Issue	Aspect(s) of knowledge transfer mechanism
21. Zahra et al. (2000)	AMJ: Academy of Management Journal	4*	This article examines the effects of international expansion of new venture firms, as measured by their international diversity and mode of market entry, on a firms technological learning and the effects of this learning on the firms financial performance. New venture firms are companies 6 years old or younger (925)	<p>"Knowledge integration makes the information and skills gained from international expansion activities an integral component of the routines that guide the firms future strategic actions"(930)(highlighting the relevance of KIMs). Knowledge can be tacit and fragmented throughout the firm, making new knowledge difficult to identify and use. Managers and employees are often unaware of the amount or importance of what they have learned from their firms international expansion activities. Integration enables the firm to internalize what it has learned in its international operations. It also permits the firm to capitalize on local knowledge that exists in different parts of its operations (930).</p> <p><b>KNOWLEDGE CAN BE INTEGRATED FORMALLY OR INFORMALLY .</b> Integration makes possible the combination of different insights and skills learned from a firms different markets and national systems of innovation(930). Knowledge integration also compels managers to consider the skills learned from their diverse international markets and how they can be used to overcome deficiencies in their companys knowledge base(930)</p>
22. Olson et al. (1995)	JOM: Journal of Marketing	4*	This article investigates whether teams, as a coordination mechanism, are a universal solution for shortening development times and improving success rates across all types of projects in firms. Basically, are participative team structures always more efficient and effective than more traditional bureaucratic structures?	<p><b>Bureaucratic Control:</b> Hierarchical directives; standard operating procedures and the oversight of a high-level general manager to coordinate activities across functions. <b>Individual Liaisons;</b> Individuals within one or more functional departments are assigned to communicate directly with their counterparts in other departments <b>Temporary task forces;</b> basically individual liaisons but within the context of a specific project. <b>Integrating Managers;</b> the manager is responsible for coordinating the efforts of various functional departments but typically does not have formal authority to impose decisions on these departments. <b>Matrix structures;</b> a dual authority structure is created under which individuals are responsible to both a functional manager and a new product manager.(49)</p>
23. Ghosal et al. (1994)	MS: Management Science	4*	This article provides an empirical evaluation of the influence of some key organizational attributes on the frequency of managerial communication between the subsidiaries and the headquarters as well as among subsidiaries within two large MNCs	<p><b>Interunit Communication:</b> This is defined in two ways here. Firstly, subsidiary-headquarters communication is a typical frequency of an individual national subsidiary senior managers communication with his or her counterparts in the headquarters. We define intersubsidiary communication as the aggregate typical frequency of an individual national subsidiary senior managers communication with his or her counterparts in other national subsidiaries of the company (99)</p>
24. Grant (1996B)	SMJ	4*	"The purpose of this article is to make progress in developing some key elements of a knowledge-based theory of the firm by synthesizing some of the principal contributions to the field"(110). The paper develops and extends some of the ideas outlined in Grant (1996A). It addresses some other fundamental concerns of the KBV, such as the nature of coordination within the firm (110)	<p><b>FORMAL INTEGRATIVE MECHANISMS: RULES AND DIRECTIVES;</b> approaches to coordination here involve plans, schedules, forecasts, rules, policies and procedures, and standardized information and communication. Such rules and directives provide a means by which tacit knowledge can be converted into readily comprehensible explicit knowledge. <b>SEQUENCING;</b> probably the simplest means by which individuals can integrate their specialist knowledge while minimizing communication and continuous coordination is to organize production activities in a time patterned sequence such that each specialists input occurs independently through being assigned a separate time slot. <b>ROUTINES;</b> an organizational routine is a relatively complex pattern of behavior, functioning as a recognisable unit in a relatively automatic fashion e.g an auto racing pit crew</p>

Author	Theories/Concept/Advanced	Data Collection		
		Research Design	Research Method	Sampling procedure
21. Zahra et al. (2000)	<b>Organizational Learning:</b> Enables a firm to develop new knowledge. One means by which firms learn is to move into new foreign markets in which they are exposed to and then assimilate different types of knowledge. Thus, the higher the diversity of foreign markets entered, the greater the opportunity for organizational learning (942). For most firms, moving into new international markets produces an exposure to the greatest diversity of knowledge. Learning can be quite important, and the knowledge gained may partially transfer from one market to another, thereby enriching the value of the learning that occurs. Learning from one market with cultural values similar to those of another market may allow some knowledge to be applied in the newer market (942)	NIL	Survey and secondary data	<p>Respondents included CEOs and presidents (68%), vice presidents for international operations (19%), and senior vice presidents (13%). These managers/executives were among the most informed about their companies international operations, innovation and learning (page 933)</p> <p>Used the U.S Department of Commerce classifications to select new ventures from multiple high-technology industries. Focused on firms 6 years and younger. Based on ownership they selected both independent and corporate new ventures. Different secondary sources were used to develop a mailing list. Secondary data (trade publications, scanned announcements of new products and read ads for new products to identify potential companies)</p>
22. Olson et al. (1995)	<b>Resource dependency theory:</b> Because employees have less relevant experience to draw on when developing relatively new and innovative product concepts, they typically see their task as more challenging and they depend more heavily on other functional specialist for the expertise, information, and other resources needed to arrive at a creative and successful solution. Such frequent and constructive cross-functional resource flows are most likely to be facilitated by relatively organic and participative coordination structures (52)	NIL	Survey	<p>Firstly, information about each project was obtained from project managers. They were interviewed either in person or over the phone, using a structured questionnaire. Secondly, a second set of mail questionnaires was distributed to individual project participants from the functional areas of marketing, manufacturing, R&amp;D, and design (55)</p> <p>24 firms (22 were Fortune 500 companies) were solicited to participate in the study. Each firm was asked to provide access to project managers and key employees from marketing, R&amp;D, manufacturing, and design for each several new product development project. Participating firms ranged in age from 12 to more than 100 years. All firms produced tangible products (54)</p>
23. Ghosal et al. (1994)	<b>Information processing view of organizational design:</b> (Galbraith 1973,1977) Organizations can cope with increasing uncertainty and complexity in one or two ways. The first is to reduce information processing needs by creating slack resources or by eliminating interdependencies through the creation of self contained task. The second is to increase information processing capacity through investment in vertical information systems or through creation of lateral relations. <i>Since the first option is only available to a limited extent, increasing the information processing capacity becomes a key strategy whereby the MNC copes with the challenge of growing environmental and organizational complexity</i> (97)-they note that "while there are many different mechanisms for increasing information processing capacity, the most important is that of the organization of the firm" (97)	NIL	Survey/ comparative case study approach	<p>164 Senior managers working in 14 different national subsidiaries of Matsushita and 84 senior managers working in 9 different national subsidiaries within N.V Philips</p> <p>In the consumer electronics business Matsushita was the leading competitor in the world, while Philips was second</p>
24. Grant (1996B)	<b>Knowledge Based View:</b> focus here is on the fundamental task of organization to coordinate the efforts of many specialists. Knowledge is viewed as residing within the individual, and the primary role of the organization is knowledge application-the bring together, coordination and use of this specialist knowledge of the individuals within the firm. The KBV encourages us to perceive interdependence as an element of organizational design and the subject of managerial choice rather than exogenously driven by the prevailing production technology	NIL	Theoretical paper	NIL
25. Moore and Baskerville	NIL	NIL	Multiple case study	Participant ES interview

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
21. Zahra et al. (2000)	Multiple regression analysis	Manufacturing	12 Industries: Biotechnology, computer software, factory automation, telecommunication, environmental technologies, medical and surgical equipment, pharmaceuticals, specialty chemicals, aerospace, test measurements, advanced materials, and semiconductors	U.S	New ventures undertaking formal knowledge integration and international diversity achieve deeper technological learning (930). Knowledge integration moderates the relationship between international expansion and technological learning(926)	"Our research showed that international diversity and high-control entry modes increase technological learning. In turn, technological learning has a positive effect on firm performance. Our research also suggest that international diversity and mode of entry have a positive, direct effect on firm performance, in addition to their more indirect effect of increasing technological learning.
22. Olson et al. (1995)	Multivariate analysis	Manufacturing	Industries represented in the sample included wood and wood fibre products, high-technology glass products, commercial food products, high technology electronic measurement equipment, commercial small engine appliances and equipment, womens fashion, industrial water and air filtration systems, consumer toiletries, office supply products, medical supplies, and presentation and display equipment (55)	U.S	The degree of innovativeness or newness of the product being developed is an important moderator of the impact of different coordination structures on the development process and its outcome (48)	The findings indicate that the better the fit between the newness of the product concept and the participativeness of the coordination mechanism used the better the outcomes of the development process in terms of 1) Objective measures of product and team performance 2) the attitudes of team members toward the process, and 3) the efficiency and timeliness of the new product development process
23. Ghosal et al. (1994)	LISREL structural equation modelling (103)	Manufacturing	Matsushita Electric Industries, headquartered in Japan, and N.V Philips, headquartered in Holland (consumer electronics division)	Japan and Holland	More intense communication patterns create higher information processing capacity, and these patterns become especially desirable in contexts where such capabilities are needed (97)	"we show that while subsidiary autonomy has no discernable influence on interunit communication, interpersonal relationships developed through lateral networking mechanisms such as joint work teams, taskforces, and meetings have significant positive effects on the frequency of both subsidiary-headquarters and intersubsidiary communication" (96)
24. Grant (1996b)	NIL	NIL	NIL	NIL	It identifies the primary role of the firm as integrating the specialist knowledge resident in individuals into goods and services- the primary task of management is establishing the coordination necessary for this knowledge integration.	The primary contribution of the paper is in exploring the coordination mechanisms through which firms integrate the specialist knowledge of their members (109). It integrates the literature on formal and explicit coordination mechanisms with that on informal and implicit coordination processes, and relating this to characteristics and role of knowledge, it points out four mechanisms for integrating specialized knowledge.

Author	Journal Abbreviate	ABS	Research Qestion/Issue	Aspect(s) of knowledge transfer mechanism
25. Moore and Birkinshaw (1998)	AME	3	Service firms that are global players benefit primarily from their ability to manage proprietary knowledge, and centres of excellence represent the best practice of achieving this management(81)	Centre of Excellence: "we define a COE as a small group of individuals recognized for their leading-edge, strategically-valuable knowledge, and mandated to leverage and/or make that knowledge available throughout the global firm-assimilating new knowledge from around the world, building new knowledge through the interaction of professional employees, and disseminating knowledge effectively throughout the firm COE
26. Andersson and Forsgren (2000)	MIR: Management international review	3	This article explores the role of a subsidiary as a centre of excellence within a multinational corporation. It tries to understand why a subsidiary can get a position as a centre of excellence	Centre of Excellence: a subsidiary that can act as a quasi-firm in the MNC, because of the independence and completeness of its resources can also be called a centre of excellence within the corporate family COE
27. Frost et al. (2002)	SMJ	4*	The article seeks to understand the conditions under which centres of excellence emerge in foreign subsidiaries of multinational firms, as COEs are increasingly used by MNEs as one mechanism for identifying and leveraging pockets of expertise found within their corporate networks	Centre of Excellence: an organizational unit that embodies a set of capabilities that has been explicitly recognized by the firm as an important source of value creation, with the intention that these capabilities be leveraged by and/or disseminated to other parts of the firm- we focus on COE within foreign subsidiaries (the term could be applied otherwise)(997) COE: Centre of Excellence: (Measures) Our survey contained questions designed to operationalize strong capabilities, formal recognition, and greater-than-unit level contribution. First we asked the respondents to indicate their organizations competence level in 1) Research 2) Development 3) Manufacturing using a 7-point scale, where 1 was defined as weak competence and 7 defined as very strong competence. we chose a score of 4 as our cut-off point for defining strong competence. Secondly, for each activity we asked respondents to indicate whether our competence is formally recognized by the headquarters (1=yes, 0=no). Thirdly, we asked the respondents to provide an indication of the extent to which their capabilities impact other units, for each of the three functional activities, we asked: To what extent are the subsidiaries distinctive competences in (Research, Development, Manufacturing) of use to other units in the corporation- used a 7-point scale, where 1 indicated 'No use for other units at all and 7 indicated 'very useful for other units'-ONLY THOSE UNITS THAT MET ALL THREE CRITERIA WERE CLASSIFIED AS CENTRES OF EXCELLENCE
28. Ambos and Reitsperger (2004)	MIR: Management international review	3	The aim of the work is to challenge common suggestions to the superiority of social control to best utilize Centres of Excellence. It builds on existing literature to develop a theoretical argument for low socialization between COE(52)	Centres of Excellence: "specialized and often network based structures are the answers to deal effectively with these increasingly complex environments and the challenges they present for MNCs coordinating and control activities"(52)- characteristics of the COE include: mandated to create firm capabilities in order to secure its survival, usually acquire the sole responsibility for an area of excellence, responsible for a large geographical area, have a high degree of local embeddedness(53) COE

Author	Theories/Concept Advanced		Data Collection		
			Research Design	Research Method	Sampling procedure
25. Moore and Birkinshaw (1998)	NIL	NIL	Multiple case study	Conducted 53 interviews	NIL
26. Andersson and Forsgren (2000)	MNC as a network	NIL	Multiple case study	Interviews: two managers were interviewed in each subsidiary- the sales manager and the manager responsible for purchasing	The sample consist of 408 business relationships to external suppliers and customers, held by 98 subsidiaries. The subsidiaries belonged to twenty divisions in thirteen Swedish MNCs. The subsidiaries were among the largest and most important in their divisions
27. Frost et al. (2002)	MNC as a network	NIL	Survey	The questionnaire was mailed to the CEOs of the 780 foreign-owned firms	Developed a list of 780 foreign owned companies in Canada. The mailing list was developed using well established sources such as the <i>Financial Post 1000</i> , <i>The Globe and Mail 500</i> , and various online directories
28. Ambos and Reitsperger (2004)	Social Network theory	NIL	Survey	Targeting vice presidents of R&D at the HQ level as respondents (S5)- obtaining data from the HQ only, because subsidiary managers might be partial when providing an assessment of their own COEs performance (S6)	Data were collected via a standardized questionnaire mailed to all firms listed in the German top 500, of which 106 were known to operate overseas R&D facilities (S5)

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
25. Moore and Birkinshaw (1998)	NIL	Services	18 Global service firms: including consulting, banking, express delivery, accounting, marketing services, publishing, shipping, insurance	USA, France, Netherlands, UK, Sweden	Although, solutions such as flying employees around the world for meetings, pouring millions into groupware such as Lotus Notes, staging video conferences, and mailing client proposals and reports to numerous recipients have contributed a bit in helping to harness innovation and learning from Client interaction and internal team members, COE have emerged as an organizational innovation that brings greater focus to the effort to harness world-wide learning(83). They believe are an important but under-recognized model for helping service firms to manage their world wide knowledge assets (91)	They were able to discern three generic types of centres of excellence; <b>CHARISMATIC CENTRES OF EXCELLENCE</b> ; simply individuals who are internationally recognized for their knowledge or expertise in a certain area, eg professors hired from academics. <b>FOCUSED CENTRES OF EXCELLENCE</b> ; the most common type and are built around a single area of knowledge[a capability or best practice), have a clearly identifiable physical location but it is recognized that the individuals that are part of the centre will travel frequently to ensure that their expertise is made available to other affiliates around the world. <b>VIRTUAL CENTRES OF EXCELLENCE</b> ; the core individuals live and work in different cities, and while they all know one another and meet intermittently, their principle means of interaction is through electronic media(86)
26. Andersson and Forsgren (2000)	Regression Analysis	Manufacturing	Pulp and paper, telecommunications equipment, petrochemical products, power distribution, hard metal tools, saws and chains, gas, transportation, software, management training and industrial equipment	Swedish	It is argued that the role of a subsidiary as a centre of excellence can be based on the characteristics of a subsidiary's internal resources, its relationships with the rest of the MNC and the business context of which the subsidiary is a part (329)	Productive relationships with external counterparts in the business environment can be used by the subsidiary to enhance its role as a COE. An empirical result is that the external embeddedness of the subsidiary is an important and significant explanatory variable of the subsidiary's possibilities to be considered important to the MNC as well as a prerequisite to influence the future behaviour of the MNC(329)
27. Frost et al. (2002)	Logistic Regression Techniques	Manufacturing	NIL	Canada	They argue that the formation of centres of excellence is shaped by conditions in the subsidiary's local environment as well as by various aspects of the subsidiary's relationship with other parts of the multinational firm(1000)	Their results highlight the factors to be the <i>role played by parent firm investment, as well as the role of internal and external organizations</i> in the development of subsidiary capabilities that lead to it becoming a COE.
28. Ambos and Reitsperger (2004)	Preliminary tests were used to determine the validity of the study. Secondly, a one-way ANOVA was used. Correlation analysis	Manufacturing	134 foreign R&D units of German technological firms(55)	German firms	Socialization as the <i>sine qua non</i> instrument to control strategic lead units in complex environments may not be a viable tool to achieve desired results (52)	Our sample confirms that German MNCs abstain from high socialization to attain strategic goals in the COE abroad. Moreover, high socialization as a means of control is negatively correlated with the technical success of COEs abroad

Author	Journal Abbreviate	ABS	Research Qestion/Issue	Aspect(s) of knowledge transfer mechanism
29. Bjorkman et al. (2004)	JIBS	4	In this article the authors explore the impact of organizational mechanisms on inter-unit knowledge flows. The question addressed in this paper is, how do different organizational mechanisms impact on flows of knowledge from a foreign owned subsidiary to other parts of its parent MNC?	<b>Expatriate Managers:</b> Expatriate managers are more likely to have stronger and longer-tenured social ties with managers at HQ and in other MNC units (447)- they hence can be used as integrators. Expatriate managers are likely to be better positioned to understand the added value of the subsidiary's knowledge base for other parts of the MNC (447). This variable measured the number of foreign employees in the subsidiary's top management team (449)
30. Persson (2006)	IBR	3	This study develops and test a comprehensive framework aimed at explaining outbound knowledge transfer at subsidiary level in Multinational Enterprises.	<b>Liaison Mechanisms:</b> induce inter-subsiary knowledge transfer by identifying relevant and potentially fruitful elements of knowledge to combine throughout the corporation(553). This variable was obtained by asking the respondents to indicate, on a scale from 1 (very seldom) to 7 (very frequent), the extent to which the subsidiary had specific actors with the task of communicating and facilitating exchange of knowledge regarding development of new products and production processes with other subsidiaries in the division (558)
31. Galunic and Rodan (1998)	SMU	4*	Building on the resource based view of the firm, this paper explores the notion of <i>resource recombinations</i> within the firm. Central to this paper is an examination of the antecedents necessary for resource recombinations to occur and in particular the nature of knowledge recombination in the firm. Built a model of resource recombination likelihood; this model will examine how characteristics of knowledge and its <i>social organization</i> in the firm may impact resource recombination likelihoods	NIL
32. Schlegelmilch and Chini (2003)	IBR	3	This paper aims to develop a unifying framework (that serves as a basis for a research agenda) for the process of transferring knowledge effectively across dispersed units of a multinational corporation, as this has only attracted little and rather fragmented research. Specifically, it proposes a conceptual model of knowledge transfer process across geographically dispersed marketing functions of multinational corporations; to shed light on the complex issue of marketing knowledge transfer in MNCs.	NIL

Author	Theories/Concept Advanced		Data Collection		
			Research Design	Research Method	Sampling procedure
29. Bjorkman et al. (2004)	Agency theory: The relationship between headquarters and a subsidiary can be viewed as a principal-agent relationship. It is in the interest of HQ (the principal) that a subsidiary (the agent) with valuable capabilities contributes to the competence development of other MNC units, however the SUB might act opportunistically	Socialization theory: The aim of corporate socialization is to establish a shared set of values, objectives, and beliefs across MNC units, providing them with a strong sense of shared mission and a unitary corporate culture- from a knowledge sharing perspective, the underlying rationale is that the more different units share long term visions and goals, the more likely they are to transfer resources and exchange complementary knowledge (447)	Multiple case study	Data for this study were collected through structured face-to-face interviews with top managers of Finnish and Chinese subsidiaries of foreign MNCs. Subsidiary top managers were chosen as respondents because given the broad scope of the research instrument, they were likely to be the individual subsidiary employees best able to provide perceptual data on the full range of questions (448)	Started the data collection process by contacting subsidiary presidents by mail. In Finland they targeted the 150 largest foreign-owned subsidiaries and in China some 300 foreign-owned subsidiaries. The letter described the project and emphasized the confidentiality of individual responses. The respondents were then contacted by telephone to book interviews. Final sample of 134 observations (448)
30. Persson (2006)	Differentiated Network Perspective: emphasizes that the MNE is simultaneously present in a variety of institutional contexts. By engaging in interaction and exchange with local counterparts, subsidiaries may draw from their local business contexts and contribute to the development of new knowledge and competence in the MNE	NIL	Multiple case study	Face to face interviews were conducted with each divisional manager. The divisional managers were then asked to fill out a structured questionnaire concerning the identified subsidiaries	The process of collecting data began by contacting the 20 largest firms listed on the Stockholm Stock Exchange (SSE), asking them if they were willing to participate in the study. Then divisional managers were contacted to set up interviews. The total number of the study was 89 subsidiaries, in 18 divisions and 12 MNEs
31. Galunic and Rodan (1998)	Resource Based View: focuses on knowledge based resources	NIL	Conceptual	NIL	NIL
32. Schlegelmilch and Chini (2003)	The MNC as a (knowledge) Network: In this network, units have strategic mandates and thus access and transfer knowledge from different positions (217)	Knowledge Based View: This view suggests that knowledge is a primary resource and that social networks facilitate knowledge sharing within an organization (217). In order to exploit an organizations knowledge stock and to support knowledge creation, functional units of MNCs have to share knowledge across organizational entities- in this regard, organizations as a whole, and in particular functional units such as marketing departments, are increasingly dependent on external sources of knowledge (218)	Conceptual	NIL	NIL

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
29. Bjorkman et al. (2004)	Regression Analysis	NIL	NIL	Western subsidiaries located in Finland and China.	Different organizational mechanisms put in place by MNC headquarters will contribute to increasing the level of knowledge transfer from the focal subsidiary to the rest of the corporation (446)	MNCs can influence inter-unit knowledge transfer by specifying the objectives of the subsidiary and by utilizing corporate socialization mechanisms. However they found no support for the hypothesized impact of management compensation systems and the use of expatriate managers on the extent of knowledge transfers from foreign subsidiaries to other parts of the MNC (443)
30. Persson (2006)	Descriptive statistics and Pearson correlations	NIL	NIL	Sweden	The paper connects to a stream of literature that emphasizes the importance of effective utilization of dispersed knowledge in the MNE organization (562)	Results indicate that the operational structure, knowledge sharing incentives, and subsidiary socialization, have a positive influence on outbound knowledge transfer. Further, permanent teams as lateral integrative mechanism negatively influence knowledge transfer, while the use of liaison mechanisms and temporary teams have a positive influence (547)
31. Galunic and Rodan (1998)	NIL	NIL	NIL	NIL	We argue that several characteristics of knowledge (tacitness, context specificity, dispersion) and its social organization (the way competencies come to be formed and institutionalized) will have important consequences on the likelihoods of resource recombinations	Resource recombinations can occur when competencies within the firm either combine to synthesize novel competencies or experience a reconfiguration or relinking with other competencies(1193)
32. Schlegelmilch and Chini (2003)	NIL	NIL	NIL	NIL	"we develop a model proposing that the transfer of marketing knowledge has to correspond to the strategic network position of the organizational unit as well as with the units internal capabilities to manage knowledge"(216)	Propose a comprehensive model designed for marketing managers and academics. The model highlights the strategic relevance of knowledge transfer between marketing functions and identifies the key constructs in the international knowledge transfer process within MNCs. As such, the model offers a solid base for future empirical work on the knowledge transfer process between marketing functions (229)

Author	Journal Abbreviate	ABS	Research Qestion/Issue	Aspect(s) of knowledge transfer mechanism
33.Salomo et al. (2010)	JPIM	4	This research addresses the global new product development (NPD) team and its impact on performance from both an antecedent and a contingency perspective. Using the RBV as theoretical framework, the study clarifies how the internal, or behavioral, environment of the firm-specifically, resource commitment and senior management involvement-and the global NPD team are interrelated and contribute to global NPD program performance	<p><b>Global New Product Development Team:</b> Cohesive and well-functioning global NPD teams become a critical capability by which firms can effectively leverage this much more diverse set of perspectives, experiences, and cultural sensitivities for the global NPD effort. "As firms become more active internationally, it is the global NPD team that increasingly represents the critical capability needed for ensuring NPD success, as this can make possible integrating globally dispersed members into the NPD process-companies can hence profit from geographically specialized skills, local market insights, and diversity of perspective that allow them to respond more effectively to the needs of the global marketplace (956)</p> <p><b>Global New Product Development Team (Measures):</b> When organizing our international/global NSD/NPD project teams, we ensure that... 1) Teams integrate well the talents and technologies available in different parts of our global organization 2) Teams reflect the international/global nature of our business-i. e. members have knowledge of markets in different countries/regions 3) Teams are truly "global"-i.e actually include members from different countries and regions 4) Teams actively involve frontline personnel from different locations,worldwide (Scale: 1-7; strongly disagree/agree) (Page 971)</p>
34. Bruce et al. (2007)	JPIM	4	Using a case study methodology, this article draws on the global product launch experiences of two firms, showing that the influences of the design categories of channel parameters, country mores, language and colloquillisms, and technology infrastructure can preclude/inhibit the use of mass-marketing and a standardization approach to the global product launch process. Basically exploring and gaining insight into the rationales for choosing whether or not to employ a customized design strategy in the course of a global product launch	NIL
35. Lee et al. (2008)	JIM: Journal of International Marketing	3	This study focuses on the conditions under which knowledge transfer can serve to induce positive new product outcomes in multinational corporations. The study builds on resource-based theory to suggest that <i>knowledge</i> and <i>MNC network strength</i> are the two critical firm resources individually and collectively influencing new product outcomes (1)	NIL
36. Adams et al. (2006)	IJMR: International Journal of Management Reviews	3	This article is an attempt and a literature review aimed at providing a holistic framework for the measurement of the process of innovation	NIL

Author	Theories/Concept Advanced		Data Collection		
			Research Design	Research Method	Sampling procedure
33. Salomo et al. (2010)	<p><b>Resource Based View:</b> In this paper, the resource based view of the firm is used to explain how company resources (i.e, internal behavioral environment-resource commitment and senior management involvement) and capabilities (i.e, global NPD team) are linked to performance.</p>	NIL	Survey	Respondents were extensively involved or had responsibility for their firms international NPD program	The sample was based on several listings, including lists of alumni of graduate business programs, a Dun & Bradstreet list for North America, and industry lists for European firms. Using self administered structured questionnaire, data collection (by email) took place over 18 months, with 469 firms taking part
34. Bruce et al. (2007)	<p><b>Standardization versus Customization:</b> An ongoing debate in global marketing literature pertains to whether marketing strategy can be standardized or should be adapted to individual global markets</p>	NIL	Case Study	Interviews were held with senior executives representing research and development (R&D), marketing, finance, production, and those groups responsible for implementation of the global launch and associated promotional mix. An aide-memoire was used for each interview, where semistructured interviews were conducted to collect and probe further on various comparative, in-depth information with regards to global launch strategy	Company A is a recognized leader in Kettle control manufacturing and Company B is a leading company in the laminate flooring industry
35. Lee et al. (2008)	<p><b>Resource Based View:</b> Market knowledge pertaining to customers and competitors is a critical resource for firms as they respond to the market and has become particularly important for global expansion</p> <p><b>Network Theory:</b> a foreign subsidiary is an internal information source embedded in an MNC network; thus, the relationship between the HQ and the SUB constitutes relational capital, which is a critical operant resource to facilitate knowledge cocreation and competitive advantage. Conceptualizing the MNC as a network encompassing the HQ and SUB enables an exploration of how network strength directly and indirectly influences the effect of knowledge transfer on new product outcomes.</p>	<p><b>Contingency Theory:</b> suggest an interactive fit argument, in which the impact of knowledge transfer on new product outcomes can be more meaningful depending on the context in which that knowledge is transferred. IN particular globalization trends and technology create environmental turbulence, which compels the headquarters to carefully manage knowledge acquired from their subsidiaries so that the headquarters can navigate their global environments better. Therefore, we maintain that positive new product outcomes are a function of the HQs ability to align knowledge gained from their subsidiaries with the global environments (6)</p>	Survey	Executives who were familiar with operations in foreign subsidiaries.	We drew our sample from the Directory of American Firms Operating in foreign countries. After three mailings we received 139 completed responses, for an 18.2% response rate.
36. Adams et al. (2006)	NIL	NIL	Literature Review	NIL	NIL

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
33. Salomo et al. (2010)	A path model, accounting for the multi-item measurement models, was used to assess the hypothesized main effects among the organization resource dimensions, global NPD team, and global NPD program performance (963)	Manufacturing and Services firms	RANGING from Aviation/aerospace maintenance to basic products (P&P, Metals, concrete, food, etc)	North America and Europe: Data were collected from a large sample of internationally active, business to business firms	Resource commitment and senior management involvement are aspects of the behavioral environment of firms representing the relevant background resources which impact global NPD performance both directly and indirectly, through capability of the firm to build effective global NPD teams (957)	The results show that creating and effectively managing global NPD teams offers opportunities for leveraging a diverse but unique combination of talents and knowledge-based resources, thereby enhancing the firms ability to achieve a sustained competitive advantage in international markets
34. Bruce et al. (2007)	Content Analysis	Manufacturing	Kettle Control industry and the Laminate flooring industry	Europe	Four design categories of channel parameters, country mores, language and colloquialisms, and technology infrastructure appear to have strong propensity to dictate customized design requirements for a worldwide product launch, where greater differences across these design categories would mandate more customization toward each respective global region.	The two case studies on global product launch provide evidence that some degree of customization is necessary in the course of enacting a global product launch (467). The two cases show that customized design decisions will likely pertain to launch schedule due to local retailers calendars, product aesthetics due to local consumer preferences, point of sale and other marketing communications due to language requirements and technology enhancements in light of local market acceptability and both social and regulatory expectations
35. Lee et al. (2008)	Hierarchical regression	Manufacturing	Electronics, Biochemistry, and Software	U.S MNCs	This study builds on the resource based view and argues that knowledge and network strength are the two critical resources individually and collectively influencing new product outcomes	The results show that the impacts of cross-border knowledge transfer on new product outcomes are not always positive, depending on the levels of network strength and environmental turbulence (1)
36. Adams et al. (2006)	NIL	NIL	NIL	NIL	There is absence of a holistic framework covering the range of activities required to turn ideas into useful and marketable products	The review makes two important contributions. First, it takes the difficult step of incorporating a vastly diverse literature into a single framework. Second, it provides a framework against which managers can evaluate their innovative activity, explore the extent to which their organization is normally innovative or whether or not innovation is embedded throughout their organization, and identify areas for improvement

Author	Journal Abbreviate	ABS	Research Question/Issue	Aspect(s) of knowledge transfer mechanism
37. Ambos et al. (2006)	IBR	3	This article focuses on what drives the benefits headquarters can gain from reverse knowledge transfers (i.e. knowledge transferred in from the subsidiaries). It identifies the key variables impacting on <i>headquarters' ability to benefit</i> from reverse knowledge transfer; where benefit is the overall value of a knowledge transfer as perceived by the HQ	NIL
38. Earl (2001)	JMIS: Journal of Management Information Systems	3	This paper draws on primary and secondary data to propose a taxonomy of strategies, or schools for knowledge management. The primary purpose of this framework is to guide executives on choices to initiate knowledge management projects according to goals, organizational character, and technological, behavioural, or economic biases.	NIL
39. Minbaeva (2007)	MIR: Management International Review	3	This paper develops and tests a model that analyses the joint effect of four determinants of knowledge transfer- characteristics of knowledge, characteristics of both knowledge senders and receivers, and the relationships between them- on the degree of knowledge transfer from HQ to SUB	NIL
40. Minbaeva et al. (2003)	JIBS	4	This paper investigates the relationship between MNC subsidiary human resource management practices, absorptive capacity and knowledge transfer.	NIL

Author	Theories/Concepts Advanced		Data Collection		
			Research Design	Research Method	Sampling procedure
37. Ambos et al. (2006)	Knowledge Based Theory: we argue that knowledge is the MNC's primary resource and include procedural (know-how) and declarative (know-what) knowledge	The Knowledge Based MNC: Emphasize the MNCs ability to integrate, combine and create new knowledge. We subscribe to the view of the firm as a network of differentiated roles and responsibilities in which the access to internal and external knowledge networks enables it to continuously create and renew its competitive advantage(296) Analogous to other knowledge flows in the MNC, the creation of value through combination of dispersed knowledge conceptually builds on three assumptions: 1) There is (potentially valuable) stock of knowledge in organizational entities inside the firm 2) This localized knowledge is amenable to transfer, i.e. knowledge needs to flow to other parts of the organizational network 3) The firm has to develop certain capabilities to benefit from the pieces of knowledge and thus ultimately create value(257)	Survey	87% of the respondents filled in the questionnaire personally, whereas 13% delegated it to their subordinates, usually at the directors level (300)	Sample consist of 294 knowledge transfers of 66 overseas subsidiaries to their respective HQ. The European Top 500 served as a sample frame. Restricted sampling efforts to those firms known to operate at least 6 overseas subsidiaries while using direct proportional strata on 10 industries to ensure industry variety (300)
38. Earl (2001)	NIL	NIL	Conceptual	Chief knowledge management officers	The schools have been derived by assembling and classifying descriptive data from four sources: 1) Case study research in 6 companies 2) Data collected from interviews with 20 chief knowledge officers about their roles and experiences and their knowledge management initiatives 3) Workshop discussions of company knowledge management programs 4) Accounts of company knowledge management programs published in professional and academic journals
39. Minbaeva (2007)	Knowledge transfer as a process of Communication: where the transfer process is seen as a process of dyadic exchanges of knowledge between the sender and the receiver, where the effectiveness of transfer depends to some extent on the disposition and ability of the source and recipient, on the strength of the tie between them, and on the characteristics of the object that is being created.	NIL	Survey	The final data set consisted of 305 Danish subsidiaries. Questionnaires were addressed to the HRM Manager/General Manager of the focal subsidiary. If the approached manager was unable to complete the survey, he/she could forward the questionnaire to a senior manager or middle manager with sufficient knowledge regarding the themes of the study (581)	The Hermes CD Direct from KOB was used to construct the data set. The database query was initiated by selecting those firms that were headquartered in Denmark, and then the sample was reduced to those that had two or more subsidiaries abroad. The MNCs included were further limited to those whose subsidiaries employ more than 30 employees. The companies were contacted via phone, their websites and annual reports were scanned, and the results of the previous projects were examined. IN total, 358 Danish MNCs were included in the original sample. Each company's HQ was contacted with a request for the contact information for at least 2 subsidiaries with more than 30 employees. A WEB BASED SURVEY was chosen for data collection due to the time and cost considerations. The respondents were approached by a cover letter sent via email, which explained the purpose of the survey, detailed the research process and analysis procedures, offered follow up reports and related working papers, and provided straightforward directions completing the questionnaire. In addition, a website was established to back up the survey. Respondents were invited to visit the website and read more on the survey subjects and related themes. A link to the questionnaire was provided within the text of the cover letter and the survey was only available through that link, which decreased the risk of potential error (581)
40. Minbaeva et al. (2003)	Absorptive capacity	NIL	Survey	70% of the respondents were general managers or deputy general managers and 30% HR managers	List of subsidiaries of firms with headquarters in Japan, Germany, Sweden, and Finland operating in the USA were obtained from the foreign commercial sections of the respective embassies in the USA. In all, 320 subsidiaries were randomly selected from the lists and HRM managers or General Managers of the subsidiaries were contacted via telephone and asked if they would participate via telephone and asked if they would participate in the study.

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
37. Ambos et al. (2006)	Multivariate OLS regression.	Manufacturing and Services firms	The final sample involved leading MNCs representing such a diverse industries as manufacturing (54.5%), finance and insurance (21.2%), services (including consultancies)(11.1%), trade (8.1%) transport and warehousing (6.1%) (page 300)	Europe:33 MNCs headquartered in Europe	The transfer of knowledge and the benefit gained from it are two separate dimensions and that beneficial knowledge transfer is dependent on many other factors than mere knowledge inflows	Taken collectively, our findings indicate that the efficiency of the MNC as a knowledge integrating institution si being driven by changes in both, the subsidiary's context and its capabilities to process knowledge
38. Earl (2001)	Classification of Knowledge management schools	NIL	NIL	NIL	There is need for models, frameworks, or methodologies that can help corporate executives both to understand the sorts of knowledge management initiatives or investments that are possible and to identify those that make sense in their context (216)	Schools of Knowledge management proffered: 1) Systems school 2) Catographic 3) Engineering 4) Commercial 5) Organizational 6) Spatial 7) Strategic
39. Minbaeva (2007)	Regression Analysis	Manufacturing and Services firms	Sales and Marketing/Manufacturing firms	Denmark (92 subsidiaries of Danish MNCs in 11 countries)	The knowledge transfer process is dependent on the basic elements of a transfer: source, message, recipient and context	The results of this study support the thesis that the success of knowledge transfer is not exclusively a function of the characteristics of knowledge; rather the characteristics of the senders and receivers themselves play an important role. Organizations whose employees have superior skills and willingness to both absorb and share knowledge achieve superior knowledge transfer results. The degree of knowledge transfer is even higher when close relationships between senders and receivers are established(568)
40. Minbaeva et al. (2003)	Regression Analysis	NIL	NIL	Finland, Russia, and USA, German, Japan	Absorptive capability should be conceptualized as being comprised of both employees's ability and motivation.	Results indicate that both ability and motivation (absorptive capacity) are needed to facilitate the transfer of knowledge from other parts of the MNC

Author	Journal Abbreviate	ABS	Research Question/Issue	Aspect(s) of knowledge transfer mechanism
41. Tsai and Hsu (2014)	IMM: Industrial Marketing Management	3	This study draws upon the structural contingency theory to develop a mediated moderation model in order to examine how knowledge integration mechanisms mediate the impact of competitive intensity on the cross-functional collaboration-new product performance relationship	According to the information-processing perspectives proposed by Galbraith (1973), firms typically adopt knowledge integration mechanisms to process the increasing amounts of information associated with cross-functional product innovation activities (294). KIMS ARE DESIGNED TO COPE WITH THE INCREASING INFORMATION FROM CROSS-FUNCTIONAL ACTIVITIES FOR IMPROVING NEW PRODUCT PERFORMANCE. KIMS also enable organizations to increase the likelihood that they will arrive at high-quality solutions, thereby leading to higher innovation performance(295)
42. Egelhoff (1991)	JIBS	4	This article attempts to extend information processing theory so that it can be meaningfully applied to MNCs-sought to develop an information-processing perspective of organizational design that can be used when studying large, complex organizations, such as MNCs.	NIL

Author	Theories/Concept Advanced		Data Collection		
			Research Design	Research Method	Sampling procedure
41. Tsai and Hsu (2014)	Structural Contingency Theory: "we draw on two strands of structural contingency theory, fit-as-moderation and fit-as-mediation	NIL	Survey	This study uses product or project managers as key informants because they typically participate in new product development	To be eligible, a firms most recently completed project must have introduced as least one product that had been on the market for less than three years.
42. Egelhoff (1991)	Information Processing Theory: Theorist interested in viewing the organization from an information-processing perspective generally have focused on environmental uncertainty and how organizations absorb uncertainty as the important contingency concept. (343). The Ref Galbraith (1969, 1973, 1977) who rigorously defined the concept of uncertainty in terms of information processing: "uncertainty is the difference between between the amount of information required to perform the task and the amount of information already possessed by the organization". Effective organizations are those that fit their information-processing capacities (for gathering, transforming, storing, and communicating information) to the amount of uncertainty they face (343). The information processing perspective calls for translating strategic and environmental conditions and organizational design features into	The General Information Processing approach to organizational design: On the one hand, the impact on an organization of its strategy and the environmental factors that it chooses to deal with can be expressed in terms of the information-processing requirements they create. On the other hand, the potential of the organization to cope with these requirements can be expressed in terms of the information-processing capacities furnished by its organizational design. The strategic and environmental conditions include all those factors that are external to the organization's design and that influence the information-processing requirements of the organization. These include technology, size, environmental change, environmental complexity, subunit interdependency, and goals. (345)	Conceptual Paper	NIL	NIL

Author	Method of Analysis	Level of study and observation			Key arguments	Key findings/contributions
		Sector	Industry	Country		
41. Tsai and Hsu (2014)	Multiple Regression	Manufacturing	NIL	Taiwan	Given that firms have to provide the structure mechanisms for cross-functional collaboration to be implemented, the impacts of competitive intensity on the performance effect of cross functional collaboration reflect in the mediating role of KIMs	The results show that 1) Competitive intensity weakens the effect of cross-functional collaboration on new product performance 2) Knowledge integration mechanisms mediate the negative effect of competitive intensity on the cross-functional collaboration-new product performance relationship
42. Egelhoff (1991)	NIL	NIL	NIL	NIL	The paper argues that information processing theory is an attractive candidate for extending MNC research to include a theoretical framework that could explain or support hypothesizing the relationships between organizational design to a variety of strategic and environmental variables (342)	Defines a more explicitly multinational framework to measure both the information-processing capacities of organizational design and the information-processing requirements inherent in an organizations strategy and environment.

## **Pilot-Study**

### **1. Presented the research at a Departmental Conference**

A pilot study facilitates the proper scaling and costing of a research proposal (Sampson, 2004). In order to cost the research for time, resources and feasibility, it became necessary to present the research proposal at a local conference. It was the intention to be able to get feedback from a panel of academics who could criticise the work and even offer ideas on how to most manage the research project when out there in the field. Sampson (2004) observes that such an activity could help to take much of the ‘guesswork’ out of estimating requisite funds for the research, and this can have a positive impact in minimizing the risk the researcher is exposed to in the conduct of the field work.

The presentation was done on the 4<sup>th</sup> December, 2013. It was the Marketing and Business Strategy subject group departmental conference, hosted by the Hull University Business School (HUBS). The audience consisted of a panel of 4 academics; one Professor and 3 Senior lecturers, the rest of the audience was made up of roughly 15 PhD students that were also allowed to throw questions at the research. This was an opportunity to put the desktop analysis done in the first instance to the test. Getting criticized by the panel was one of the main reasons why it became necessary to present at this conference. Undoubtedly, the panel was going to raise very relevant questions about the subject, challenge the answers found to research question 1, and maybe even proffer ideas on how to progress into field work. The role of such an activity in qualitative research cannot be overemphasized, because it again highlights the importance of the pilot phase, which can be regarded as essential before large

amounts of time are invested in a project, particularly in the context of today's social science which is frequently strictly time bounded and pressurized" (Sampson, 2004).

The benefits of presenting at this conference were enormous. In specifics, the panel was very concerned as to how the data collection was going to be achieved. The potential problem of getting access to these financial institutions was tackled in detail; one of the panellist mentioned personally researching financial companies and highlighted the potential risk factors that might be associated with such a study. In sum, it was said that, getting access to multinational financial companies becomes a difficult task and must be approached wisely in order to achieve the research in the given time.

Major suggestions included speaking to people in banking who might be able to give further advice, knowing how to adjust/ fine trim the study if the need arises, knowing how to manage the timing for the project effectively and trying out the study on one bank firstly, before going all out into the field.

## **2. Telephone conversations with International Bankers:**

Following on from the conference was a need to speak to a few industry experts that might be able to advice on the feasibility of the study. Considering the fact that there has been no contact with anyone at all in Banking, this becomes one of the crucial phases of the study. Fortunately, 2 family friends have worked in international banking and were very willing to give counsel on the possibility of achieving the study. One of them is the regional head of collections (West Africa), Standard Bank Group. The second individual is a Director on the board of Keystone Bank Ltd in Nigeria.

These were open conversations based on the sample questionnaire that had been prepared, it probed into the knowledge transfer mechanisms that had been identified using the desktop analysis, seeking to unravel the research in the context of international banking. These were telephone conversations and were not recorded; these were used to infuse the study with more confidence. The consequent results of undertaking this activity also yielded fantastic results. In fact, the whole study gained relevance and became significant after this exercise. The possibility of not just a potential contribution to literature but also the likelihood of coming up with something very applicable to industry was certainly highlighted at this stage. These two experts gave wise counsel on how to approach the data collection, how to approach interviewing high profile Managers, and issues of confidentiality when dealing with banking institutions.

### **3. Sample Questionnaire with CEO of Diamond Bank UK:**

On the back of speaking to the two industry experts, the work proceeded by pilot-testing a sample questionnaire that will be used subsequently for the semi-structured qualitative interviews in the next phase of the work. At this stage it became clear that the study was doable. Most importantly, it became possible to answer research question 2 at this stage. It became clear from the answers obtained from the CEO of Diamond bank UK that these knowledge mechanisms do exist and also lead to the effective transfer of knowledge. For a pilot to facilitate the proper direction of research lines of enquiry, to minimize researcher risk and resource wastage, it must therefore be undertaken with considerable care and must be complete in underscoring the research design (Sampson, 2004). I imagine pilots to be of greatest potential benefit to qualitative researchers at the least relational and more scientific

end of the qualitative research continuum. I specifically believed that while they were important in ethnographic research, they are likely to be of most use to those planning to utilize semi-structured, and informal, interviews in their data collection (Sampson, 2004).

## Letter Requesting Access

Dear Sir/Madam

### **Requesting access for my PhD research**

My name is Sooter Nomhwange, a PhD student at the Hull University Business School. I write to invite your organization to participate in my research.

The research project focuses on exploring the transfer of knowledge frameworks in the financial sector, and it is anticipated that the findings from the project will be of benefit to your organization, as well as, will be submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy in Marketing.

Necessary precautions will be taken to protect the identity and the privacy of your organization. Should any participant have any concerns, it will be possible to contact the Secretary, HUBS Research Ethics Committee, University of Hull, Cottingham Road, Hull, HU6 7RX; Tel No +44(0)1482463536.

I will be looking forward to hearing from you. Thank you so much.

Yours Faithfully,

Sooter Nomhwange.

## Interview Guide

### **Context of Research**

The context is International Business. The study is focused on investigating *intra-corporate tacit knowledge transfer* strategies within multinational banks. Tacit knowledge is hereby defined as “experiential knowledge”; knowledge based on the experience of the staff. It is presumed that tacit knowledge indwells in the minds of people, and hence is difficult to transfer across country borders.

An intra-corporate tacit knowledge transfer strategy could for instance be, the transfer of staff from the headquarters to other subsidiaries or vis versa, due to the work experience/capability that such staff may possess. It could also be choosing staff to participate in multi-subsidiary executive programs or corporate mentoring programs. A common tacit knowledge transfer strategy notable in the academic literature is the transnational team structure; this is a work group composed of multinational members geographically dispersed in different countries, and is founded upon the principle of assembling tacit knowledge located at dispersed units to enable the creation of new knowledge for the development of products, processes, and services for multiple markets.

## Interview Questions

### **1. Does your bank have a tacit knowledge transfer strategy?**

Prompts...they might be using KTS for each type of business they do  
(Transnational Teams, Corporate Socialization, Staff transfer)

...if not, could there be reasons why?

### **2. What are the factors that determine whether your knowledge transfer strategy works?**

-The efficacy of the knowledge transfer strategy

### **3. Does knowledge transfer work to assist in achieving goals/ How does this feed into the goal of being the best bank?**

### **4. How does your organization define success?**

-How does it measure its success?

-Does the parent bank have to be happy with your measurement of success?

-Does your bank meet the targets for success?

### **5. Any other comments?**

## Company A Transcription

**Michael:** of course we have competitors but there is no bank that does everything that we do, for example, one of the most successful business units is structural commodity trade finance and there are people that also play in that market like standard bank, standard chartered. Then we do things like property finance and standard bank, standard chartered, won't touch that sort of thing..people will automatically think that the Nigerian owned banks in the UK are a direct business but only Zenith bank does a few of our products, the other banks are far too small. Zenith Bank is the only real competition that plays in a number of our markets.

So i will say that we are a fairly type of unique bank and I understand that what you are interested in is knowledge transfer

**Sooter:** I didn't want to make it too technical, so you don't want to give out information you don't feel comfortable with. So the knowledge side of things of just more of the "experience of the staff"...the idea itself is trying to say that if you are serving a unique set of customers, if it was Nigerians for example, you might need people who have the experience of maybe banking in Nigeria or banking in other places where they could understand the products you are offering and so, and transferring people from Nigeria to London for example would be the transfer of knowledge, so you could use these staff for a specific clientele or if you have to get your knowledge transferred from other bank within London, so you could help your business because it is not very Nigerian tailored then you need knowledge to be transferred from within the location of London..that's just the idea really

**Michael:** Let me just correct a few misconceptions. Nigeria is an important part of our business but it probably only accounts for about 40% of our business. So we have very specialist knowledge within the organization and these specialist knowledge is around 2 things, one of it is trade finance operations; now where that causes a problem; if you look at most trade finance operations in international banks the average age is about 55 years and that is a big problem, and it is getting older. Youngsters don't want to get into this sector, it is a very manual process and some people consider it a really boring process. The process involves document checking, even down to the commas being in the right place, so it is a very precise art, older people tend to be good at it. Now, that creates me a real problem in terms of risk management, because what do I do in 15 years time, for instance ive got one gentleman working in a department, he is 72 years old he doesn't want to retire, he is as good today as he was 20 years ago, no intension of retiring but what happens in 10/20 years time? And thats not specific to Subsidiary A, that is specific to the industry, it's a real problem. Some banks even consider coming out of that sector

**Sooter:** and that's one of the major things you do, isn't it?

**Michael:** it is...we've taken on an initiative to actually bring in young people, try to get like apprenticeship schemes- we do have young people join the bank as Graduate trainees but this is not something that will interest most graduate trainees, perhaps we want to take on school leavers at 16 or 18; introduce them into banking but you've got to make it interesting enough for them.

Trade finance is still a very important part of the finance sector but it is declining because as there is less dependence on emerging markets...as emerging markets become emerged, there is more trust and you would do more open account trading but you don't need to rely

on that kind of...the real document flow and the control over the whole transaction- this can be more relaxed

**Sooter:** globalization of markets?

**Michael:** exactly, that's another reason that makes it in less demand, but continents such as Africa are rising and there is more trade, so there is a lot more trade finance, whereas perhaps, India, China are not doing so much in trade finance...Africa definitely continues. So knowledge transfer, we have to mitigate that risk ourselves and ensure that we transfer inwardly. The other area of specialization is something called Structural Commodity Trade Finance. Now, this is where we are financing transactions end to end, an example of that could be, we finance cocoa while its still on a tree and we would take it through all of the various supply chain all the way up to delivery to Nestle and 90 days after delivery- its supply chain financing. So typically, our borrower would be a blue chip name, a major trade house, a major oil company...someone that's generally top of the tree and the structure surrounding those facilities are very complex and there's not that many people in the market that do it/ that have the experience, so if we recruit people we have to go to companies like standard chartered or standard bank where if they are good you have to pay a lot of money and similar to what i explained to you earlier about trade finance, we will train our staff and we will perhaps pick up potential- people who identify throughout the organization, the graduate trainees, those sort of people who find this sort of financing thing interesting and they can see potential in it- that type of business probably accounts for about 50% of our business, so it is big money. Erm, just to give you an example, over the last year that particular sector turned over about 5 billion dollars

**Sooter:** that is your structural trade finance?

**Michael:** Yes, that's a big number for a small bank like us, our balance sheet is about 2.5 billion pounds so, twice the number of our balance sheet from that sector

**Sooter:** wow that is very niche

**Michael:** it is very niche. Erm, say why don't your competitors enter this market? There isn't many people out there who know about how it works, so your staff are constantly been approached to come and work for us more money

**Sooter:** Your staff?

**Michael:** Yes, so you have to protect your knowledge transfer by making sure you look after your staff, you pay them well, you make them quite comfortable, but you know obviously staff will leave because there is only a certain amount of money you can pay. So, that's another area of approaching the knowledge transfer- it's a concern

**Sooter:** so just to clarify, your business is not focused that much on Nigerians?

**Michael:** that particular business STCF is virtually is non Nigerian, we have exposure to I think 26 countries in sub Saharan Africa dealing 40 different commodities

**Sooter:** am guessing that if you have that exposure to 26 countries you will have to have teams you will work with obviously because there is something in the academic literature called transnational teams, where you have people located say here in the headquarters and people in other countries working together on a certain project?

**Michael:** we don't actually have offices in the **26** countries but we make sure we have very close relationship with counter parties in those countries. So, as i sort of explained, our customer base is very small, probably only about 20/30 customers, but these are top trading

customers...if I mentioned the name you will know the company but I won't mention names, they are household names. So you have a certain risk profile as you are dealing with the top five in one sector, which reduces the risk. Yes, we follow the transaction very, very closely, that doesn't mean we don't have an outfit say in Malawi, but we will have a Collateral Manager, we would have a local bank, we would have a local law firm, a local transport company, we will have relationships with all these organizations to ensure we mitigate our risk at every part of our transactions but you cannot carry out this type of financing seating in London in your plush office...these guys are constantly travelling..It's a team of about 12 people in STCF, of those 12 I can say 3 are constantly travelling in Africa

**Sooter:** So it's pretty much like networking with all those stakeholders to get your business done

**Michael:** Yes. I mean other banks such as Standard Chartered; they can do it with actual presence, they have presence on ground which is important and i will say they have an advantage there, however, because they are such a mammoth organization they will have more bureaucracy than we do have here and hence, we are able to turn things around quicker, give a better service to our customers and we are probably one of the most expensive in the sector but I would say we give a more better service and customers stay with us because of the service level and the reactivity rather than the pricing

**Sooter:** So now I get a clear picture of what kind of business you do...

**Michael:** Very specialized!

**Sooter:** So how do you define your success as a bank, seeing that you are very much isolated from the headquarters, do they tend to tell you what to do in terms of staff hiring and all that?

**Michael:** we have no headquarters, we are a wholly autonomous bank, and we are 100% subsidiary of Company A. However because we are FCA and PRA regulated we have our own balance sheet, we cannot be told by our parent what to do, they won't allow that in the UK, you have to be wholly autonomous. Yes, if our parent wants us to go in a certain direction then it will go via our board and our board will decide- is that prudent? Obviously our Parent has a presence on our board; it will decide who the board members are. And we cannot forget that our Parent has been extremely supportive of us. The reason that we've been so successful is because the Parent has continued to support us with additional capital, staff as will be required; they will appoint certain positions in the bank, etc. So, we are a separate entity, however, there is a very keen focus that as Company A has continued to expand out of Africa that we truly act as a group, so the ethos of the bank is ONE BANK, so wherever we think about doing business, say we have to do business in Guinea...how can we work with our group or how can we work with our parent on this? So, we are always thinking about the first bank group...and also with regards to knowledge transfer, it is important that we have secondees here. At the present time we've got a secondees in our compliance department from our Parent because it is very important that the knowledge transfer from Subsidiary A to Company A and also that Subsidiary A fully understands all of the compliance concerns in Nigeria. So we are making sure that we have that knowledge transfer. And most important is that the Company A acknowledges that the regulatory environment in the UK is probably one of the toughest in the world, and Company A being the oldest bank in Nigeria, by many measures the largest bank, want to lead the way in regulatory compliance and adherence and therefore has decided that it will set its standards for the Company A group to the highest level. So throughout the group it aims to reach UK standards, therefore that's the reason they want to place compliance secondees within

Subsidiary A to make sure that all compliance staff within the Company A group have a very high level of knowledge. That's the way that knowledge transfer is important when you are within a group

**Sooter:** Like you've said, this knowledge transfer is happening within the group and obviously regulation in the UK is very tough, are you then of any help to your parent bank, with regards to improving the way things are done, do they require anything like that from you or?

**Michael:** Most certainly, many different fields not just compliance. Company A as you would know is very much a retail bank as you would know, most of our staff within Subsidiary A come from international banking experience; the London market has lots of international banks in it, so most of us are in that sort of field, up till recently Company A has had a very domestic focus, its only recently expanding within the African continent, therefore, it has used our expertise in international banking to make sure that we are going in the right direction

**Sooter:** Obviously, it's quite a niche business you do, how do you measure your success?

**Michael:** I think there is a number of ways of measuring success. Profitability is a key measure but profitability on its own is a dangerous measure, so we are not just focused on profitability. One of the most important things, a most common thing will come up here- regulatory adherence. Our reputation is far more important than profitability and therefore we must always ensure that we do not fall foul of the regulator. There is a big cost to that, the cost of compliance is huge, just to give you an idea, in our London team we have around 140 staff and roughly 10% of them will be compliance. And on top of that, many other staff throughout the organization would have a compliance contact. I would guess that

the cost of compliance today within the bank would be somewhere in the region of 20-25% of our total cost

**Sooter:** that's huge

**Michael:** it's huge. But if you want to operate in banking today, you have to...it's comply or exit, so there's no middle ground because if you fall foul of the regulators you could be finished. And you see the huge fines that banks are getting most recently. So, measure of success...I will say...Longevity; we've been in London for a think 38 years but on our own as Subsidiary A since 2002, we are about 13 years old now. Awards, 5 in a row we've won best trade finance bank in West Africa and i think thats another measure of success. Staff retreation, this is very important, i think within the industry staff retreation runs for about 4-5% . Here, it has been increasing because staff numbers have increased and it's still between 1 and 2 % because generally we have a happy work force- staff are content, I think one of the things we do is try to achieve the right work/life balance, i think it's important to have the right work/life balance

**Sooter:** how about in terms of the staff, you obviously hire them because of the experience they have, how does their performance help with customers?

**Michael:** Once again, customer retreation. I would say that, it's quite difficult to get a customer through the door to start with, because you are perceived as a Nigerian Bank, but we are not a Nigerian Bank, we are a UK bank with Nigerian shareholders. Whichever way you skin it I don't think there's any difference but customer perception- they've got their perception about how a Nigerian Bank works, but once you've got them through the door, which is quite a difficult thing to do... the global financial crises helped us immensely because during the global financial crises most of the big banks closed up for business, they

didn't have any liquidity to lend, so the major trade houses had to look for alternative sources of funding. Now, myself and other senior staff members have worked with these major traders in the past in other organizations, so they know individuals within the bank and we were approached...Mike, are you open for business...am not sure how to deal with a Nigerian Bank...but once they came through the door...these customers can now be impressed by the level of service they are receiving. And I think one of the important things in Banking now a days is...there is a perception that the computer rules everything...computer says no, or there is no personal interaction, even if you were dealing with a major trade house...customers like personal interaction, they like to speak to someone they know. You will also find that in most of the major banks now a days customers cannot get to decision makers, they put walls there to make sure that the Chief Risk Officer is never exposed to customers. Okay, I can see why you don't want , maybe you don't any sort of bribery and corruption or attempts of fraud. But i think if you are dealing in territories where there is higher risk, i need to see who i am dealing with, i need to go unto the ground and access all the risk and you cant access risk from an office in London. If you are lending in Abuja or wherever, you need to get there and see that the person is real, the cocoa is real...you need to access all your risk by personal interaction. Customers are very impressed, this is what i will say is a bit of old fashioned banking, you know who your bank Manager is you know you can actually speak to him 7 days a week 24 hours a day if need be and they can speak to the Chief executive, the Chief risk officer...we are approachable., and thats how we win, thats how we retain business as well.

Back to your subject knowledge transfer, we make sure that we understand our customers business, we actually put our members of staff into their organizations...how can i assess someone's risk if i don't understand how their business works? I think a lot of banks now

adays because they are big enough to play the numbers game and have their numbers going don't need to do this...We are a small niche bank, I need to truly understand your business if I have to led you 100 million, 200 million...I can't afford to get it wrong

**Sooter:** you've touched on this already but the last and final question I had was, does knowledge transfer work to achieve your goals/your performance as a bank?

**Michael:** I think it is essential, and it's crucial for the survival of the bank. The day that knowledge transfer stops, is the day that bank will probably stop. We could go back to mainstream,...a little bit of history...when I first joined the bank we were doing very simple correspondent banking, and the reason for that was, apart from ourselves and union bank, we were the only 2 Nigerian banks in the London market...Union Bank was pretty much asleep and Subsidiary A was doing about 80% of correspondent banking for Nigerian banks back home..that was easy business, it's what I will call bread and butter business...doesn't need a lot of knowledge.

I was approached to come and join Subsidiary A because the likes of Zenith and the likes of all the other Nigerian banks were lining up to get a license to come in and very rightly the CEO at that time identified that the first business these banks were going to take is the easy business...correspondent banking...and whereas Zenith in Nigeria were using us as their correspondent in London, as soon as they opened up their own office in London we would loose that business straight away cause they will do it themselves. So, the bank took the decision to recruit knowledge into the organization, I was brought in having done this type of business in another organization and the target was to build a sustainable business that would be difficult for other banks to replicate...so thats how we are where we are today...and also why it is difficult for our competition to replicate what we do.

**Sooter:** So based on your personal experience have you loved it at the bank?

**Michael:** Yeah, look I've worked in and around Africa for about 30 years. For different organizations and most of time in and around Nigeria. When i left my last organization; i had had a lot of approaches by the majors'- the standard chartered and all those sort of people. Firstly, I like to work for small organizations...Secondly, I must work in Africa it's the place that interest me..Every day is different, no deal is the same. Yeah, so its interesting business, very interesting business and its continuing to emerge and there will be some real success stories

**Sooter:** wow, thank you very much

**Michael:** Your welcome

## **Company B Transcription**

**Sooter:** Hope you found the notes okay

**Sue:** Yes, we've read it Tony and I... we are quite a good case study

**Sooter:** Okay, what I thought was since you are now part of Company B; it's a much bigger organization, and it's a nice setting to study knowledge transfer, cause been a Spanish Parent and then...

**Sue:** Yes, it's true and I think Tony and I will have a few examples as well to be able to give you. Do you want me to just give you a brief explanation of where Company B is globally? Tony and I can talk a little about background

**Sooter:** yes, that will be great, much better

**Sue:** So, I know you've put that Subsidiary B is a subsidiary of Company B, and that is true but however it's quite an interesting group model in that each individual country business is in effect separately managed and not ring fenced as such but yes, completely separate as an entity to the group. And that's why we are such an interesting example because each country is completely separate in its funding, its management...

**Tony:** Regulatory environment is different and effectively Subsidiary B has a one shareholder which is Company B

**Sue:** Although we are a wholly owned subsidiary, it's not a standard bank group model. Tony and I both worked for RBS group before we joined Subsidiary B. Tony has been with the company for 5 years and I've been here for 3. My background was more corporate, Tony's retail/private banking...so we've got a different view of that. RBS was another

global bank as well which didn't do quite as well in its tacit knowledge transfer did it? I guess our joint experiences are quite interesting from this perspective.

So each country has its own governance and we are in the process of standardizing that across the group internationally however, they are all run separately; as separate businesses. So, Company B has 10 geographic locations at the moment, so, that will be a test...Brazil, Mexico, Chile, Spain, Germany, Portugal, Poland, the USA, the UK...so 10 geographic locations. It has the biggest branches network in the world for any bank

**Tony:** 25,000 branches world wide

**Sue:** and the head office has just undergone a big transformation this year...i don't know what you know about the political nature of Company B but it is actually governed by a family. The president of the group and CEO of the world wide group and her father was previously the executive chair and he died in office about 6 months ago at the age of 79. She was the head of the UK bank at that time and has been elected as the executive chair that has got to run the global group. So there is a family dynasty involved in this as well, although they don't hold majority shares it is interestingly a family dynasty

**Tony:** Initially, it was a regional bank and through a series of very smart acquisitions globally by its grown to 10<sup>th</sup>/11<sup>th</sup>/12<sup>th</sup>, depending on which way you look at the market capital, biggest bank in the world and the biggest bank in Europe

**Sue:** Interesting isn't it? That's a little background, and all of that is public information so we are not disclosing insider information

**Sooter:** Yes, I read some of it

**Sue:** it is an interesting group because Tony and I's background is 20 years each in RBS and that was just a mighty corporate entity which acquired banks and assimilated them into one structure and Company B is not managed in that way and raises funding in its own separate base

**Tony:** So, typically what would happen is say Mexico, Chile Poland is...when Company B has acquired a bank.....typically when that internal country bank of Company B gets to a certain size they will float a percentage of it...typically 25% of it as an IPO to raise capital to strengthen the groups position or to finance further acquisitions or developments of the bank within that country

**Sue:** So, they raise finance on their New York stock exchange for our Mexican subsidiary about 18 months ago, didn't they? And then that money went back to group and they acquired another bank in Poland with that funding

**Sooter:** that's an interesting strategy. Wow, that's really good because now its going to be interesting to see how the transfer of knowledge works between the countries and within the group itself as a whole. Ill just go straight to it...in the literature we've got stuff such as, even if a staff was transferred from say a branch somewhere else to here because of the knowledge they have, that will be knowledge transfer, so it is based on the experience of the staff. As well as there is...for instance, if you had transnational projects where you were working with people in different countries and trying to develop a product for example...

**Tony:** there is quite a lot of that isn't there

**Sue:** Loads

**Tony:** In Madrid, so there is a business school in Madrid for the Group which acts as a knowledge hub and from time to time we'll all go twice a year for sometimes courses, investment in our development...often it is linked to knowledge transfer between countries, best practice if you like, so a good example of that is recently, in Chile they have a really strong CRM (Customer relationship Management) tool, world leading in terms of banking customer relationship and they have spent quite a lot of time being here and we have been over there to see them and we are implementing a fairly sophisticated version of what they have done here in the UK to improve our own CRM capability to create a contact strategy

**Sooter:** so, how often do you get staff going to the business school in Madrid?

**Sue:** Well for Tony and I, at least once a year for 3 or 4 days. There is an annual global conference and I would go to that annually at least. Shareholder conferences, annual general meetings...I went to that last year for 3 days...its people from all over the world

**Sooter:** is that people from all over the world within Company B?

**Sue:** Yes

**Tony:** They will often have meetings there so they will have a meeting of the digital heads of the business...so Mitchell Kent who is our digital head...digital director..she will travel to Spain...so they share digital knowledge

**Sue:** Yes, so the American, The Polish, the Mexican, the Chilean, everyone who has that particular role in each individual country will travel to go exchange best practice and communicate with our head office people

**Sooter:** that is fantastic!

**Sue:** it is quite smart isn't it?

**Tony:** I suppose the university's network will be part of that wouldn't it?

**Sue:** So, separately, completely to the branch network, we have a programme which we call the Universities programme and Tony can talk a little bit about that, that is run out of our group head office isn't it? But a global operation

**Tony:** Separate division globally and this is probably the Presidents' brain child, in that, what he wanted to do was create a spirit of knowledge development and knowledge sharing with universities in each of the countries that we are represented. We would build relationships with some of the core individual universities...typically in the UK i think we have about 50 relationships with universities, business schools including Oxford and Cambridge, Cranfield Business School...Hull isn't one interestingly at the moment...Leeds, Sheffield, Huddersfield...lots of the main universities and we would fund internships, we'd fund scholarships, and we'll also have a branch on the campus/university and that will facilitate us working closely with typically the business schools in the university entrepreneurially as a hub for meetings

**Sue:** We tend to fund Masters Programs don't we? Particularly ones requiring global travel and so on and we have thousands of universities signed up globally, so in Brazil for instance there are over 200 centres of learning excellence that are aligned to us within this programme and in south America in particular we do a lot of sponsorship because funding is completely different for university education

**Sooter:** Do you suggest to schools for example anything that can be taught to the students cause you might be recruiting from there as well

**Sue:** Well, I can give you an example of how that works...I sit on the advisory board of for instance the University of Sheffield and the University of Huddersfield, particularly because I am local to those. I am a representative of Company B on both those advisory boards and my role there is to give the business school up to date knowledge on what is going on in finance and education and how we would for instance facilitate the students developing their own careers and that also enables Company B to connect with other people from other industries, local politicians, people in the university as well...so a typical board would be..talk about the board at Sheffield..the head HR for Telefonica sits on that board...Company B and Telefonica have a very strong global relationship and she and I have built and exchanged knowledge on how we can work together...because for instance we have an incubator unit and we designed wiss advice for Telefonica because of that relationship...so there you see, we seat around a board together and Company B are offering internships and support to the university and giving them advice on what we require from their masters and graduates when they come into roles and further employment

**Sooter:** For you personally as a bank, how do you see the knowledge transfer, is it helpful, as in...with regards to your improvement..do your staff improve in performance...how does it improve the efficiency of the staff?

**Sue:** Global Management development...the Madrid element is definitely about uniform but global knowledge isn't it? So the head of businesses in all the 10 countries are learning together and exchanging knowledge and information and support building support networks together. We do have our programs for individual staffs as well, don't we?

**Tony:** We do yeah, even somebody that would work on the counter in one of our branches...they could go to another country to gain some experience, say the USA or Spain and vice versa

**Sue:** Any member of staff can apply for that...that is open to any member to apply and we've just had one of our cashiers from Leeds whose got a Spanish speaking degree and can speak fluent Spanish has been sent to America, however, the point is we are taking UK best practice and sending quite a young member of our team to spend 6 months in the US learning about their networking, how they work, and bringing and exchanging that knowledge. She will then come back into the UK with that knowledge and share that. So we have those programs running all over the world.

**Tony:** we could use Victorio as an example, Victorio is at the same level as me in the organization, he is running the transformation process around upscaling of knowledge and optimization of the branch network. He is from a Brazilian background so he worked initially in brazil, then he spent some time working in the business school in Madrid before getting a placement to the UK...so Brazilian knowledge, global knowledge from the business school, into the UK , transferring and sharing of that tacit knowledge that he has acquired on all those different placements, sharing it and eventually that will come to an end and either he will go somewhere else in the group or back to Madrid or wherever

**Sooter:** So that definitely contributes to your overall strategy

**Tony:** Yes, this isn't just directors and executives, all levels of the business there is a formal program that people can transfer knowledge between countries right across the group

**Sooter:** that's great; I have sort of divided it into 2 halves, we've finished on the knowledge transfer bit, number 4 is how does Subsidiary B define success, so how do you measure your success? Does the parent bank have to be happy with your measurement of success?

**Tony:** Well, I would say, they would have to be happy and they would set a lot of the financial objectives, the strategy, the vision if you like, and core objectives of Subsidiary B are quite clearly set up. So the vision will be to help businesses and people to prosper and under that there are some goals which are linked to those objectives. So how would we define success in...people and businesses prosper...we use the compass to guide us and there are four quadrants to the compass..it's a typical balance scorecard..people, customers, shareholders, and communities and we have goals in each of those quadrants, there are 17 goals in total. For instance, one of the goals under communities is to give 500,000 days worth of support to communities here in the UK. For instance what Sue does on the advisory board, would be giving back to a foundation/ a community. I sit on a charity board so I had a meeting for half a day last week about raising funds, linking Company B to the charity and the community for a regional charity called empowering youth foundation...that would be half a day that i would give back, even down to branches, they would do fund raising in branches, they would go and paint a cricket pavilion at a local community, so there is a days goal linked to our staff across all of the different constituent parts of Subsidiary B supporting those businesses. And then if you think about what would be a shareholder goal...it would be to get 4 million loyal customers, so that 's a key goal and we are at about 3.6 million...our aim is to get 4 million by the end of this year

**Sue:** but they are the metrics that our branches, so no one who works in our branches has a target at all other than these very generic ones. So how that factors up into our group is we have specific financial goals for the group which are about global capitalization in

particular and one of our goals is to be a top 10 bank we are round about 11<sup>th</sup> but that is a major goal for us. So each individual country has a compass just like the one we have...because she used to run the UK interestingly now she is executive chair taking all the best practice she acquired in the UK...she is a Spanish national and part of David Camerons advisory team...and is moving over across the group globally...so for instance this simple personal fair banner that we have in the UK, that is now been translated across the global group. So that if you talk to people in Company B in Brazil, they talk about simple/personal/fair...and thats where you see some of the knowledge that she is globally transferring across the group...its quite smart isn't it?

**Sooter:** Yes, it is...that's about it really, if you've got any other comments

**Sue:** Infact, the UK is the largest profit contributor to Company B

**Tony:** 70% uplift from the prior year. We've had a good half year, although we would still be very concerned about managing the business very very tightly, you know banking is changing incredibly quickly, digitalization as well as globalization of financial markets, new entrants coming in with very low cost base so we have to be lean, agile, and innovative to be able to compete and grow our market shares in our various countries, so thats something that occupies our minds

**Sooter:** this is sort of done in manufacturing companies, there has been a lot of work on it and tacit knowledge is quite unique and strategic for growing businesses so, i sort of noticed it hasn't been really researched in the literature for banks, so its been really interesting to explore it

**Sue:** it is a very interesting group, Ive been at NatWest and RBS for a number of years and there was none of this exchange of knowledge. I mean, Company B is a smart organization

**Sooter:** Cause its part of the global picture isn't it?

**Tony:** the main difference is RBS compared to Company B was very internally focused, its almost monolithic survival of self rather than a bigger entity whereas Company B is much more about... and the way that we will be appraised as well would be to an extent on what we will give back to other parts of the business, whether that's globally or different divisions in the UK

**Sue:** what is interesting is, we are on personal terms with our executive president/chair...we know her enough to speak to her...it's not a flat structure..Spain is a very hierarchical society; nevertheless she has huge impact globally hasn't she? How this helped?

**Sooter:** yes, very much, thank you very much!

**Sue:** if we find anything interesting with our press releases and so on we will send you some links to that as well, will that help

**Sooter:** oh yes it will

**Sue:** it is a fascinating group...Company A is not on the same scale i guess?

**Sooter:** No, it isn't

**Sue:** Well, Michael thought it was a very helpful discussion because it's made him think about his own knowledge transfer and how they can enable that more

**Sooter:** okay, okay...has this been helpful at all?

**Sue:** yes

**Tony:** it's always good to talk about stuff, good to reflect on what we do well and what we could do more of probably. Maybe at local level we could do better

**Sue:** especially as we'd have to go through a huge restructure

**Tony:** that's going to have to be a core part of it

**Sue:** and there is more awareness...even on a local basis, i.e, in the UK that skill sets are transferrable and that tacit knowledge is very useful. I mean I just came from the corporate bank, I've been 25 years in corporate banking and now I find myself leading a part of the retail bank and I've only been here for 12 months. So I suppose my tacit knowledge is people, leadership, and psychology and so on and Tony and I both brought that wealth of experience from RBS and it is just interesting how the business is trying to encourage that movement across boundaries that at one stage would never have been breached

**Tony:** I think as we design internally what future branch and future structures look like how we more independently like with other parts of the bank like the work we are doing...corporate more working closely with retail...there's been pockets of success but we won't say we have nailed it really, as right as we could do so we are missing potential by not transferring that tacit knowledge quite effectively as we should

**Sooter:** oh wow, thank you very much

**Sue:** You are welcome!

**Sooter:** we've been told to pick something really specific, really small to research cause the literature is so large and you might not be able to cover everything within the time frame of the PhD, so I kind of just went for that specific topic

**Sue:** that makes sense, and actually we do a lot, we do more than you think, you don't appreciate some of the involvements

**Tony:** yeah, champion role is a tacit knowledge transfer really isn't it?

**Sue:** yeah, they are. We do that quite a lot don't we? But i think particularly, globally they are very smart, we've got a lot of organizational tacit knowledge and we use that very wisely. I came from corporates, the heads of corporate, the heads of our underwriting meet up at our head office quarterly to discuss risk, you know, global risk, local risk, best practice and so on...it's quite structured and we have just made a number of appointments at our head office haven't we? People to oversee this things globally

**Tony:** and even moving people from spain to here...so the new CEO of the bank that we will have within the ring fence...the SME bank...is from a Madrid business school background, so he has done some global roles in retail and corporate banking. So he has understood the world knowledge and he is going to be the CEO of the SME bank in the UK and he is Spanish, they all speak beautiful English don't they?

**Sooter:** thank you very much

**Sue:** your welcome!