

Gordon Institute of Business Science

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**The level of interplay required between expatriates and locals in a MNC's
subsidiary to effectively transfer knowledge in order to gain strategic
competitive advantage**

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

7 November 2016

Abstract

Understanding the interplay between expatriates and locals and how that has an effect on knowledge transfer within a Multinational Corporations (MNC) is key to increasing strategic competitive advantage (SCA). The literature has shown that various factors such as effective knowledge transfer, knowledge stock, and subsidiary autonomy, amongst others, are factors which increase subsidiary performance. Although the literature proves how important the expatriate and local is to the transfer of knowledge, there is little about understanding the workings of this relationship. This study explores this relationship and seeks to establish insights into the interplay between expatriates and locals and to understand how this expedites knowledge transfer from a parent organisation to a subsidiary, which ultimately increases strategic competitive advantage.

Qualitative exploratory methods were used to gain insight into the interplay between expatriates and locals within different MNC subsidiaries. Twelve semi-structured depth interviews were conducted with separate respondents from separate subsidiaries of MNC's. The interviewees were of management level and had a good understanding of their company and the topic being researched.

While trust was a factor that came out as one of the major findings, which was congruent with the literature, there were other new insights which emerged. The key findings of this study were that cultural understanding, openness to people and change, and working towards a common purpose or goal are key factors in the moderating role of knowledge characteristics between these two actors. Creating an open collaborative learning environment where knowledge can be shared with one another and face-to-face, constant communication where new insights gained in understanding how to expedite knowledge transfer.

Keywords

Knowledge Transfer, Knowledge Characteristics, Strategic Competitive Advantage

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

7 November 2016

Signed: Warren Kopelowitz

Date

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Chapter 1: Introduction to Research Problem

1.1 Context

As the world advances technologically, knowledge transfer and sharing of information happens almost instantaneously. Multinational corporations (MNC) are challenged constantly to keep up with the ever-changing environments they find themselves operating in. Effective knowledge transfer is paramount for companies to adapt and win in these changing environments. As globalisation develops and people become more connected to each other, more companies become global and look for growth opportunities in different markets. As a result, the subsidiary is becoming more important in this landscape than ever before. The fight for market share and gaining a strategic competitive advantage (SCA) is key for these subsidiaries, and the MNC as a whole, to survive. Knowledge and resources are important elements in gaining SCA which will be proved in the literature review in Chapter 2. The recipient on the receiving end of knowledge transfer is just as important as the source from where the knowledge came from. There are many different types of employees working side by side in the workplace today which presents various different challenges. One being that effective knowledge transfer is already complex in nature and when two very different parties are involved in this exchange it is a challenge.

Black and Gregersen (1999) suggest that successful MNC's assign expatriates in the beginning stages of their subsidiaries' foreign expansion, to assist in the transfer of technical skills and resources. Peng and Beamish (2014) based on Fang, Jiang, Makino and Beamish (2010) argue that by subsidiaries reducing their expatriate staffing level, they might reduce their reliance on the parent company for knowledge and resources, therefore forcing it to increase its locally sourced knowledge resources. This would bring the role of the local into question and raises the issue of what role does the local play in this transfer, if at all? What is the relationship between the expatriate and the local and how does this expedite knowledge transfer?

1.2 Scope

Michailova and Mustafa (2012) observe a shift in emphasis in the literature as it moves away from examining the use of technology and "hard" knowledge management infrastructure to more informal mechanisms of knowledge flows such as social

networks and socialisation. The context of this research will be conducted in this frame of reference, where locals and expatriates interact or socialise with each other.

Fang, Wade, Delios and Beamish (2013) suggest that effective knowledge transfer and knowledge stock can lead to improved subsidiary performance. Kawai and Strange (2014) also discuss subsidiary autonomy and how that ultimately leads to increased subsidiary performance. The link between effective knowledge stock, subsidiary autonomy and increased SCA has been made in the literature. Effective knowledge transfer, knowledge stock and subsidiary autonomy all play a role in gaining SCA. There are others such as absorptive capacity, which the researcher has not focused on. The literature alludes to the fact that expatriates and locals play a significant role in transferring knowledge (Fang et al., 2013; Kawai & Strange, 2014). The interplay between these various actors (expatriates and locals) in transferring knowledge from a parent to a subsidiary is where the scope of this research is found.

Michailova and Mustaffa (2012) suggests that looking at the actors involved in knowledge transfer in more detail, can provide rich interpretations and explanations of context-sensitive knowledge and assist in furthering the academic literature. If managers were more familiar with the way in which the characteristics of knowledge can influence the flow of knowledge, then they can make better decisions about which knowledge stocks to transfer, in what direction and how they are transferred. The key to understanding the relationship between the sender and recipient is important if valid knowledge is to be transferred between these role players, and an important aspect of that understanding is being knowledgeable about the specific characteristics of the role players involved.

The role players under focus in this study are the locals of the subsidiary, and the expatriates that have been placed there. The expatriate will be defined fully in Chapter 2: Literature Review. The local, for the purposes of this study, is defined in accordance with the literature as a host country national (HCN). This is explained as an employee who's nationality is the same as the nationality of the local subsidiary (Reiche & Harzing, 2011).

Michailova, Mustaffa and Barner-Rasmussen (2016) explore employees allegiances, which they explain are split between three categories – the focal subsidiary, the HQ and the subsidiary host country, and how they relate to each other. The scope of this

work will attempt to address the interaction between two of these role players (employee allegiances), expatriates and locals, within subsidiaries. It aims to understand what characteristics influence the effectiveness of the expatriate/local relationship, if any. The researcher acknowledges that the third category being the “focal subsidiary”, while not thoroughly examined in this research, plays a significant role and is the backdrop to this exploration of the interplay between expatriates and locals.

1.3 Motivation

The literature has yet to describe in detail how the “hard” and the “soft” mechanisms relate to influencing knowledge flows (Michailova & Mustaffa, 2012). They go on to say that there is a limit to how much more useful research on knowledge characteristics there can be, no matter how creative scholars are in labelling and re-labelling how these characteristics are positioned. Instead, they suggest that more can be learnt by addressing the issue of knowledge characteristics in conjunction with other factors (for example actors or role player’s characteristics, characteristics of relationships between role players in the transfer process), and how such combinations influence knowledge flows. Expatriates and locals are two of these role players, and understanding their roles and more specifically how they interact with each other in the knowledge transfer process, would be important in establishing what effect they would have on a MNC’s performance.

There is another consideration which is brought by Peng and Beamish (2014), who suggest that once a subsidiary has reached a competent age of knowledge development, they may not need many expatriates in their structure, as their expertise have been used to the point of saturation. They suggest decreasing the presence of expatriates in order to gain more autonomy to manage their local environment. The local must play a role in advancing the subsidiary’s autonomy and ultimate success. This, coupled with the suggestion by Michailova and Mustaffa (2012) that more can be learned in addressing the issue of knowledge characteristics and insight into how knowledge actors interact with each other, can result in effective knowledge flow. A third statement comes into play which cements the necessity for this research. Kawai and Strange (2014) bring in the specific element of expatriate involvement in knowledge transfer, suggesting that it would enrich insight into the effects on subsidiary autonomy on competitive advantage, not only for the subsidiary, but for the MNC as a

whole. They go on to indicate that future work should focus on “the quality, density and intensity of knowledge transfer through expatriate involvement” (p. 513).

The business interest in the relationship between expatriates and locals, specifically within a subsidiary of a MNC, was sparked very early on in the working career of the researcher. Over the last ten years the researcher has worked in two large MNC where interactions with expatriates and locals, specifically with regard to knowledge transfer, occurred regularly. The interplay between these two actors and how they related to each other was always at the forefront of many business and management issues that arose.

The aim of this study is to find out what level or nature of expatriate and local involvement is needed to expedite efficient and effective knowledge transfer from a parent to subsidiary, and the effect this interaction has on the overall strategic competitive advantage of the MNC.

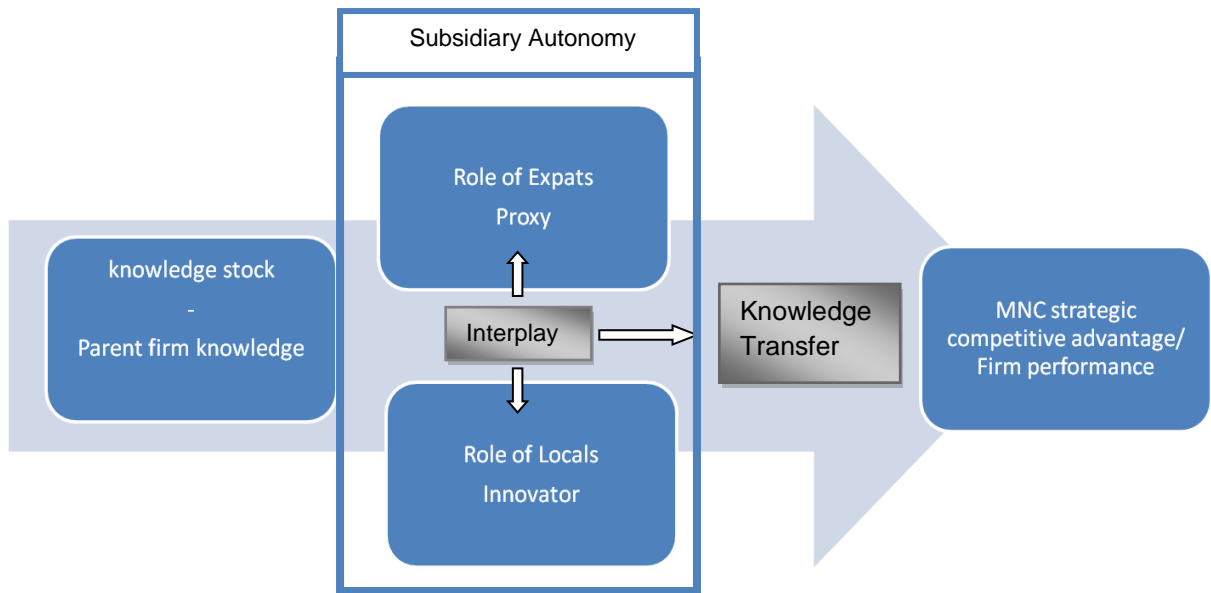
Chapter 2: Literature Review

2.1 The Model

The following model can assist the reader in understanding the purpose and context of this research. There are many independent variables that link to performance or strategic competitive advantage (SCA) of MNC's. These include absorptive capacity, subsidiary autonomy and knowledge stock. Knowledge transfer is the main construct of this model, as Fang et al. (2013) encourage investigation into understanding the processes and reasons behind how knowledge is effectively transferred, and the incorporation of knowledge between parents and subsidiaries within an international corporation.

The researcher has chosen the role and involvement of expatriates and locals, as the interaction in the transfer of knowledge from a parent to a subsidiary. This appears to be under-researched in the literature (Michailova & Mustafa, 2012). Improved performance, or SCA, of the MNC is treated here as the outcome of effective knowledge transfer, as this link has been proven in the literature (Colakoglu, Yamao & Lepak, 2014; Fang, Jiang, Makino & Beamish, 2010; Rabbiosi & Santangelo, 2013). The interplay between expatriates and locals is the sweet spot and what has formed the purpose of this research paper. This is a clear and expressed knowledge gap in the literature. The researcher will discuss the various components which make up the model illustrated below (Figure 1). The researcher will demonstrate the relationship that these variables have with each other in more detail, which ultimately has an effect on how knowledge is transferred within a MNC, and discuss the role the expatriate and local has on this transfer.

Figure 1: The Model



2.2 Introduction

Organisations that operate as MNC can no longer gain their competitive advantage by simply acquiring resources. Knowledge within the MNC network should be attained, transformed, transferred and utilised to improve internal capabilities and skills in order to successfully compete against its competitors (Holtbrügge & Mohr, 2011).

Larkin (2014) explains that knowledge is a significant determinant of a firms' strategic competitive advantage. She goes on to describe the characteristics of knowledge, namely explicit or tacit, individual or collective, and its transfer throughout the firm. Firms have identified that their knowledge stocks are key to seeking SCA and the sharing or transfer of this knowledge is paramount in achieving this success (Larkin, 2014).

The literature on "knowledge" talks about two key types or natures of knowledge, namely explicit knowledge and tacit knowledge. Explicit knowledge can be easily communicated, it is formal and impersonal in nature and takes the form of documents,

reports, formal training and presentations. Tacit knowledge, which is developed through experience, is more personal in nature and hard to communicate or reduce to text form. It is unable to be stored using technology (Larkin, 2014). This would include knowledge gained while working with more experienced colleagues, and through relationships with mentors.

Just as there are different types of knowledge, we find in the literature different mechanisms through which knowledge is transferred. For example tacit knowledge is delivered through social mechanisms where communities or networks are spoken about. Explicit knowledge is transferred through information communication technology (ICT), through computerised repositories or databases (Alavi & Tiwana, 2002; Zack, 1999). Tacit and explicit knowledge is described further when talking about knowledge transfer.

Because MNC are so complex it is very difficult to manage the coordination and control of knowledge sharing within the MNC, especially when knowledge is seen as unique or valuable. Power struggles could ensue which could lead to hoarding valuable knowledge instead of sharing it to enhance SCA for the corporation as a whole (Larkin, 2014).

Crane and Bontis (2014) present an evolving, novel and reasonable perspective, advocating the wholesale abandonment of the tacit-explicit distinction, which has been researched already by many scholars such as (Tsoukas & Vladimirou, 2001). They go on to motivate the following items that have dominated knowledge management for decades: inter-person trust, risk as a barrier, contextual factors, and how identity mediates knowledge transfer. Based on what Crane and Bontis (2014) suggest, the researcher proposes to look at knowledge transfer as all-encompassing and specifically not distinguish between the two types of knowledge.

2.3 Knowledge:

2.3.1 Knowledge stock

Colakoglu, Yamao and Lepak (2014) conceptualise the knowledge stock of a subsidiary as its intellectual capital. This is in line with previous research, which Youndt, Subramaniam and Snell (2004) suggests as the sum of all knowledge and knowing capabilities that can be used by a company to give it a competitive advantage. Colakoglu et al. (2014) showed that subsidiaries benefit more in increasing knowledge capabilities from local knowledge flows, compared with global knowledge inflow

acquired from their parents. Yet, global knowledge flows are also potentially significant sources of innovation, especially in subsidiaries that are more absorptive to knowledge from their parents. There seems to be a different angle here that is being suggested by Colakoglu et al. (2014) which is that knowledge stock which is locally sourced creates locally inspired innovation, which can be shared globally to increase competitive advantage.

Miao, Choe and Song (2011) speak about variables that measure subsidiary knowledge stock and go on to prove that time-based experience facilitates knowledge transfer to peer subsidiaries, whereas diversity-based experience increases knowledge transfer to the parent company. They conclude in saying that diverse experience is more important than experience gained over time when it comes to gaining valuable local knowledge. Subsidiaries tend to transfer more knowledge gained through diverse experience to their parent, than the knowledge gained through time which is preferred to be transferred to their peers.

Michailova and Mustafa (2012) make the point that knowledge distance refers to the extent to which the subsidiaries knowledge stock is related to or linked with the knowledge stock of the parent and other peer subsidiaries within the MNC. This links to the point that Miao et al. (2011) made which was that knowledge gained through diverse experience is more valuable to the parent which is related or linked to their knowledge stock.

2.3.2 Knowledge flows

Michailova and Mustafa (2012) explain that there is a comparatively lesser number of studies that have examined subsidiary knowledge flows in relation to all four directions (knowledge inflows and outflows and both vertical and horizontal flows).

Michailova and Mustafa (2012) suggest that subsidiaries are becoming dominant players in the MNC network but we need to still understand how the other peer subsidiaries and HQ can benefit from this knowledge outflow. The reverse knowledge flow eventuality has shown that the role of subsidiaries has evolved from being perceived as a passive learner and order taker, to a more pivotal and autonomous role within the MNC network. The reverse knowledge flows continue to have implications for the headquarters because as explained it has the mandate to validate the relevance of knowledge that is sourced (Rabbiosi & Santangelo, 2013).

Boussebaa, Sturdy and Morgan (2014) say that a small amount of empirical research has been done on how horizontal knowledge transfer occurs in practice, the relevant literature is mostly theoretical and prescriptive rather than research-based and typically assumes that knowledge can be transferred across contexts. Their study suggests that more research is needed on how MNCs facilitate horizontal knowledge flows.

Rabbiosi and Santangelo (2013) suggest that some of the factors that are determinants of horizontal knowledge transfers are absorptive capacity, and the subsidiary role. Whereas some factors that impede these types of transfers are subsidiary isolation and location. Subsidiaries with autonomy and knowledge stock are perceived by other subsidiaries as their preferred source of knowledge (Rabbiosi & Santangelo, 2013). Enterprises gain competitive advantage through optimal usage of the knowledge they have at their disposal. Knowledge should be transformed into companies' core competency to create a competitive advantage (Kawai & Strange, 2014). Understanding what competencies are valuable to an organisation is important as this enables it to introduce new products and services.

Miao et al. (2011) found that subsidiary to parent knowledge flow is facilitated by creating efficient formal mechanisms such as an expatriation policy and a subsidiary performance evaluation system, whereas knowledge transfer to peer subsidiaries is improved by the length of time a subsidiary has been in operation and how frequent managers communicate between peer subsidiaries. The findings show that different organisational factors affect the transfer of subsidiary knowledge dependent on whether the recipient is the parent or the peer subsidiary. This introduces the thought that if companies knew more about the interactions between the different role players who are directly involved in the knowledge flow process then insight will be provided into how this relationship could be leveraged for the better to increase effectiveness. Expatriates and locals are two key role players in this equation of knowledge flow and understanding how they interact will provide useful insight.

2.3.3 Knowledge transfer

Welch and Welch (2008) define knowledge transfer as “the process whereby knowledge is disseminated or diffused” (p. 343). Previous research has shown that for organisations to be effective in transferring knowledge, they need to deliberately and proactively adopt knowledge management practises, therefore knowledge transfer is the most important and most researched aspect of knowledge management (Meier, 2011).

As mentioned previously, the nature of knowledge is described as implicit and explicit knowledge. Michailova and Mustaffa (2012) define implicit, or tacit knowledge as “knowledge that is entrenched in actions, practices, values and behaviours and which is usually not voluntarily or easily available and transferable. On the other hand explicit knowledge is easy to attain as it is codifiable and can be retrieved in various forms”. Hansen (1999) states that “knowledge codifiability is considered by the degree to which knowledge is fully documented or expressed in writing at the time of transfer between a subunit and the receiving project team in another subunit” (p. 84). Hansen (1999) goes on to say that knowledge with a low level of codification can be conceptualised as tacit knowledge.

According to Michailova and Mustaffa (2012) the more tacit in nature the knowledge is, the more difficult it will be to transfer it across the MNC. These difficulties could be due to the threat of knowledge “spill over” into the host country environment and the competitive advantage being eroded. Another factor could be attributed to the lack of the recipient subsidiary’s ability to absorb and utilise the knowledge due to resource constraints (Najafi-Tavani, Giroud & Andersson, 2014). The concept of absorptive capacity seems to be a recurring theme in the literature when talking about knowledge transfer.

Colakoglu et al. (2014) based on Cohen and Levinthal (1990) define absorptive capacity as “an organization’s ability to recognize the value of new external information, assimilate it, and apply it to commercial ends” (p. 128). Miao et al. (2011) explain that peer subsidiaries find it difficult to transfer knowledge amongst themselves due to the lack of absorptive capacity and formal communication channels. The reverse transfer of this knowledge is easier facilitated back to the parent as they are more absorptive. Chiang (2007) explains that if the receiving subsidiary has a higher social capital it will be able to absorb the knowledge attained from other subsidiaries. This leads to the argument of why we need to understand the relationship between expatriates and locals better and if this interplay can provide some insight into why having a higher social capital makes the subsidiary more absorptive. Social capital are those relationships of business networks which are formed and leveraged. Trust is an important factor in establishing social capital as it determines the extent to which individuals interact with one another which translates into it playing a major role in knowledge sharing within a MNC (Chiang, 2007).

Knowledge transfer processes from the subsidiary involve initially transferring knowledge to the parent first. This finding stems from the parent company role which requires assessing how relevant the knowledge is prior to integrating and disseminating it throughout their network (Nair, Demirbag & Mellahi, 2015). There seems to be a vetting process of the knowledge which happens between the parent and subsidiary before it is distributed within the organisation as a whole. It can therefore be implied that the absorptive capacity of the parent company is paramount in the transfer process (Rabbiosi & Santangelo, 2013).

Miao et al. (2011) suggest that the reverse knowledge transfer is much more efficient, as the subsidiaries' absorptive capacity is often lower compared to that of the parent company. Based on what Rabbiosi and Santangelo (2013) suggest, one can conclude that the relevance of the knowledge being transferred is the most important determining factor and that could explain why subsidiaries have lower absorptive capacity for knowledge transferring from their peers as opposed to the knowledge that has been vetted by their parent.

Studies conducted on MNC knowledge transfers have assumed different disciplinary perspectives. According to Tseng (2015) some management scholars focused on knowledge flow from the parent to the subsidiaries and vice versa. Other scholars focused on organisational culture, structure and geographical contexts as aspects which could influence the success of knowledge transfer and the transfer mechanisms used (Miao et al., 2011). Meier (2011) suggests that knowledge transferred within a MNC is intentional therefore the MNC needs formal knowledge management practises in place for knowledge transfer to happen.

Boh, Nguyen and Xu (2013) established that individual's trust of the HQ, organisational and national culture all have an impact on how knowledge is transferred. They also found that individual's openness to diversity is a key factor for local employees to be able to learn and obtain knowledge from their HQ. However one of their findings was that the congruence of the organisations corporate culture and the individual's cultural values make little difference to knowledge transfer from HQ.

2.4 Subsidiary autonomy

Subsidiary autonomy is difficult to define and measure as there are many varied definitions in the literature (Young & Tavares, 2004). Kawai and Strange (2014)

consider subsidiary autonomy to be the degree to which the subsidiary possesses decision-making power compared to its parent companies in terms of strategic, functional, and operational areas (O'Donnell, 2000; Taggart & Hood, 1999). They suggest that this definition implies that subsidiary managers have more managerial discretion for choosing the way to use firm-specific resources, such as technology, knowledge, finance, and human capital. Their findings show that subsidiary autonomy has a greater impact on performance when there is technological uncertainty and a high degree of expatriate involvement.

The literature has traditionally emphasised the direct impact of subsidiary autonomy and subsidiary performance, without taking into account the possibility that the balance between parent control and subsidiary autonomy may be context specific (Kawai & Strange, 2014). There seems to be other moderating factors which lead to the conclusion that subsidiary autonomy does not affect a firm's competitive advantage independently. Expatriate involvement for example acts as a key moderator in this relationship providing better intra-MNC coordination (Colakoglu et al., 2014; Kawai & Strange, 2014; Rabbiosi & Santangelo, 2013; Tseng, 2015).

In support of subsidiary autonomy, Kawai and Strange (2014) go on to suggest that greater autonomy stimulates knowledge flow, promotes learning, collaboration and strategic leadership and initiatives which ultimately contribute to SCA. Song (2014) supports the view that subsidiary's with high autonomy will be able to source valuable knowledge and will have more of an impact on the level and directions of knowledge transfer within the MNC.

Crespo, Griffith and Lages (2014) suggest that subsidiary autonomy encourages knowledge flows to peer subsidiaries. Subsidiary autonomy is a vital facilitator in knowledge accumulation or stock. Subsidiaries with high managerial autonomy are likely to gain more unique and valuable knowledge through daily operations in their local markets than subsidiaries with low managerial autonomy. Given the weak absorptive capacity of peer subsidiaries compared to parent companies, more autonomous subsidiaries will choose to transfer more unique and valuable knowledge to the parent (Miao et al., 2011).

2.5 Expatriate involvement

Knowledge transfer in its totality, combined with absorptive capacity is key when it comes to the effectiveness of how the knowledge flows. As explained before, the

subsidiary autonomy and performance link have been traditionally researched but expatriate involvement is a key moderating factor in this relationship (Colakoglu et al. 2014; Kawai et al. 2014; Rabbiosi et al. 2013; Tseng, 2015).

Kawai and Strange (2014) found that the effectiveness of subsidiary autonomy and their performance is increased by high levels of expatriate involvement.

In general, the literature has given adequate support to the fact that knowledge characteristics (for example the tacit-explicit continuum) influence knowledge flows in one way or another. Research should shift past examining the influence of knowledge characteristics alone on knowledge flows, and should rather examine knowledge characteristics in combination with characteristics of role players (for example absorptive capacity, subsidiary autonomy, expatriation and motivation to name a few) or of the relationships between them (Michailova & Mustafa, 2012).

Fang, Jiang, Makino and Beamish (2010) based on Harzing (2001) explain expatriates to usually “be home-country assignees who hold high management positions or key positions in functional departments of a foreign subsidiary”. But what happens when the expatriate has effectively transferred all the required knowledge? Does the expatriate have a further purpose to fulfil in the subsidiary or is their time up?

Fang et al. (2010) show that the use of expatriates in the long term, but not the short term, negatively affects the relationship between parent and subsidiary when transferring specific marketing and technological knowledge. The reason they give is that expatriates might not be well equipped to adapt the transferred knowledge as say locals would because they have a better understanding of the local environment. They also go on to conclude that the influence expatriates have on knowledge transfer disappears when subsidiaries become mature in their operations, one reason being is because some knowledge is transferred as a once off from the parent.

It is clear in the literature that expatriate managers are important in the transfer of knowledge between parent firms and subsidiaries (Delios & Björkman, 2000; Lam, 2003; Minbaeva & Michailova, 2004; Tung, 1982)

Peng and Beamish (2014) go on to say that expatriate staffing is not only an important means of subsidiary control, but also has implications on the performance of the subsidiary. They support the notion in the literature that expatriates are learning agents and a conduit of knowledge transfer, either from the parent to the subsidiary or vice versa. Peng and Beamish (2014) go on to explain how subsidiaries start

depending less on their parent as they learn in their local environment and develop resources and capabilities. Such learning and knowledge creation will change the power base of the subsidiary and as a result the resource-dependence relationship between the parent firm and the subsidiary. With increased organisational learning in the subsidiary, the parent may have to give up some control by reducing the use of expatriates. A reduction of expatriate involvement will force the subsidiary to rely more on their ability to source local knowledge and resources as opposed to relying on the parent for this help, which in turn will gain more autonomy to cope with the local environment. This leads to the debate over whether subsidiaries should have higher levels of local staffing, rather than expatriates.

Peng and Beamish (2014) seem to suggest though that once the subsidiary is at a competent age for knowledge development they may not need a high presence of expats in order for the subsidiaries to gain more autonomy to manage with the local environment, and that it might be in the subsidiary's own interests to decrease its expatriate dominance to encourage relying on their local sources of knowledge.

Although Harzing, Pudelko and Reiche (2016) seem to disagree, as their research proposes that expatriates are able to transfer more knowledge in comparison to local subsidiary managers. The reasons they suggest this is because expatriates, specifically in a managing director position, have greater access to information, influence and they are connected to a larger network of players at the HQ. They are also perceived by others in the organisation as a better social resource than local managers.

In the researchers opinion the Harzing et al. (2016) article seems to not address the point made by Peng and Beamish (2014) who point out that there seems to be benefit in decreasing expatriate staffing levels in subsidiaries so they can gain more autonomy and deal better within their local environments by using local managers. This raises the question of interplay between expatriates and locals, which is the foundation of this research.

2.6 Local involvement

Fang et al. (2010) show that firm knowledge and the use of expatriates together influence subsidiary performance but they didn't provide enough insight into how this knowledge transferred is then adopted to gain a SCA. They suggested specifically that

additional qualitative research needs to be done to investigate how parental knowledge is integrated with local resources to create a sustainable competitive advantage.

Colakoglu et al. (2014) found that local knowledge inflows to a subsidiary are more effective in enhancing a subsidiary's knowledge creation compared to global knowledge inflow from other subsidiaries in the MNC. Knowledge sourced locally is better aligned with existing knowledge stocks of subsidiaries, compared with the culturally and geographically distant knowledge sources. Based on the above argument they suggest that strategically it might be more effective to allocate resources to acquire local knowledge from various local networks that will ultimately improve subsidiaries innovation capabilities.

Michailova et al. (2016) explain that local employees have better knowledge of the host country's political, economical, cultural and legal environment which enable their subsidiary to better respond to the host country's changing demands and preferences. To this end locals can be an efficient means to mitigate risks emanating from the locals environment.

2.7 Interplay between expatriates and locals

As Fang et al. (2010) proved that in the long run, specifically with technological and marketing knowledge, expatriates add no extra value in enhancing knowledge transfer once a subsidiary reaches a certain maturity.

With Peng and Beamish (2014) suggesting that by subsidiaries reducing their expatriate staffing levels it may help them shift focus from relying on parent firm's existing resources and capabilities, and focus on new resources and capabilities within the subsidiary which points towards understanding what role locals would play with this new focus.

As mentioned, Fang et al. (2010) showed that there definitely is value in having expatriates in the short run but not in the long run and Peng & Beamish (2014) suggesting that more reliance needs to be placed on locals to extract new knowledge sources. Michailova and Mustaffa (2012) suggest it would be prudent to examine knowledge characteristics together with characteristics of actors and understanding the relationship between them. Therefore it is key to understand how locals and expatriates interact and what insight could be provided to MNC in examining the interplay between these two actors.

2.8 Knowledge gaps recapped

Michailova and Mustaffa (2012) suggested that subsidiary knowledge inflows have received a great deal more research attention than knowledge outflows. They suggest that the literature needs insights into how peer subsidiaries and HQ can benefit from subsidiary knowledge outflows, vertical as well as horizontal. This leads to the question of whether subsidiaries can transfer local innovation capabilities back to HQ. As discussed above local innovation needs to be sourced locally and what better way to do that than to cultivate locals to leverage off local networks and resources. They go on to suggest that closer examination should be conducted on how different characteristics of knowledge are transferred or treated in relation to different characteristics of actors and the various kinds of relationships between transfer actors.

Colakoglu et al. (2014) suggest that future research could benefit from subsidiaries being located in a dual context, local and global, and how synergy between these contexts can enhance knowledge creation capabilities and specifically address their recommendation of investing in more local resources to acquire local knowledge as this will increase innovation capabilities which could then be fed back to the parent to enhance performance.

2.9 Conclusion

In their later article Michailova et al. (2016) go on to prove that employee allegiances are split into three categories: the focal subsidiary, the HQ, and the subsidiary host country. It is important for managers to understand the nature of allegiances of employees and how they relate to each other. If allegiances are understood then they can be managed well and they can develop and improve. They have not addressed the issue of how different types of allegiances interact with each other suggesting that the dynamics or interplay between these allegiance types is an avenue for future research. Therefore this research has attempted to address this recent knowledge gap and find out, based on the research questions that were investigated, insight into the dynamics of this interplay between expatriates and locals.

New insight will be gained by understanding how the characteristics of role players in the knowledge transfer process interact with each other and how effective is this role they play in the expedition of knowledge transfer within the MNC. These are clear research gaps in the literature suggested by Michailova and Mustaffa (2012) and Michailova et al. (2016).

Chapter 3: Research Questions

3.1 Introduction: Research problem

It has been established in Chapter 2: Literature Review that expatriates are paramount in transferring knowledge within a MNC. Kawai and Strange (2014) note that high levels of autonomy will improve the performance of MNC subsidiaries, provided high levels of expatriate involvement are in place. While Peng and Beamish (2014) conclude that high levels of expatriate involvement might be necessary in the short term, in the long term this may not be the case as subsidiaries need to develop their own capabilities and resources instead of relying on those of its parent. This would enable them to gain further autonomy and to deal better with their local environment. This proxy role that the expatriate plays in subsidiaries is explicit in the literature.

Colakoglu et al. (2014) find that the function of local innovations sourced from local knowledge can be shared globally for increasing strategic competitive advantage. Harzing et al. (2016) explain that expatriate managers are better actors for transferring knowledge from HQ to its subsidiaries and vice versa, as they are better informed and more connected to a greater number of actors in the HQ. By applying this same reasoning, we could suggest that subsidiaries would be better placed in using local managers to access their pool of local knowledge and resources, as they are better connected to their local networks than expatriates would be, resulting in increased local innovations and knowledge sources. It seems from the literature that the role of the local can be one of an innovator, where the subsidiaries innovations can be shared and transferred throughout the rest of the MNC, where the expatriate might be the better option or mechanism for this transfer to occur.

Within the literature, the debate around the importance of expatriates as an actor in the process of knowledge transfer is supported substantially (Kawai & Strange, 2014; Peng & Beamish, 2014; Harzing et al., 2016). The role of the local has emerged as just as important (Colakoglu et al., 2014; Peng & Beamish, 2014; Fan & Makino, 2010). However, the characteristics of these two actors and the interplay between them, is not clear in the literature (Fan & Makino, 2010; Michailova & Mustafa, 2012; Michailova et al., 2016). The problem is that we don't know enough about how expatriates and locals need to work together too effectively and efficiently transfer knowledge within a MNC.

Therefore this research has investigated the interplay between expatriate and local within the subsidiary to better understand how the dynamics of this relationship may impact the process of knowledge transfer in gaining SCA.

3.2 Qualifying questions

Interview questions 1-5 from the interview schedule (Appendix 1: Interview schedule) were used as hurdle or qualifying questions. This was done for two main reasons. One being that they were asked to potential interviewees upon request, to give context to the interview and to demonstrate the type of questions being asked, prior to consent being given, due to the sensitivity of the content. The second reason being that interview questions 1-5 and also question 6 were exploratory, qualifying questions used to get the interviewee thinking about the themes that were constructed in the model. This enabled the interviewee to ease into the subsequent interview questions, which ultimately answered the research questions.

3.3 Research questions

Michailova and Mustafa (2012) suggest that more qualitative studies are needed, to reach a deeper understanding of subsidiary knowledge flow. They speak of more process-orientated research questions that need to be investigated in order to study the influence that these knowledge flows would have on different variables at the subsidiary level. They go on to suggest that qualitative studies can produce rich and detailed descriptions of role players involved in the subsidiary knowledge flows, by understanding these role players viewpoints earnestly, rather than them being treated as objects of our assessment. They see that there is a growing stream of research that takes a more psychological view on the MNC, conceptualising it and empirically examining it in a way that emphasises the role of individuals. This would benefit from deeper, more contextualised, qualitative accounts of subsidiary knowledge flows in the MNC. Understanding the role of how these two individuals (namely expatriates and locals) interact, will provide insight into how effective knowledge is transferred to increase SCA for the MNC.

Given the exploratory nature of this study, the researcher proposes the use of open ended questions as opposed to proving hypotheses. The research questions are:

3.3.1 Research question 1:

What is the level or nature of expatriate involvement needed to expedite efficient and effective knowledge transfer?

3.3.2 Research question 2:

What is the level or nature of local involvement needed to expedite efficient and effective knowledge transfer?

3.3.3 Research question 3:

What is the moderating role of the knowledge characteristics between these two sets of knowledge actors and how does this expedite knowledge transfer?

The research questions were derived from the knowledge gaps that were presented in Chapter 2: Literature Review. Table 2: Representation of Research Questions corresponding to the Literature Reviewed gives the reader an idea of what literature was used to formulate the relevant research question. This can be found in Chapter 4: Research Methodology.

Chapter 4: Research Methodology

4.1 Research design

This exploratory research was well suited to this qualitative method as interviewing gave the respondents an opportunity to give over their perception of reality, and allowed for a richness in their answers, enabling quality analysis from their descriptions (Saunders & Lewis, 2012).

Qualitative research provides a platform to interpret and understand human experiences within a specific context through the use of text, as opposed to numbers (Petty, Thomson & Stew, 2012)

Michailova and Mustafa (2012) maintained that the literature on subsidiary knowledge flows has an over representation of quantitative studies, the majority of the research papers in their sample are quantitative. They suggest that using qualitative approaches and techniques can potentially produce much needed rich and detailed descriptions of subsidiary knowledge flows.

Fan et al. (2013) also call for more in depth qualitative analysis to fully understand the processes and reasons behind the transfer and integration of knowledge between parents and subsidiaries within international contexts.

Qualitative approaches would also help deepen our knowledge about the underlying rationale behind how subsidiaries pursue autonomy under different internal and external conditions (Kawai & Strange, 2014).

4.2 Research methodology

Zikmund, Babin, Carr and Griffin (2013) explained that depth interviews involve a one-on-one interview between the researcher and respondent, where the researcher asks a question and follows up with a probe for additional elaboration. The motivation for adopting this approach is to gain further insight from each individual interviewed (Zikmund et al., 2013). The aim of this study was to gain a broad understanding whilst potentially developing new concepts and constructs on the chosen topic. Therefore, it was clear that qualitative and exploratory research methods would need to be implemented (Saunders & Lewis, 2012; Zikmund et al., 2013).

4.3 Unit of analysis

In this study the unit of analysis were managers or senior leadership working in multinational corporations, who had been expatriates or locals within a subsidiary of a MNC. The expatriates and locals chosen had worked directly with other expatriates and/or locals.

4.4 Population

The main descriptor of a MNC rests on the entity's ability to conduct business in at least more than one country. MNC have various subsidiaries in various geographical areas and these subsidiaries have similar or different roles (Ghoshal & Bartlett, 1990).

A MNC in the context of this research proposal is defined as a corporation that owns various facilities, for example manufacturing plants, offices and other assets, in countries outside its home country (Aharoni & Brock, 2010).

4.5 Sample and sampling method

The researcher requested permission to interview a combination of 25 expatriates and locals from subsidiaries of separate MNC's. Seven respondents declined upfront, due to their MNC restrictions prohibiting interviews for research purposes. A further six respondents enquired about the type of questions that would be asked as sensitivity of the information that they would relay would be of a concern to them. The qualifying questions were used to give them a further idea of the nature of information requested, and based on that these six respondents declined. That left the researcher with the 12 independent interviewees from separate subsidiaries of separate MNC's to conduct interviews with. The MNC's which were used, fit the definitions supplied above (Aharoni & Brock, 2010; Ghoshal & Bartlett, 1990). The participants requested that their MNC's not be named specifically due to the sensitivity of the information that was covered in the interviews, even though anonymity was guaranteed. To give the reader some idea as to the calibre of organisations used, general examples will be given as to the type of MNC that was identified. There was a broad range of industries covered. In the insurance industry, a few large MNC companies were chosen from various options namely AON, Marsh, Hollard and Old Mutual. In the Financial Services sector, a few banks were chosen from many options such as ABSA, RMB, Nedbank, Citi Bank and Investec. A few consulting and advisory MNC were chosen amongst companies such as Deloitte, Bain & Co, Tata and Alexander Forbes. A few consulting engineering companies were also chosen amongst many options such as Arup, Worley Parsons

and Saint-Gobain. Others were in the technology industry such as Google, Apple, Microsoft, IBM, Bloomberg and Thomson Reuters. A few MNC were used in the clothing apparel industry such as the likes of Nike, Adidas, Puma and Reebok.

A purposive non-probability sampling technique was used. A conscious effort was made to use a heterogeneous purposive sampling method as this would yield the most informative outcome. A combination of snowball sampling and judgemental sampling was used to select the right type of person within the subsidiary who would have a good understanding of the organisation, or who could direct the researcher to the most appropriate person within another MNC who would have the necessary knowledge on the said topic (Saunders & Lewis, 2012). The sample size consisted of a combination of expatriates and locals (four expatriates and eight locals) in management or leadership roles, who had a good understanding of the organisational structure and an idea of how knowledge is transferred across their MNC. They had also all worked directly with the other role player type (expatriate or a local). Each potential interviewee was contacted prior to the interview to discuss the basic themes outlined in the model proposed to make sure that they had a basic understanding of what these themes were. This was done to ensure that they would be best positioned to respond to the research questions based on their experiences and perceptions. In the event that an interviewee was not sure of the meaning of any of the themes presented in the model, a definition was supplied as per the literature review. Questions 1-5 from the interview schedule was used as hurdle or qualifying questions to provide the interviewee with an understanding of the context of the interview. There were at least 5 interviewees who were sent the qualifying questions prior to the actual interview, on their request, so that they could make sure they understood the concepts and that they were indeed an appropriate interviewee. In two cases, the researcher was directed to another of their colleagues, who they felt would be better placed for the interview.

The sample is relevant because it speaks to the MNC (parent-subsidary relationship) aspect of this research and that there is potentially sufficient diversity in the sample to obtain meaningful results.

4.6 Data collection

Primary data collection was completed via in-person qualitative semi-structured interviews from the sample explained above. These interviews explored the

perceptions of the interplay between expatriates and locals and how this relationship plays out in the transfer of knowledge to increase SCA.

Semi-structured interviews are believed to be one of the mostly commonly used practices in business research. It not only allowed the researcher to cover relevant themes from a prepared list of questions but also allowed for flexibility in the ordering of the questions and the addition or removal of questions as needed (Agee, 2009; Saunders & Lewis, 2012).

The interview schedule was set up to intentionally answer the research questions that are being put forward. Seventeen interview questions were developed. Each question pertains to the main themes researched, as illustrated by the matrix below in Table 1. The interview questions have been designed and asked in a way to probe and understand the interviewee's perspectives (Saunders & Lewis, 2012).

There was an effort made to get an even split between expatriates and local interviewees but unfortunately due to time constraints an even split did not occur. Expatriates answered 14 interview questions and locals answered 12 interview questions as some of the questions were only relevant to either role player. Ten out of the twelve interviews were face-to-face interviews while 2 were done via telephone, as one was based in another country and the other was travelling abroad. Physical notes were taken during the interview as to compare against the recordings obtained and afterwards to add and cross check that the transcriptions were indeed correct. The duration of the longest interview was 45 minutes and the shortest was 25 minutes giving an average interview time of 35 minutes. Some issues that were covered in the interview schedule would touch on the components of the model suggested above, with the ultimate goal being the questions on the interplay between expatriates and locals. See Appendix 1 for the interview schedule.

Table 1: Representation of Themes in The Model Proposed in Chapter 2: Literature Review, Corresponding to the Interview Questions.

Model Theme	Interview Questions																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Knowledge stock	x	x										x					
Knowledge transfer			x	x				x		x	x				x		
Subsidiary autonomy			x	x	x												
Expatriate involvement						x	x	x	x	x							
Local involvement										x	x	x					
Interplay between Expat & Local										x			x	x	x	x	x

Table 2: Representation of Research Questions corresponding to the Literature Reviewed

Research Questions	Literature Review	Interview Questions	Themes
Qualifying questions	Fan and Makino (2010), Colakoglu, Yamao and Lepak (2014), Rabbiosi and Santangelo (2013), Tseng (2015), Larkin (2014), Michailova and Mustaffa (2012), Gupta and Govindarajan (2000)	Questions 1, 2, 3, 4, 5, 6 on the interview schedule	Knowledge Stock Knowledge Transfer Subsidiary Autonomy Expatriate Involvement Local Involvement
What is the level of expat involvement needed to expedite efficient and effective knowledge transfer?	Kawai and Strange (2014), Peng and Beamish (2014)	Questions 7, 8, 9, 10	Knowledge Transfer Expatriate Involvement Local Involvement Interplay
What is the level of local involvement needed to expedite efficient and effective knowledge transfer?	Colakoglu, Yamao and Lepak (2014), Peng and Beamish (2014), Fan and Makino (2010)	Questions 11,12, 13	Knowledge stock Local Involvement Interplay
What is the moderating role of the knowledge characteristics between these two sets of knowledge actors and how does this expedite knowledge transfer?	Fan and Makino (2010), Michailova and Mustaffa (2012), Michailova, Mustaffa, and Barner-Rasmussen (2016), Harzing et al. (2016)	Questions 10, 13,14, 15, 16, 17	Knowledge Transfer Local Involvement Expatriate Involvement Interplay

4.7 Data analysis

The data analysis took place after the interviews, by way of thematic analysis on a question by question basis (Braun & Clarke, 2006; Saunders & Lewis, 2012; Zikmund et al., 2013). Thematic analysis is a method that is used to identify and analyse patterns or themes in qualitative data and is highly recommended to be used as a first qualitative analysis method, given its flexibility, and identifying concepts into themes is shared by other forms of qualitative analysis (Braun & Clarke, 2006). Therefore common themes were identified and lifted from these interviews. These themes then become the basis for answering the necessary research questions (Zikmund et al., 2013).

The data analysis process compelled the researcher to shuffle back and forth between data collection and data analysis, which was an iterative process (Petty et al., 2012). The actual transcripts and hand written notes of the interviews formed the basis of what was analysed.

A template was created in Microsoft Excel which the researcher designed, and the analysis was done on a question by question basis (Appendix 2: Theme analysis). Quotes were lifted directly from the transcripts that were related to each question and then themes were established from these quotes either using direct words from the respondents answers, or constructs, ideas or thoughts that appeared (Saunders & Lewis, 2012). These themes were grouped and counted where appropriate, and were then documented separately per question. The themes which were established from each respondents answers were then analysed in relation to the research questions (Saunders & Lewis, 2012). Frequency tables were constructed where appropriate to indicate graphically the actual definitive answers which were demanded from some of the questions.

4.8 Data reliability and validity

Reliability and validity are two key criteria that have been identified for evaluating a measurement (Saunders & Lewis, 2012; Zikmund et al., 2013).

Saunders and Lewis (2012) define validity as ensuring that the research findings appear to accurately reflect what they purport. Zikmund et al. (2013) refer to reliability in the context of consistency, and highlight the importance of the measurement being

reliable from one use to the next. It is important that the measurement used is both reliable and accurate (Zikmund et al., 2013).

Qualitative research can be considered subjective by nature and can be affected by a number of different biases (Saunders & Lewis, 2012; Zikmund et al., 2013). Interviewer bias, interpreter bias and response bias might have taken effect when conducting the interviews and analysing the data (Saunders & Lewis, 2012; Zikmund et al., 2013). In order to limit this and ensure the validity and reliability of the data, the semi-structured interview questions were standardised for each individual interviewed and were used as a guide throughout the process. The researcher made a great effort not to impart his opinion or thoughts onto the interviewees, and to remain impartial to responses as to not unduly influence the respondents in anyway.

In the researcher's opinion, data breadth was achieved from the twelve respondents as they each came from separate subsidiaries of different MNC's. As a result, greater sample breadth provides greater validity because themes are drawn from a more widely dispersed population. Therefore the results are likely to be generalisable to the population which gives credence to the approach taken, as it has a built in validity mechanism.

4.9 Potential research limitations

- Zikmund et al. (2013) suggest that the nature of qualitative research means that the results are dependent on the researcher's interpretation and therefore this would inhibit generalisability.
- Due to budget and time constraint, a depth based approach was not adopted. There would also be value in a depth based approach, within a single MNC, therefore allowing an end-to-end analysis of the research constructs in a more contained environment.
- Exploratory research is subjective and is influenced by the researchers own perspective (Saunders & Lewis, 2012; Zikmund et al., 2013).
- The researcher was not expertly trained in interviewing and as result may have had an impact on the results that were captured (Agee, 2009).
- There was a concerted effort made by the researcher to obtain an even split of expatriates and locals to be interviewed, but due to some respondents declining

for various reasons, and time constraints, this was not achieved. Therefore only four out of the 12 interviewees were expatriates, which could make the findings from their data not necessarily representative.

- Although interviews were conducted in subsidiaries of 12 separate large MNC, most were based in Johannesburg, South Africa. Therefore geographical bias could have taken place in the interviewee's responses.

Chapter 5: Results

5.1 Introduction

In this chapter the results are displayed as per the research questions that were formulated in Chapter 3: Research questions. This section presents the findings of the analysis of the data that was collected through the in-depth interviews which were conducted. The interview questions were developed through the use of a consistency matrix and mapped against the research questions developed in Chapter 3: Research questions. This ensured that there was consistency through the research questions, literature review, data collection and method of analysis. The layout for this chapter will take the form of the presentation of the main themes/constructs of each interview question. This will then be followed by a presentation of results for the qualifying questions and all three research questions. Each one of these sections will have a summary of results table at the start of the section to give the reader a breakdown of which interview questions corresponded to which research question.

5.2 Interviews conducted

Twelve interviews were conducted. According to Guest, Bunce and Johnson (2006) saturation is reached at 12 interviews. The researcher found that after eight interviews there were no new insights or themes that were coming out of the interviews (Saunders & Lewis, 2012). The researcher felt that the majority of interviews were of a high standard, as the interviewees understood their organisations very well and had a firm grasp of the concepts covered. This could have been because of the qualification that happened upfront, which included the formulation of the qualifying interview questions. There were however two respondents that did not seem to fully grasp some of the concepts, as a few of their answers were contradictory in nature. This left some doubt in the researcher's mind as to the credibility of those particular answers.

The below table shows the type of person interviewed, and in what industry they operate.

Table 3: Indication of Interviewees Industry, Position and Type of Respondent

<u>Industry</u>	<u>Position</u>	<u>Type of Respondent</u>
Information Technology	Software Manager	Local 1
Corporate- Transport industry	Head of Human Resources (SA)	Expatriate 1
Consulting	Associate Consultant	Expatriate 2
Medical Supplies	Managing Director	Expatriate 3
Corporate- Clothing Apparel	Head of Financial Governance and Control	Local 2
Financial Technology	Manager	Local 3
Consulting and Advisory	Director	Local 4
Financial Services	Head of Business Improvement (Technology)	Local 5
Engineering Services	Director	Local 6
Insurance	Divisional Manager: Trade Credit	Local 7
Insurance	Divisional Manager: Client Services	Local 8
Digital Advertising	Account Manager	Expatriate 4

Most of the interviews were done face-to-face in a private meeting room, except for two interviews which were conducted telephonically over Skype. All interviews were recorded and transcribed by a transcription service. Each transcript was verified against the recordings and those which were not satisfactory were sent back to be redone.

5.3 Presentation of results

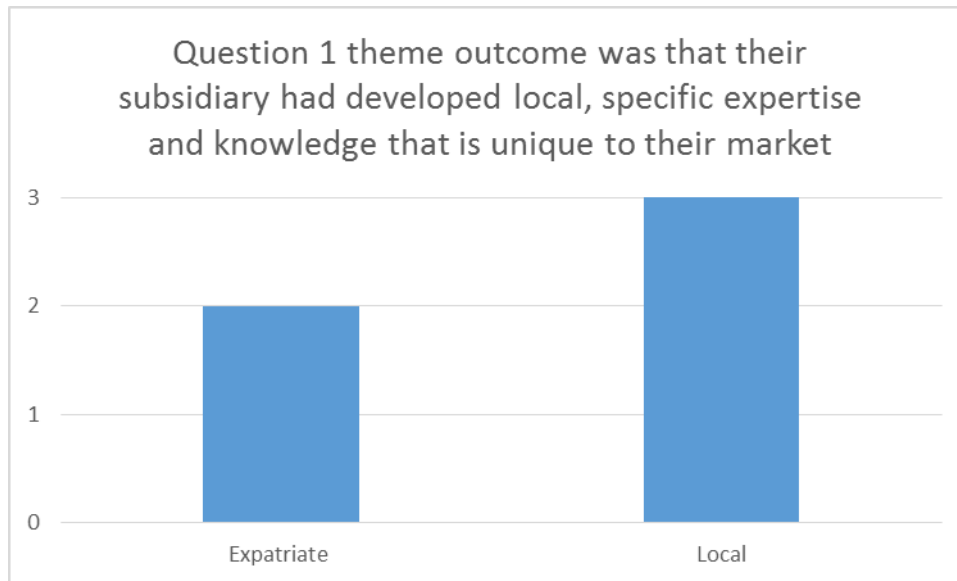
5.3.1 Introduction

Questions 1-6 of the interview schedule (see Appendix 1: Interview schedule) were qualifying questions and whose purpose gave context to the interview questions that followed. These questions were also used to ease the interviewee into the concepts and context of knowledge transfer and the broader environment in which the interplay between expatriates and locals takes place.

5.3.2 Interview question 1

This question was asked to find out from the interviewees if their subsidiary had knowledge stock. All of the respondents answered 'Yes'.

Figure 2: Results Showing Expatriates and Locals Saying the Same Thing



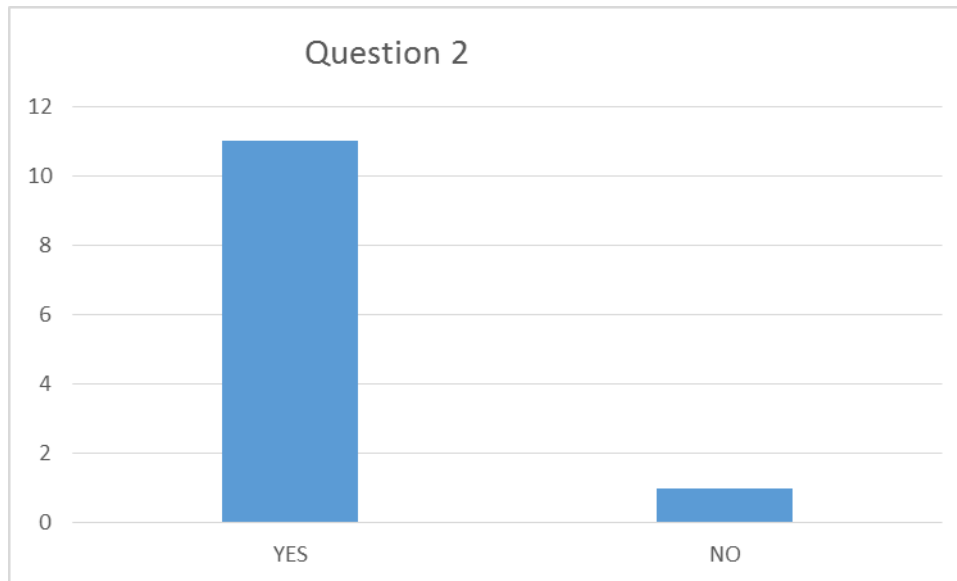
The majority of respondents explained that they have specific local expertise and knowledge that are unique to their subsidiaries markets and the environments that they operate in. Marketing, product development and the regulatory environment were some examples suggested of the type of knowledge stock they had, or were forced to develop, based on the environment. To illustrate this point Local 4 said that “we develop our own products and services locally, and those can be licensed and either sold to clients locally or even sold back to other firms globally, because no-one understands the local market like we do”. Local 1 noted that “specific knowledge stock will be used and disseminated, but based on expertise”. Expatriate 1 made the interesting point that “because every market is so different you almost have to [have your own knowledge stock]”. An interesting outcome, shown in figure 2 above, was that two of the expatriates and three of the locals (which is 42% of the sample interviewed) shared the same view, which was that their subsidiaries had developed local expertise or knowledge that was unique to their market.

5.3.3 Interview question 2

This question was asked to find out if their knowledge stock in their subsidiary was used effectively to increase their SCA.

The results were as below:

Figure 3: Results for Interview Question 2



The themes that emerged here were diverse and no recurring theme was of a glaring nature. One of the themes that emerged from the respondents answers was that they would leverage their global teams if they couldn't use their own "where possible if not then we use global knowledge teams" and local six said by solidifying their point that "the client can come to us and say, I've got this problem, we are able to say we can reach out to 14 000 people globally, to give you a solution".

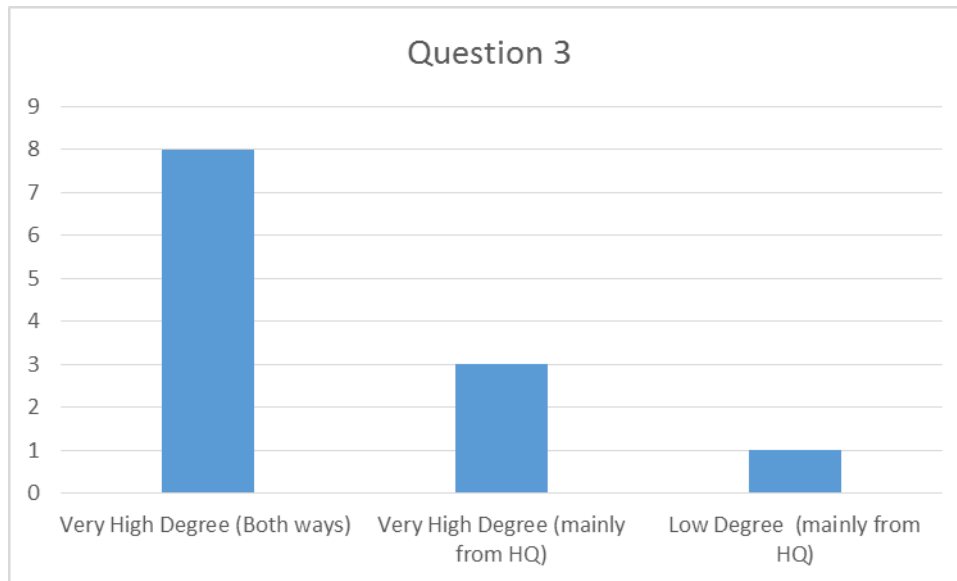
Another theme that came out from two participants was that they understood their local market so well that the way they used their knowledge stock was a contributing factor to increasing SCA of their subsidiary. This is interesting because the same response came from local seven, who works in the insurance industry and expatriate four, who works in digital advertising.

One manager who answered no to the question suggested that they were a new team but were getting there "they are individual experts in their field and using that to boost their performance, so I want to put them up there as thought leaders and experts and then hopefully the performance will follow".

5.3.4 Interview question 3

This question sought to understand to what degree their subsidiaries receive knowledge from or provide knowledge to their HQ's. All the participants answered that this occurred to a very high degree.

Figure 4: Results for Interview Question 3

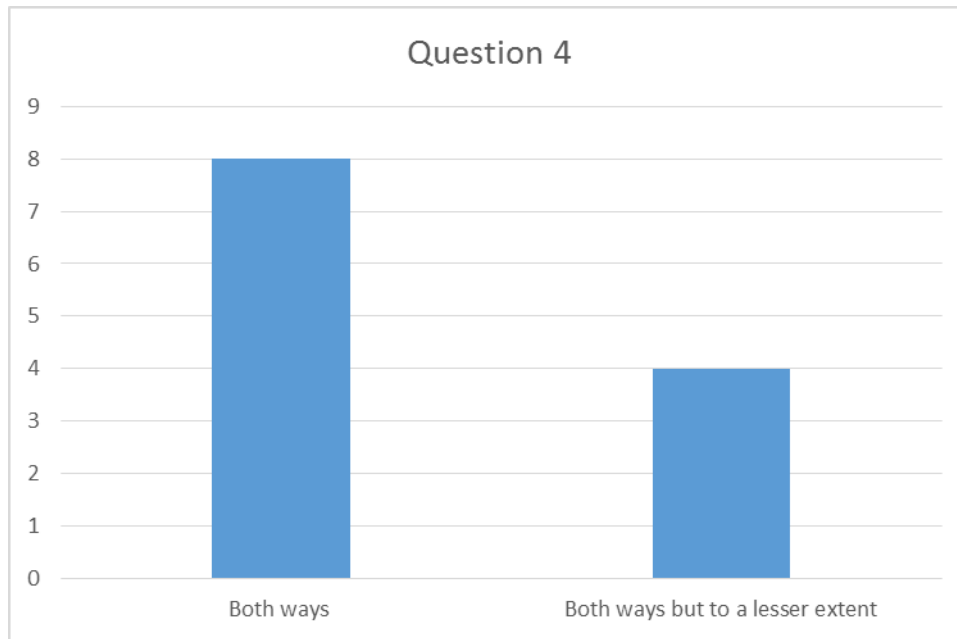


There was a majority view that the subsidiaries provided feedback to their HQ, specifically with regard to the market conditions and business environment that the subsidiary operates in. Expatriate 2 said that they don't transfer back to HQ all that much, but the little that they do feedback is around market conditions where the subsidiary finds itself in: "90-95% knowledge transfer [is] from HQ to subsidiary, some local market knowledge is sent back but mostly technical and marketing from HQ". Within this majority, there were varying themes that occurred in terms of what knowledge was received from their HQ. The themes that emerged were technical, marketing, leadership, skills and product training. Local 3 remarked "from training on the products, helping with commercial proposal, marketing, it's very much a two-way street". Local 4 explained their global platform as a repository: "we have what we call a global store front...global store fronts have methodologies behind them, they have products behind them and were able to leverage that to a huge extent".

5.3.5 Interview question 4

This question wanted to establish if their subsidiary transferred or received knowledge to or from other subsidiaries. As the below results show, the majority of interviewees responded that a transfer happens both ways, but four interviewees said that a transfer happened but to a lesser extent.

Figure 5: Results for Interview Question 4



A few respondents reflected on the fact that the other subsidiaries being in similar markets was the main contributing factor for the knowledge transfer between them, “our market has certain specifics and we've built up business models on how to serve these markets and we are actually exchanging information but also, tools we created for our market, and we're offering such tools to other subsidiaries around the world who have a similar kind of low to mid cost profile. So, we are doing this actively”. Interestingly Expatriate 2 even went as far as to say “I know someone in some other subsidiary that [does] similar kind of work, or similar kind of projects. I get in touch with them [other subsidiaries] directly without going through headquarters. And in many cases headquarters redirect you to the relevant subsidiary to talk to certain people, certain departments, and certain groups”. This supports one of the main themes that came out, which is that a lot is dependent on whether another subsidiary sits in a similar market or not, and if it does, then the relevant expert in that subsidiary is consulted. Another major theme was a constant feedback loop happening between HQ and subsidiary, “it works both ways, there is a push and a pull after every project that you finish...the idea is to constantly contribute back into the knowledge pool”.

5.3.6 Interview question 5

This question was asked to understand if the specific subsidiary had autonomy.

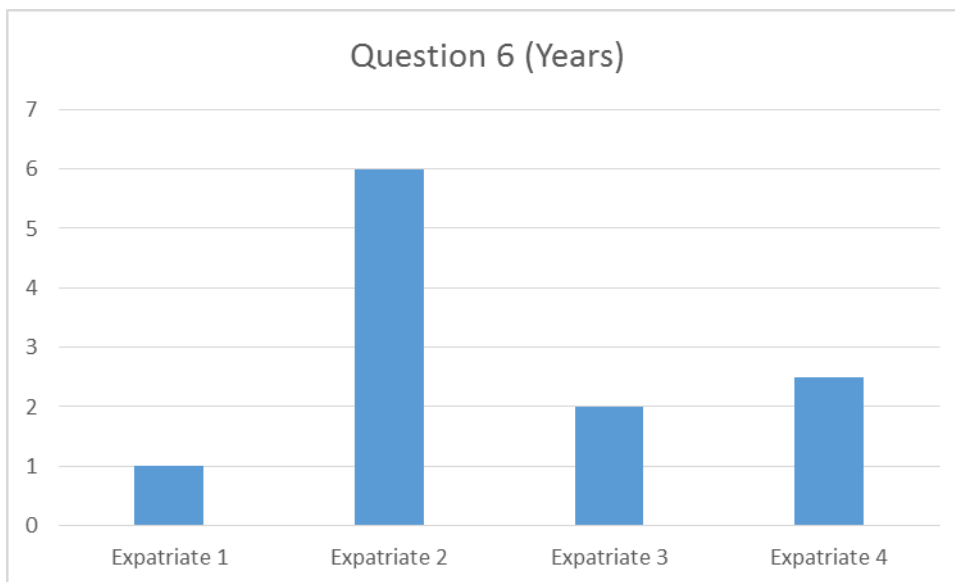
All the respondents were unanimous in answering that they had autonomy in their subsidiaries, but within a certain threshold defined by the HQ.

It was clear that most were given high level of autonomy but within a defined structure. Local 7 remarked that his subsidiary was “almost completely autonomous, however there are certain rules...where we have to be compliant, where that is just standard”. Expatriate 4 also confirmed that “there is a high degree of local authority but this is within the structure which has been laid out globally. So, structures and kind of thresholds will be set on a global level around each country, based on a forecasting metrics to know what is allowed to be done in that specific county”.

5.3.7 Interview question 6

This question was only asked to expatriates to find out how long they had been in their current placements. The results are presented below:

Figure 6: Results for Interview Question 6



5.3.8 Interview question 7

This question was asked to enquire whether the expatriate’s placement was planned. All four expatriates answered that their placement was planned and they were ‘deployed’ to fulfil a specific purpose. Expatriate 1 explained that “one specific reason for me coming was to close their audit findings here. There were no standards that were documented. To restructure”. Expatriate 3 replaced his predecessor specifically to change the culture and open up the relationship between their HQ, as he explains that “I was hired to bring in a different culture and I assume they saw in me this, kind of... ability to shape and form the culture in a different direction. So, certainly, I opened

up the organisation. I removed myself to [not] be the bottleneck. I opened up, intentionally, various channels”.

5.3.9 Interview question 8

This question was asked to the expatriate to understand, in their opinion, if they had improved knowledge transfer from the HQ to the subsidiary. All four expatriate managers agreed that they had improved knowledge transfer from HQ to their subsidiaries. Two expatriates saw themselves as a bridge between the two. Expatriate 3 remarked that “I opened up the organisation. I removed myself to be the bottleneck. I opened up, intentionally, various channels... Much more openness, much more transparency and a lot of improved links with headquarter people”. Expatriate 4 explained the reason why he thought he was the link: “product related knowledge is an area where HQ would be very strong, but local subsidiaries don’t get exposed to that. They are more exposed to local industry dynamics and I think that is a certain level...of sharing from both sides. For me to have better understanding what’s happening in SA and for the people in SA to have a better understanding of what’s happening on a global level, so that they are better equipped”. Expatriate 2 felt that face-to-face interaction was very important for knowledge transfer to occur: “It can only be materialised once the person is physically present in the subsidiary instead of just passing the information in a document format or a presentation”.

5.3.10 Interview question 9

This question was asked to understand if expatriates could overstay their allotted time and negatively impact the subsidiaries performance. Three expatriates answered in the affirmative and one said that it depended on “whether the expat is really able to add value beyond that one year period [for example] which was agreed initially”.

All four respondents found this question difficult and the researcher had to probe further to get an answer as the respondents felt that it wasn’t an easy question to answer definitively. One expatriate felt that this question should apply to everyone as he believed that anyone could have a negative impact not only expatriates. One major theme that came up though was the expatriate being a culture translator, “expats can kind of create this cultural bridging that is required. They can almost be a translator and they, so to speak, can translate the issues, but also, the language, or the cultural implications of language to the headquarter”. Once he fails at that then there can definitely be a negative impact, as he goes on to explain “I can tell you, I’ve seen highly successful businesses managed by culturally open expats who tried to blend cultures,

and I've seen, you know, corporate soldiers being sent by headquarters with no cultural sensitivity and they sunk the ship, big time". Another reason why expatriates can overstay their welcome was that after a certain period of time, they are no longer challenged, "there's definitely that phase where people come into where they are- they've kind of learned everything and they just go and do the same thing over and over again, and there isn't much room to be challenged anymore". Once an expatriate has fulfilled his purpose he should move on, as one expatriate poignantly remarked "I am the type that likes to change things and when things are stable someone else should come in, I get bored after that".

5.3.11 Interview question 10

This question asked participants what interaction was needed between expatriates and locals to effectively transfer knowledge.

One theme that was dominant in the answers was constant communication or interaction between these two actors: "constant communication...we've got the tools to basically communicate constantly...we communicate on a daily basis over chat, over phone, over video conference, over email". Expatriate 3 went even further to say that face-to-face interaction was of the utmost importance, and not just through the usual virtual means, as he believed that this really creates the tacit knowledge transfer that is important for this relationship to prosper and encourages his employees to "go and have a beer with these guys so that you build a relationship that is solid and robust enough, and if you really get into stormy waters, you have a strong enough relationship that they share with you things -- also the tacit things and the things that are risky, you can ask them for favours and for things that go beyond what you can officially ask them".

5.3.12 Interview question 11

This question was asked to locals only, to find out if they had improved knowledge transfer within their respective subsidiaries and they were asked to explain their answer. The results came out with a conclusive 'Yes' from all eight of the local managers.

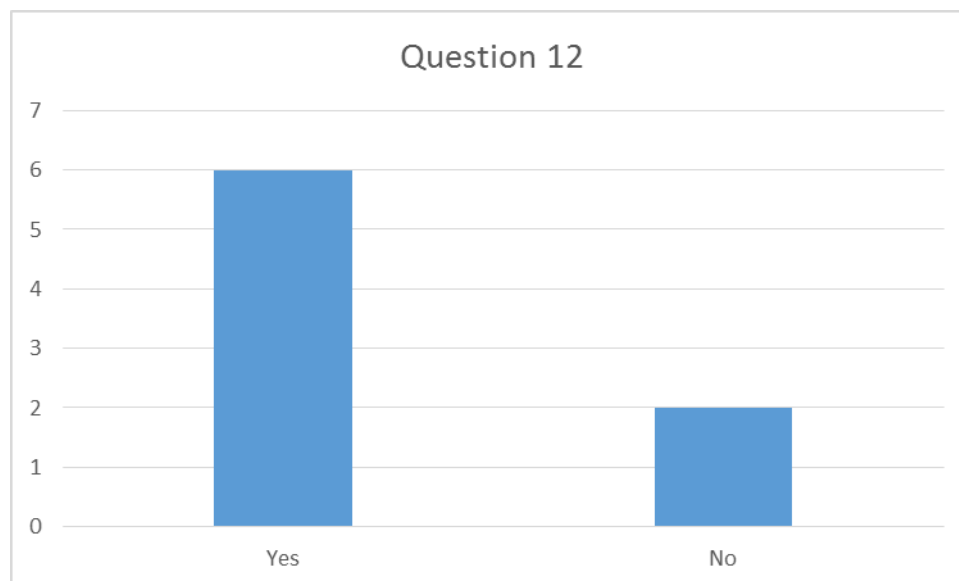
A main theme that was apparent in most respondents was that they opened up communication and collaboration within their teams and globally for knowledge sharing to occur. Local 3 said that "I created more of a team environment, where before I took them over, they didn't even have team meetings, they didn't talk to each other as a

team”. Local 4, who is in the consulting industry, said that “we have regular sessions we call connect session, and there are regular industry sessions where we share knowledge about what is going on around the projects which is in the form of formal learning sessions or in the form of more informal kind of meetings, it is definitely a constant improvement”. Local 10 explained that one of the benefits of transferring knowledge was that “it is absolutely crucial to know who the key players are, what their thinking is and to share that knowledge with each of the other entities or with the global clients group so they can coordinate their efforts”. This local is in the insurance industry which has very specific local regulations governing the industry, so this could be why her answer was definitive.

5.3.13 Interview question 12

This question was asked to understand if locals had brought with them access to local knowledge sources or networks that expatriates would not necessarily have brought. The results are shown in the below table:

Figure 7: Results for Interview Question 12



One theme that came out in the participants answers was that they felt they brought with them knowledge that was specific to their previous role, which could be implemented in their current roles. “So my previous job I was at [another company] in their risk department. So you copy all the knowledge you have built up over the years. You do copy some of those things I was internally part of building, and that’s not knowledge I necessarily want to leave behind. Some of those things were built into my programme, things that I do here”. Local 8, who is also in the insurance industry,

remarked that “I came with my own skill, my own knowledge that I could actually impart from my previous company”. Another theme that emerged was that participants felt that they had a better broader understanding of the local environment “Because western countries are more modern countries, they’ve got certain way of thinking and that’s how they think. But we’ve got a much broader agenda of the things that we need to solve and I think sometimes that has helped to shape the firm”.

Local 3, who works in the financial technology industry, and Local 5, who works in the financial services industry, both said that they didn’t bring anything uniquely local beyond what an expatriate could bring, as they were both in very globally focused companies. They did however bring access to central teams, which any expatriate could grant. Local 3 said “I think one thing I have definitely done is leveraged the central teams a lot more than was being done before”, and the other participant said that “because we do try and operate as an international entity”.

5.3.14 Interview question 13

This question was asked to locals, if they worked effectively with expatriates and to explain why. The results showed that all eight locals agreed that they did work effectively with expatriates.

Most of the reasons given were based on how they saw the expatriate and not necessarily themselves. Only two interviewees gave reasons which were related to themselves, Local 3 said that “I’m open to differences and I’ve been to lots of countries so I’ve met lots of different people” suggesting that she was open to differences and to different cultures. Local 5 suggested that his company structure created a sharing environment which forced people to share “I found that [our] people are not selfish people, they are always happy to share their knowledge openly. I also found – I think because of the way we are structured actually helps. One is we are not owned by individuals”.

The other interviewees mainly reflected that expatriates they have worked or interacted with have more open personalities and have more knowledge and experience. As Local 2 pointed out, a reason could be that expatriates generally worked in different markets “you’re always leveraging the knowledge that he or she has, because they’ve worked in different markets”. Local 8 mentioned that “there’s an openness and he is willing to share that information with me”. Local 7 explained that it is not only about the knowledge that the expatriate imparts, but also the knowledge that the local teaches the expatriate and the willingness for both parties to learn from each other. “The

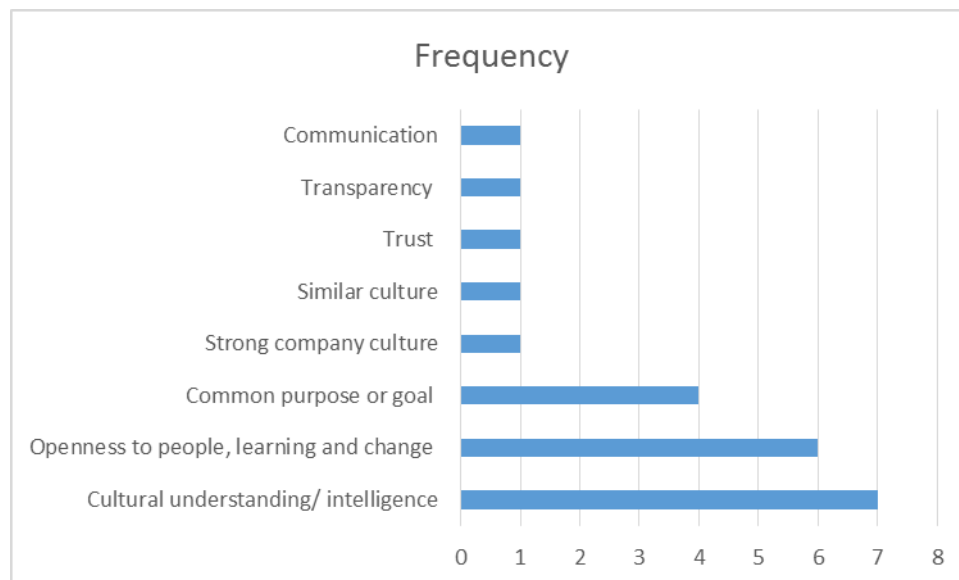
knowledge that you can get... because some things can be quite localised, you find different ways of doing things that might actually work so we worked really well together and he taught us new things and we taught him new things”. Another manager said that “there was a willingness on his side and from my side to learn”.

5.3.15 Interview question 14

This question was asked to all participants to find out what characteristics were needed for locals and expatriates to effectively interact with each other and they were asked to elaborate on their suggestions.

The figure below shows the actual constructs mentioned by the interviewees together with their frequency.

Figure 8: Results for Interview Question 14



A major theme that emerged from seven of the participants was that of cultural understanding or intelligence. Respecting cultural differences or cross-culture sensitivity were all terms mentioned by these participants. Expatriate 3 believed that the expatriate manager’s role to be a “cultural translator”. He mentioned that there needs to be “cultural sensitivity and openness, the expat manager should be a type of cultural translator between the two entities, he brings with specific technical know-how but being a cultural translator is more important”. Another major theme that came out from the respondents was that both players needed to be open and willing to listen and learn and share their knowledge, “for locals they need to be open and ready and see a need for change, for expats they need to have inter-cultural intelligence”. Local 7 mentioned that locals need to be “open to realizing that it is not always going to be the

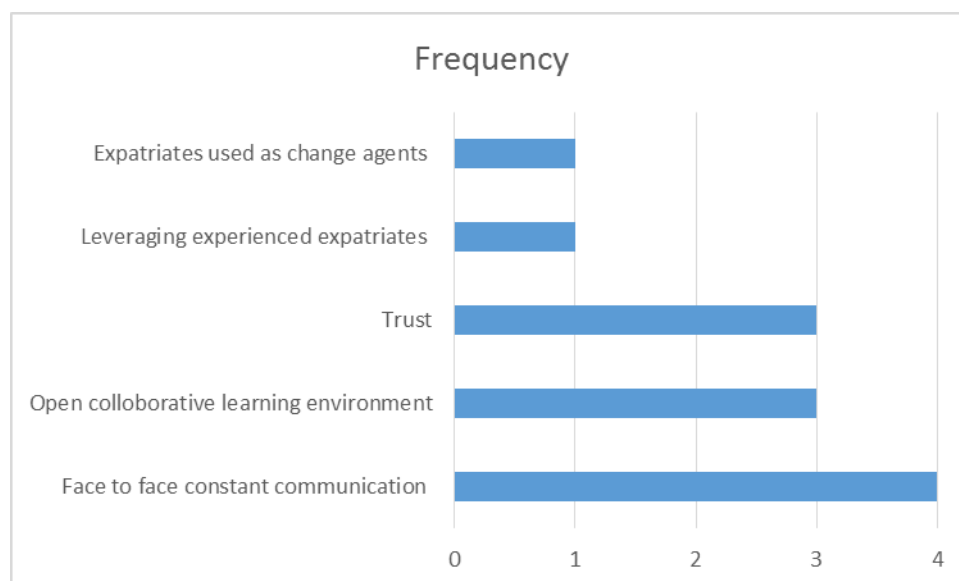
same. So if you are comfortable with the fact that you are going to be uncomfortable for a little while until you figure it out that openness to people, change and to learning is quite important. Realizing that culture might be different and you have to respect that and try to understand that first”. Local 3 brought in the need for respect for each other’s knowledge, “Respect, because you’re bringing different things to the table, so the expat generally brings the knowledge of the central team and the local brings the local expertise and together you should have the full spectrum”. The last theme that came out once cultural understanding was established, was that of working towards a common purpose: “Cross cultural understanding and mutual respect, then more formal/business/strategic goals need to be set to work towards and tracked regularly as that creates the overall common goal”. Interestingly enough, trust, was only mentioned by one participant, who was Expatriate 4 working in the digital advertising industry. It is worthy of noting this, as trust came up as a major construct in interview question 15.

5.3.16 Interview question 15

This question was asked to all participants to find out how does this interplay between expatriates and locals expedite knowledge transfer.

The figure below shows the actual constructs mentioned by the interviewees together with their frequency.

Figure 9: Results for Interview Question 15



A major theme that emerged from the responses was face-to-face, constant communication between these two actors. Remote constant communication was not as effective, because some of the communication would get lost in translation and will be delayed. One doesn't get as accurate a contextual understanding as one would by being in the same environment as the person, as Expatriate 2 pointed out very passionately "because then you working together on a day to day basis and then you can transfer tacit knowledge as well as explicit knowledge to the associate in more effective and more quicker manner compared to you working remotely, you having offline conversations instead of having face-to-face conversations...that kind of environment also works to a certain extent but it won't expedite the knowledge transfer it might delay it because there is always something will be lost between words".

Another theme that emerged was trust. Some respondents felt that trust between the local and expatriate would create empowerment and enable one to do things quicker, as the source of the knowledge is trusted, and this would create a relationship. As Local 6 points out "one of the things creates faster behavioural change is having common values and common things, and trust. So if you create that environment, knowledge and openness will happen quicker, and sometimes I think that's where organisations needs to focus on those things and then you let the knowledge flow happen naturally. Sometimes what people do is they go and focus on the training knowledge and less on the cultural foundation and values...So for me relationship is fundamental for knowledge transfer".

Another important theme that came out was that of creating a learning environment, which empowers people to feel open and share with each other and their teams. Expatriate 4 said "when both people have the learning attitude and are open to hear from each other how they are doing things...both being exposed to different kinds of knowledge stock and sharing it regularly creates almost like a platform for a way you can develop, you can develop knowledge sharing as culture and as a practice very frequently".

5.3.17 Interview question 16

This question asked all interviewees if they thought that if these two actors worked effectively together in transferring knowledge, it would impact the performance of their subsidiary. They were asked to elaborate on their answers.

All the respondents believed that it could impact the performance of their subsidiary. Various explanations came out. Three participants gave greater importance to people,

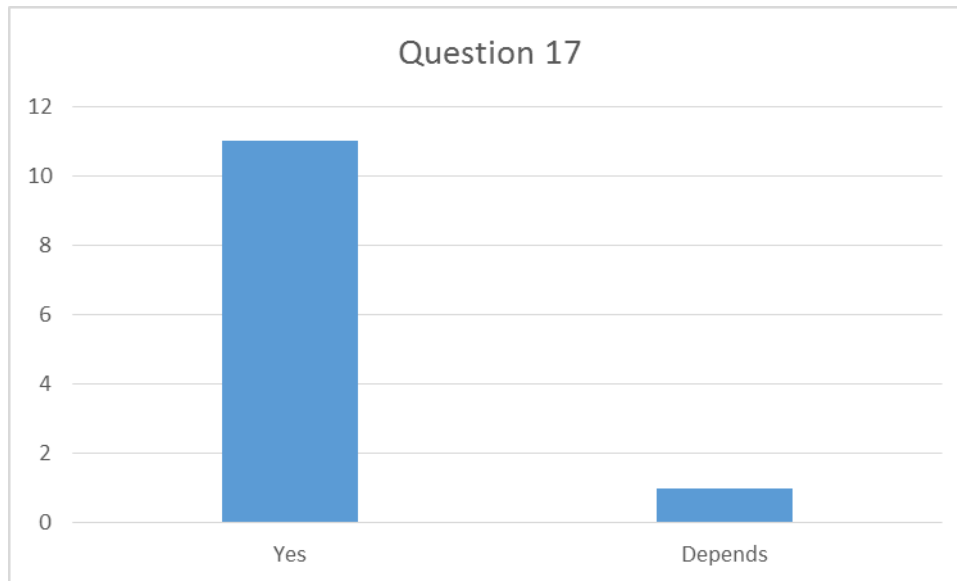
as Local 6 explained that “the only asset we got is people and if those people could share ideas and work effectively and be cleverer than everybody else, then it increases competitive edge”. Another reason given by Local 4 was about improving the efficiency in the value chain, “It will improve efficiencies and it will improve knowledge transfer, it will improve quality of delivery, which all equates to a better deliverable, which makes for a happier client which makes an easier process, it is a value chain”. Expatriate 4 saw his HQ as playing more of a supportive technical role, as opposed to the subsidiary which was driving the agenda and pushing their growth strategy forward. He also mentioned the need for both the HQ and subsidiary to support each other in order to move forward, “I mean the local subsidiary wouldn’t go far without the HQ team supporting them because like I said the local team is very much focused on thought leadership, pushing the agenda, changing their mind-sets whereas the team in [city mentioned] actually makes things happen; to make sure that those actually impact on the bottom line. So I think one can’t go without the other”.

5.3.18 Interview question 17

This question was asked to all interviewees if they thought this interplay between expatriates and locals was effective, it would impact the SCA of the MNC overall.

The figure below shows that there was an overwhelming agreement that this effective interplay between expatriates and locals would impact the SCA of the MNC. Local 5 said that it depends on the executive leadership: “it kind of depends on your executive leadership so if your executive leadership as a collective makes a decision to steer your organisation in a particular direction, it doesn’t actually matter how effective you are in the under workings because they can make a very bad decision that could steer the company onto a particular direction and you can ruin the organisation”.

Figure 10: Results for Interview Question 17



Although there weren't many consistent themes that emerged from the data, there was one theme however that came from three respondents which was that collaboration was key, and specifically in leveraging their global teams, "because essentially you're working with one big team leveraging off of each other". Local 4 also said that, "we are moving to a more global service so to speak, that means that we are taking global solutions to global clients in order for us to be effective". Another theme mentioned by two local managers, Local 1 and Local 8, was that it is beneficial to share knowledge as one participant mentioned that "sharing of information benefits everyone ultimately". Expatriate 3 gave trust, and the right people, as pre-requisites: "only if you have the right people and trust can this happen". While Expatriate 4 commented that their competitors are applying their strategic model, "I think there's definitely [increased] competitive advantage and that's probably why our competitors are applying our model".

5.4 Results for qualifying interview questions 1-6:

Table 4: Summary of Results for Qualifying Questions 1-6

Interview Questions	Results
1) Would you say your subsidiary has knowledge stock?	Majority indicated that they had local, specific expertise and knowledge.
2) Is your knowledge stock used	Majority of respondents agreed that they

effectively in your subsidiary to increase SCA?	did use their knowledge stock to increase their SCA.
3) To what degree does this subsidiary provide/receive knowledge and/or skills to/from HQ?	Majority of participants answered that there was a very high degree of exchange both ways.
4) Does this subsidiary transfer or receive knowledge to/ from other subsidiaries?	Majority view was that the subsidiaries did transfer knowledge to or receive knowledge from other subsidiaries.
5) Does your subsidiary have decision making capabilities?	All respondents agreed that they did, but this was limited to the bounds of what their respective HQ had proposed.
6) How long have you been in your role in this current placement? (applicable to expatriates only)	Average is almost three years.

In interview question 1, all respondents indicated that they did have knowledge stock. The majority of respondents indicated that they had local specific expertise and knowledge that are unique to their subsidiaries market. Marketing, product development and the regulatory environment were some examples mentioned by interviewees which were given to prove their point.

The majority of respondents agreed that they did use their knowledge stock to increase their SCA. A few themes that emerged were that they understood their local market well and they would leverage their global expertise if needed.

Interview question 3 sought to understand to what degree their subsidiaries receive or provide knowledge to or from their HQ. The majority of participants answered that there was a very high degree of exchange both ways. The exchange transferred to HQ was more around market conditions and of a performance nature, whereas the transfer from the HQ was more around technical skills, product training and marketing knowledge transfer.

The results from interview question 4 showed that there was a majority view that the subsidiaries did indeed transfer knowledge to or receive knowledge from other subsidiaries. This was mainly with other subsidiaries based in similar markets and/or who faced similar challenges. There was a definite two way flow of knowledge transfer taking place between the HQ and the subsidiary.

Interview question 5 established that there was autonomy in the subsidiaries but this was limited to the bounds of what their respective HQ had proposed.

Interview question 6 was asked to expatriates only, to find out the duration of their placed assignments. This falls under the category of qualifying questions because this is linked to interview question numbers 7 and 9 which sought to establish if their placement was planned and whether in their opinion expatriates could overstay their planned placement.

5.5 Results for research question 1:

Table 5: Summary of Results for Interview Questions 7-10

Interview Questions	Results
7) Was your placement planned?	All four expatriates answered yes. They were placed for a specific purpose and for a specific period of time.
8) In your opinion have you improved knowledge transfer from the parent to your subsidiary?	All four expatriates answered yes. They saw themselves as a bridge between HQ and the subsidiary.
9) Do you believe expatriates can overstay their welcome and have a negative effect on subsidiary performance?	Most of the expatriates agreed that they could overstay their welcome and negatively impact the subsidiaries performance.
10) What interaction is needed between yourself and locals to effectively transfer this knowledge?	Constant communication and interaction is key to effectively transferring knowledge between expatriates and locals.

5.5.1 Research question 1: What is the level of expatriate involvement needed to expedite efficient and effective knowledge transfer?

Interview questions 7, 8, 9 and 10 were used to answer this research question.

According to the themes that were identified from interview question 7, all four expatriate's that were interviewed were placed in their roles for a specific purpose for a specific period of time, be it for transformational purposes, to open up communication between HQ and change the culture in the subsidiary, or to fulfil a certain purpose for example to close the audit function.

Interview question 8 established that all expatriates interviewed improved knowledge transfer within their subsidiary. A major theme was that they saw themselves as a bridge between HQ and the subsidiary, in order to open up communication and enable the environment where both sides can share their knowledge with each other.

Interview question 9 indicated that most of the expatriates agreed that they could overstay their welcome and negatively impact the subsidiaries performance in their assigned role. One major theme that stood out was that the expatriate takes on a role of bridging the cultural divide between HQ and subsidiary and if that conversation is halted or fractured then that would have a negative impact.

According to the major theme that came out of interview question 10, constant communication and interaction is key to effectively transferring knowledge between expatriates and locals.

5.5.2 Conclusion for research question 1:

The expatriate is seen to be the bridge between the HQ and subsidiary. Cultural translation, openness, fulfilling a specific purpose is what expatriates were assigned to bring to their subsidiaries. There was consensus though that once these assignments are fulfilled or achieved then they should move on to the next as they could have a deteriorating effect on the subsidiaries performance. Constant communication and preferably face-to-face interaction was suggested as a key elements needed to expedite efficient and effective knowledge transfer.

5.6 Results for research question 2:

Table 6: Summary of Results for Interview Questions 11-13

Interview Questions	Results
11) In your opinion have you improved knowledge transfer from within the subsidiary? Please explain.	All respondents felt that they had improved knowledge transfer, opening up communication and collaboration.
12) Have you brought with you access to local knowledge sources or local networks that expatriates would not necessarily have brought?	The majority of respondents agreed that they had brought with them local knowledge and networks, not possible by expatriates.
13) Do you work effectively with expatriates and if so explain why?	All interviewees agreed that they do work effectively with expatriates.

5.6.1 Research question 2: What is the level of local involvement needed to expedite efficient and effective knowledge transfer?

Interview questions 11, 12 and 13 were used to answer this research question and were only asked to locals.

Interview question 11 findings showed that all respondents felt that they had improved knowledge transfer from within their subsidiaries and one of the main reasons given for

this was that these local managers opened up communication and collaboration within their teams and then ultimately globally for knowledge sharing to occur.

Interview question 12 found that the majority respondents agreed that they brought with them access to local knowledge source and networks that expatriates would not have brought. They specifically mentioned that knowledge from previous roles were leveraged as a big local advantage over expatriates. Another theme that was apparent was the fact that these locals knew the local operating environment much better than what an expatriate would.

Interview question 13 established that all interviewees agreed that they do work effectively with expatriates and the main reason was because expatriates have more open personalities and have more knowledge and experience which the locals can leverage off.

5.6.2 Conclusion for research question 2:

The level of the local involvement needed in order to expedite efficient and effective knowledge transfer within their subsidiary is one of collaboration and opening up communication between their teams and their global offices. They definitely do believe that they have access to local sources that expatriates would not necessarily bring with them, but they also see the expatriate as an invaluable partner in knowledge transfer.

5.7 Results for research question 3:

Table 7: Summary of Results for Interview Questions 14-17

Interview Questions	Results
14) What characteristics are needed for locals and expatriates to effectively interact with each other? Please elaborate.	Cultural understanding or intelligence, openness and willing to listen and learn from each other and having a common business purpose or goal to work towards.
15) How does this interplay between expatriates and locals expedite knowledge transfer?	Face-to-face constant communication, trust, and by being able to create a learning environment which empowers people to feel open and share with each other and their teams.
16) Do you think that if these two actors work effectively and efficiently together in transferring knowledge it would impact the performance of your subsidiary?	All interviewees felt that it definitely would, there were many reasons given.
17) Do you think that it would impact the SCA of the MNC overall?	Majority of respondents answered that effective interplay between expatriates and locals would impact SCA.

5.7.1 Research Question 3: What is the moderating role of the knowledge characteristics between these two sets of knowledge actors, and how does this expedite knowledge transfer?

Interview questions 14, 15 and 16 were formulated to answer this research question and was asked to all interviewees.

Interview question 14 sought to find out what characteristics were needed for locals and expatriates to effectively interact with each other. Cultural understanding or intelligence was a main theme that emerged. Most participants also mentioned that both players needed to be open and willing to listen and learn and share their knowledge with each other. The last theme that was apparent was that of having a common business purpose or goal to work towards.

Interview question 15 showed three major themes that explained how the interplay between expatriates and locals expedites knowledge transfer. The first was face-to-face continuous communication between these two actors. Another being trust, as by trusting one another some respondents felt that this would create empowerment and enable one to do things quicker because one would trust the source of that knowledge. Lastly, by being able to create a learning environment which empowers people to feel open and share with each other and their teams.

Interview question 16 sought to understand from interviewees if they thought that if these two actors worked effectively together in transferring knowledge, it would impact the performance of their subsidiary. It was clear that all interviewees felt that it definitely would but there were many reasons given. The main ones being that people are an organisations best assets, transferring knowledge effectively improves efficiency down the value chain and the last one being that both HQ and subsidiary need to support each other in order for improved performance.

Interview questions 17 was similar to Interview questions 16 as it was asked to understand from the respondents if they thought these actors did work effectively and efficiently together to transfer knowledge, it would have an overall increase in SCA for the MNC as a whole. There wasn't one definitive outcome that came from the interviewees elaborations. A few though were that collaboration was key to leveraging their global teams as their MNC are becoming more and more global. Another outcome was that it is beneficial to share knowledge as it benefits everyone ultimately. Trust and the right people were given as other reasons.

5.7.2 Conclusion for research question 3:

It is emergent from the analysis that cultural understanding, face-to-face constant communication, trust, being open to sharing knowledge with each other, both from a learning and listening perspective and having a common business purpose or goal to work towards are key outcomes of understanding the moderating role of knowledge characteristics between these two actors which would ultimately expedite knowledge transfer effectively, if there are these solid foundations which are created.

It is interesting to note that the outcomes from interview questions 14 and 15 were generally different. One would expect them to be similar as they are very similar questions. Trust, for example, wasn't a major factor that came out when answering interview questions 14 however it was a major outcome which was evident from the analysis in answering interview question 15. One similar construct however which must be pointed out which was prominent in both interview questions was "openness to people, learning and change" and "open collaborative learning environment". A possible reason could be that interview question 15 could not have been answered properly due to the nuance of the question and also due to its position which was asked after interview question 14, so therefore the outcomes could actually be seen as a continuation as the characteristics which were asked about in interview question 14.

Chapter 6: Discussion of Results

6.1 Introduction

In this chapter the research findings from Chapter 5: Results, that were presented, will be related to the literature review in Chapter 2. The insights obtained through the findings in Chapter 5: Results were related and compared to the concepts formed in the literature in order to answer the research questions formulated in Chapter 3. As explained in the beginning of Chapter 5, interview questions 1-6 were exploratory, qualifying questions and the subsequent questions related to answering the research questions.

6.2 Discussion of results for qualifying questions 1-6:

The findings from question 1 and 2 were consistent with the literature. Larkin (2014) explains that knowledge is a significant determinant of a firms' strategic competitive advantage. She goes on to describe how firms have identified that their knowledge stocks are key to seeking SCA and the sharing or transfer of this knowledge is paramount in achieving this success. The results from the interviews corroborate this, as all the interviewees felt their subsidiaries had developed their own knowledge stock and used their knowledge stock effectively to increase SCA within the subsidiary. A major reason given was that South Africa is such a specific market, with very different needs to other clients in other countries. This, they felt, meant that they were almost forced to create their own knowledge stock if they wanted to remain competitive. As highlighted by one interviewee "we develop our own products and services locally, and those can be licensed and either sold to clients locally or even sold back to other firms globally, because no-one understands the local market like we do".

Colakoglu et al. (2014) showed that subsidiaries benefit more in increasing knowledge capabilities from local knowledge flows, compared with global knowledge inflow acquired from their parents. However, global knowledge flows are also potentially significant sources of innovation, which is consistent with the results obtained. There was a definite indication amongst interviewees that they would leverage their local subsidiary knowledge stock first, before seeking global help, which implies that their

local knowledge stock is contextually appropriate and effective within their environment, this can be shared globally as innovative knowledge to increase SCA.

Results from interview question 3 showed that there was a reverse knowledge flow that was happening between HQ and subsidiary, which is consistent with the literature (Rabbiosi & Santangelo, 2013). The knowledge that was transferred from HQ, as mentioned by the interviewees, were more on a technical, marketing, leadership, skills and product training knowledge basis. A new insight that emerged from the analysis was that the main knowledge that was transferred back to HQ, was in the form of performance reporting and a sharing of insight into the subsidiary market conditions and operating environment.

Miao et al. (2011) found that that knowledge transfer to peer subsidiaries is improved by the length of time a subsidiary has been in operation, and how frequently managers communicate between peer subsidiaries. The results that were shown from interview question 4 suggested that there was an exchange of knowledge, both ways, between subsidiaries, mostly those operating within similar markets. As Miao et al. (2011) suggested, there are different organisational factors that affect the transfer of subsidiary knowledge. Market similarities is a factor that was not dealt with in the literature, but seems to be emergent from the respondents, as indicated by one interviewee: “our market has certain specifics and we've built up business models on how to serve these markets and we are actually exchanging information but also, tools we created for our market, and we're offering such tools to other subsidiaries around the world who have a similar kind of low to mid cost profile”.

One theme that emerged was that there was definite expertise or specific knowledge sitting within the subsidiaries that HQ's do not necessarily possess. So much so, that Expatriate 2 went on to say that “I know someone in some other subsidiary that [does] similar kind of work, or similar kind of projects. I get in touch with them [other subsidiaries] directly without going through headquarters. And in many cases headquarters redirect you to the relevant subsidiary to talk to certain people, certain departments, and certain groups”. To a degree, this does support Rabbiosi and Santangelo (2013) view that there seems to be a vetting process of the knowledge, which happens between the parent and subsidiary before it is distributed within the organisation as a whole. But it seems though that subsidiaries are relating more and more to their peers, as they operate in similar circumstances and have similar challenges.

The findings from interview question 5 does support Song (2014) view that subsidiaries with high autonomy will be able to source valuable knowledge and will have more of an impact on the level and directions of knowledge transfer within the MNC. The general outcome was that all subsidiaries had a high level of autonomy, to different degree, which was articulated by one manager who said “almost completely autonomous, however there are certain rules that will be...where we have to be compliant where that is just standard”. This outcome of autonomy being an enabler to creating valuable knowledge stock which impacts the level of knowledge transfer supports Kawai and Strange (2014) findings which are that greater autonomy stimulates knowledge flow, promotes learning, collaboration and strategic leadership and initiatives which ultimately contribute to SCA.

In support of subsidiary autonomy, Song (2014) reinforces the view that subsidiaries with high autonomy will be able to source valuable knowledge and will have more of an impact on the level and directions of knowledge transfer within the MNC

6.3 Discussion of results for research question 1:

6.3.1 Research question 1: What is the level of expatriate involvement needed to expedite efficient and effective knowledge transfer?

The results showed that constant communication and interaction between these two actors (expatriates and locals) was a major factor that was needed to expedite efficient and effective knowledge transfer. It became emergent from the results how important face-to-face communication was, as the tacit elements of knowledge can then be shared and that is hardly done through remote communication, as one interviewee said that “if you really get into stormy waters, you have a strong enough relationship that they share with you things, also the tacit things and the things that are risky, you can ask them for favours and for things that go beyond what you can officially ask them”.

The literature talks about tacit knowledge, and how that is developed through experience. It is knowledge which is hard to communicate or reduce to text form and it is unable to be stored using technology (Larkin, 2014). This knowledge is gained through working with experienced colleagues and through relationships with mentors. As Expatriate 3 explained (presented in Chapter 5), an informal environment should be created to facilitate this tacit flow of knowledge.

It is clear in the literature that expatriate managers are important in the transfer of knowledge between parent firms and subsidiaries (Delios & Björkman, 2000; Lam,

2003; Minbaeva & Michailova, 2004; Tung, 1982). Peng and Beamish (2014) support the notion in the literature that expatriates are learning agents and a conduit of knowledge transfer, either from the parent to the subsidiary or vice versa. This is consistent with the results presented, as the expatriates interviewed saw themselves as a bridge between HQ and their subsidiary, opening up channels of communication and being cultural translators. As one Managing Director indicated “I was hired to bring in a different culture and I assume they saw in me this, kind of ability to shape and form the culture in a different direction. So, certainly, I opened up the organisation. I removed myself to [not] be the bottleneck. I opened up, intentionally, various channels...much more openness, much more transparency and a lot of improved links with headquarter people.”

This statement supports Harzing et al. (2016) whose research proposes that expatriates are able to transfer more knowledge in comparison to local subsidiary managers. The reasons they suggest this is because expatriates, specifically in a managing director position, have greater access to information and influence. They are connected to a larger network of players at the HQ, and are perceived by others in the organisation as a better social resource than local managers.

Peng and Beamish (2014) disagree, as they seem to suggest that once the subsidiary is at a competent age for knowledge development they may not need a high presence of expatriates. This would allow the subsidiaries to gain more autonomy, and that it might be in the subsidiary’s own interests to decrease its expatriate dominance in order to encourage relying on their own local sources of knowledge. This debate in the literature introduces a major theme that was evident from the analysis.

One of the key findings from the expatriates was that they were definitely placed in their roles to fulfil a specific directive from HQ however, they also believed that if they stayed in their roles for too long, it could have a negative impact on the subsidiaries performance. As one expatriate Managing Director said “I am the type that likes to change things and when things are stable someone else should come in, I get bored after that”. This finding supports Fang et al. (2010) who showed that the use of expatriates in the long term, negatively affects the relationship between parent and subsidiary when transferring specific marketing and technological knowledge. The reasons given were a) that the applicable knowledge transferred is once-off in nature, and b) that the expatriate manager does not have a nuanced understanding of the local environment conditions, which a local manager would have.

It is interesting to note that according to Figure 6: Results for interview question 6, there was an average of expatriates staying in their assignments of almost up to three years, if you include the outlier of six years. In answering interview question number 9, which was asked to understand if expatriates could negatively impact the subsidiaries performance by overstaying, there was one outlier in the responses who said that it depended on “whether the expat is really able to add value beyond that one year period [for example] which was agreed initially”. Which implied that he did see himself as adding value, otherwise he would not still be in that position.

6.3.2 Conclusive findings for research questions 1:

There was definite congruence in the findings to support Miao et al. (2011), who found that subsidiary to parent knowledge flow is facilitated by creating efficient formal mechanisms, such as an expatriate policy. One of the findings was that there needed to be constant communication and interaction between the two actors, in order for there to be efficient and effective knowledge transfer.

The expatriate was definitely sent with a specific brief to fulfil, as shown in the analysis, which was to change culture or to implement certain standards. This is definitely in accordance with Meier (2011) as it seems the expatriate was used as a formal knowledge management tool to make knowledge transfer happen between HQ and subsidiary, illustrating that they are used as a proxy. The reason why expatriates are seen as this bridge is because they have this ability to open up communication and create an enabling environment between HQ and subsidiary.

The subsidiary autonomy and performance link have been traditionally researched but expatriate involvement is a key moderating factor in this relationship (Colakoglu et al., 2014; Kawai & Strange, 2014; Rabbiosi & Santangelo, 2013; Tseng, 2015). The findings showed that expatriates provided better communication within the MNC as they saw themselves primarily as opening up communication and allowing better access to HQ, to improve the capabilities of their subsidiary.

The insight gained from the analysis also supports the notion which Peng and Beamish (2014) suggest, of decreasing expatriate involvement in order to encourage sourcing local knowledge. There was no doubt that expatriates were key in the knowledge transfer process, but it seems to be implied from the analysis that a fine balance needs to be maintained where expatriates do not overstay in which case they could impede local knowledge empowerment. All the expatriates interviewed shared the same

sentiment that the local was a key partner in their involvement to expedite knowledge transfer.

6.4 Discussion of results for research question 2:

6.4.1 Research question 2: What is the level of local involvement needed to expedite efficient and effective knowledge transfer?

Colakoglu et al. (2014) found that local knowledge inflows to a subsidiary are more effective in enhancing a subsidiary's knowledge creation, compared to global knowledge inflow from other subsidiaries in the MNC. Knowledge sourced locally is better aligned with existing knowledge stocks of subsidiaries, compared with the culturally and geographically distant knowledge sources. Based on the above argument they suggest that strategically it might be more effective to allocate resources to acquire local knowledge from various local networks that will ultimately improve subsidiaries innovation capabilities. Michailova and Mustafa (2012) lead to the question of whether subsidiaries can transfer local innovation capabilities back to HQ. As discussed above, local innovation needs to be sourced locally by cultivating locals to leverage off local networks and resources. This also supports Miao et al. (2011) view that diverse experience is more important than experience gained over time, when it comes to gaining valuable local knowledge. As Local 8 remarked "When I came across from [another company], I came with my own skill, my own knowledge that I could actually impart from my previous company". This knowledge was locally cultivated and carried by the interviewee to his new position. This showed that locals believed that they had better access to local knowledge stocks than an expatriate would have.

This suggestion is in line with the results from the qualifying interview questions, explained in the beginning of this Chapter, which were that definite local knowledge stocks were created and distributed within the MNC where appropriate. Which also, in the researcher's opinion, answers Michailova and Mustafa (2012) question of whether subsidiaries can transfer local innovation capabilities back to HQ. One of the themes identified in the qualifying questions seems to indicate this is the case as one interviewee said that "I know someone in some other subsidiary that [does] similar kind of work, or similar kind of projects. I get in touch with them [other subsidiaries] directly without going through headquarters. And in many cases headquarters redirect you to the relevant subsidiary to talk to certain people, certain departments, and certain groups." This implies that the HQ does not always have the necessary innovation or

capability that the subsidiary is looking for. Hence HQ referring them to another subsidiary to fulfil that need.

This sets the scene for some key findings from interview questions 10 and 11. One was that these locals felt that they opened up communication and enabled collaboration with their global teams for knowledge sharing to occur. Another was that they leveraged and brought with them knowledge from their previous roles which was locally sourced, and which an expatriate would not necessarily have access. This supports Colakoglu et al. (2014) view.

Another key finding was that these locals felt that they understood the local environment much better than an expatriate would, which is in line with the reason presented by (Fang et al., 2010). According to Fang et al. (2010), firm knowledge and the use of expatriates together influence subsidiary performance. They did not however go further to examine the process of leveraging transferred knowledge. They suggested specifically that additional qualitative research is needed to understand how parental knowledge is integrated with local resources to create a sustainable competitive advantage. In the researchers opinion this key finding, that locals felt they understood the local environment better than an expatriate did, provides insight to better integrate parental knowledge with local resources. This is because expatriates being open to locals sharing their experience in their local environment, combined with the expatriates expertise and links to HQ, could be an integrated approach to create a sustainable competitive advantage.

6.4.2 Conclusive findings for research questions 2:

One key theme that came out from the analysis was that locals felt that they opened up communication and enabled collaboration with their teams for knowledge sharing to occur. One participant said that “I created more of a team environment, where before I took them over they didn’t even have team meetings, they didn’t talk to each other as a team.” Another manager in the consulting industry said that “we have regular sessions we call connect session, and there are regular industry sessions where we share knowledge about what is going on around the projects which is in the form of formal learning sessions or in the form of more informal kind of meetings, it is definitely a constant improvement.” A participant explained that for successful knowledge transfer “it is absolutely crucial to know who the key players are, what their thinking is and to share that knowledge with each of the other entities or with the global clients group so they can coordinate their efforts”.

Based on interview question 13 the main theme that came out was that locals saw expatriates as open personalities, willing to share their knowledge and experience. The locals also saw themselves as having brought with them knowledge from their previous roles, which was locally sourced, and which an expatriate would not necessarily have access to. This view is also supported by (Colakoglu et al., 2014). One participant alluded to the fact that there needs to be a reciprocal approach to this relationship where both parties can learn from each other. He said “because some things can be quite localised, you find different ways of doing things that might actually work so we worked really well together and he taught us new things and we taught him new things”. There is a definite consensus from the results that expatriates and locals both bring different elements to the table when participating in this knowledge transfer together.

An interesting theme came up from two local interviewees, who did not think that they had anything different or unique to offer compared to the expatriates. The reason given was because they felt that their companies were very internationally focused. This is interesting because they felt they brought access to their global teams and networks. This opposes what Harzing et al. (2016) found, which was that expatriates are able to transfer more knowledge in comparison to local subsidiary managers. The reasons they suggest this is because expatriates, specifically in a managing director position, have greater access to information, influence, they are connected to a larger network of players at the HQ and are perceived by others in the organisation as a better social resource than local managers. This however did not seem to be the case in the opinion of these 2 local managers.

This new insight could be used to support Peng and Beamish (2014) point of view that there seems to be benefit in decreasing expatriate staffing levels in subsidiaries, in order for them to gain more autonomy and deal better within their local environments by using local managers. As reasoned by these local managers, they brought access to their global teams and networks as being locals not expatriates, as one manager said “I think one thing I have definitely done is leveraged the central teams a lot more than was being done before”.

There is no doubt that a high level of local involvement needed to expedite efficient and effective knowledge transfer is a critical success factor needed in order to succeed. The local is of paramount importance according to the insights from the analysis and

which supports the findings in the literature (Colakoglu et al., 2014; Peng & Beamish, 2014; Fan & Makino, 2010)

6.5 Discussion of results for research question 3:

6.5.1 Research Question 3: What is the moderating role of the knowledge characteristics between these two sets of knowledge actors and how does this expedite knowledge transfer?

The 3 main characteristics needed for expatriates and locals to effectively interact with each other, came out of interview question 14. These factors were:

- Cultural understanding or intelligence
- Openness to people, learning and change
- Working towards a common purpose or goal

These last two constructs, namely openness to people, learning and change and working towards a common purpose or goal, are in line with what Kawai and Strange (2014) suggest. They suggest that greater autonomy stimulates knowledge flow, promotes learning, collaboration and strategic leadership and initiatives which ultimately contribute to SCA. Subsidiary autonomy was overwhelmingly established in qualifying interview question 5 which could be the reason why the interviewees suggested these characteristics, which support the above view in the literature.

The first construct of cultural understanding or intelligence also supports the view in the literature, expressed by Boh et al. (2013), who explained that organisational and national culture, amongst other components, have an impact on knowledge transfer.

The last construct of working towards a common purpose or goal is intriguing, because it implies that the achievement of success through shared goals illicit more intangible outcomes like transparency and trust, and not the other way around as one might think.

Interview question 15 and 16 elicited that trust, an open collaborative learning environment and face-to-face constant communication are key themes that expatriates and locals require in order to expedite knowledge transfer. Chiang (2007) found that trust is not only key in determining individual social capital, but also is vital in building organisational social capital, which supports our finding that trust between expatriates and locals specifically, is a major factor to facilitate knowledge sharing within a MNC.

Boh et al. (2013) also found that the individual's trust of the HQ and their openness to diversity are key factors in this exchange between the HQ and Subsidiary.

Both these factors are mentioned in the literature, and also feature in the answers of the interviewees, albeit in the context of this study's questions which were about the interplay between the individuals, and not between HQ and the subsidiary organisations.

Peng and Beamish (2014) view expatriates as conduits of knowledge transfer from the parent to the subsidiary and vice versa. Boh et al. (2013) view these factors (trust and openness to diversity) as key to the HQ-subsubsidiary exchange, at an organisational level. It emerged from the analysis that these same two factors are key in the relationship and knowledge exchange between the individual actors (expatriates and locals) in this transfer.

6.5.2 Conclusive findings for research questions 3:

Cultural intelligence, trust, openness to diversity (people, learning and change), collaborative learning environment and face-to-face communication are all key moderating characteristics that these actors need to expedite knowledge transfer.

Face-to-face communication was one major theme that emerged from the analysis which is crucial to the interplay between expatriates and locals for effective knowledge transfer.

As was presented in Chapter 5: Results, interview question 14 and 15 yielded different constructs. One would expect the outcomes to be similar in nature given the similarity of the questions, however the responses were nuanced. As mentioned, "openness to people, learning and change" and "open collaborative learning environment" are similar factors in their essence. Trust was one construct that wasn't necessarily consistent, although it was mentioned as one of the outcomes from interview questions 15 and 16. A reason could be that some interviewees missed the nuance of interview questions 15 which asked **how** this interplay between expatriates and locals expedite knowledge transfer. This suggests that perhaps the sequencing of these similar interview questions was too close together, which could have caused this. Another reason could be that these were indeed the factors (as a continuation from interview question 14) which needed to be in place before knowledge transfer could be expedited between these two actors.

Chapter 7: Conclusion and Recommendation

7.1 Principal findings

Expatriate involvement is a key moderating factor in understanding the relationship between subsidiary autonomy and performance (Colakoglu et al., 2014; Kawai & Strange, 2014; Rabbiosi & Santangelo, 2013; Tseng, 2015). The findings showed that expatriates provided better communication within the MNC as they saw themselves primarily as opening up communication and allowing better access to HQ, in order to better the capabilities of their subsidiary. Constant communication and trust is needed in order for there to be an efficient and effective transfer of knowledge, between these two transfer actors (expatriates and locals). Expatriates saw themselves as a bridge between HQ and subsidiary. They saw locals as key players in this partnership which leads onto the next principal finding that came out of this research.

As mentioned, Fang et al. (2010) prove that there definitely is value in having expatriates in the short run but not in the long run while Peng and Beamish (2014) suggest that more reliance needs to be placed on locals to extract new knowledge sources, this points towards understanding what role locals would play with this new focus. This view is also supported in the literature by Colakoglu et al. (2014) who, based on their research, recommend investing in more local resources to acquire local knowledge to increase innovation capabilities which could then be fed back to the parent to enhance performance. An area that they suggested needed further research was how synergy between local and global contexts could enhance knowledge creation. The findings from this research does provide some insight in understanding this synergy. The findings suggested that the locals felt that they opened up communication and enabled collaboration with their teams for knowledge sharing to occur. They felt they had unique capabilities, access to local resources and a better understanding of the local environment. They recognised the importance of leveraging the expatriate as being an important player in this relationship with their parent. The expatriates also saw themselves as being a “cultural translator” where they opened up communication and enabled collaboration between the MNC and the subsidiary.

The insights from the analysis were congruent with the literature, in that there was a definite place and importance for both actors in this transfer of knowledge. Michailova and Mustaffa (2012) suggested that it would be prudent to examine knowledge characteristics together with characteristics of actors and understanding the relationship between them. Some of the major themes that came out of this analysis could assist in understanding what characteristics would be needed in this relationship to expedite knowledge transfer, and could begin to address this knowledge gap. These themes of cultural understanding or intelligence, openness to people and change (including from a learning and listening perspective), and working towards a common purpose or goal are key outcomes in understanding the moderating role of knowledge characteristics between these two actors.

Michailova et al. (2016) proved that employee allegiances are split into three categories: the focal subsidiary, the HQ, and the subsidiary host country. They have not addressed the issue of how different types of allegiances interact with each other within these three categories, suggesting that the dynamics between these allegiance types is an avenue for future research. This research paper has provided some insight into this. The insight gained from the analysis presented suggests some congruency with the literature such as trust (Boh et al., 2013). Creating an open collaborative learning environment where knowledge can be shared with one another and face-to-face constant communication where new insights gained in understanding how to expedite knowledge transfer.

In the researcher's opinion, triangulation at a conceptual level did occur. The knowledge gaps identified in Chapter 2: Literature Review were prospective researchable areas which were theoretical in nature. The results found from the analysis confirmed that these gaps were legitimate and actual insights were provided that could contribute to the body of literature.

7.2 Recommendations for management

As Michailova et al. (2016) suggested that it is important for managers to understand the nature of allegiances of employees and how they relate to each other. If allegiances are understood then they can be managed well and they can develop and improve.

Managers should understand that specific constructs or factors play a role in this interplay between expatriates and locals. These factors, identified in this research,

should be considered when trying to create an effective and efficient environment of knowledge transfer within a MNC which can ultimately have an impact on its SCA.

Six factors were identified:

- Cultural understanding or intelligence
- Openness to people, learning and change
- Working towards a common purpose or goal
- Trust
- Open collaborative learning environment
- Face-to-face constant communication

Managers should create an enabling environment which allows for knowledge sharing to occur. In order for this to happen first and foremost there needs to be a cultural understanding and sensitivity between employees, specifically between expatriates and locals. Managers should focus on creating this in their workplace. They should see themselves as “cultural translators” that will create the bridge between HQ and their subsidiary.

Managers should open up channels of communication wherever possible. They should be hiring leaders that have links to their global company network who can unlock collaboration.

Managers should employ leaders who can mobilise a team and execute on a defined strategy or goal which will ultimately galvanise people as they are all working toward a common purpose or goal despite their differences.

There is a definite benefit in having expatriates deployed in subsidiaries to fulfil time bound assignments. Managers should be aware however that there is a view that these expatriates could become complacent and negatively impact the performance of their subsidiary.

Managers should be encouraged to facilitate more tacit knowledge transfer and sharing which lends itself to creating situations or exchanges in an informal setting as this knowledge is harder to transfer.

7.3 Suggestions for future research

Michailova and Mustaffa (2012) suggest that research should move away from examining knowledge flows in single subsidiaries of MNC's. More in depth research should be conducted in multiple subsidiaries within a single MNC.

Klimin (2013) says the opportunity for western MNC's entering emerging markets cannot be denied. Economies of scale, opening up new markets and internationalisation are only three arguments for entering developing economies. They go on to say that further research on knowledge transfer into emerging economies is mainly focusing on the transfer to China. Klimin (2013) emphasises future research to go into the direction of investigating business partnerships of western MNC's with the rest of BRIC economies or one of the many emerging markets worldwide. The implications thereof drift into more findings that can foster generalisation.

The context of this research was targeted at MNC's who had a Western country of origin therefore there is definite need for further research to look at this interplay between expatriates and locals within MNC's headquartered in the East. As Klimin (2013) suggested a similar exploratory study could be done to examine this relationship between various subsidiaries in developing economies.

Another element which Harzing et al. (2016) suggests which could be an avenue for future research, is to differentiate between different types of international assignees and not only rely on data from expatriates as defined in this research paper.

As this research only chose a sample of expatriates and locals who were in management, future research could investigate compare whether similar findings could be shown from a sample of expatriates and locals who are not in management.

According to Boussebaa et al. (2014) a small amount of empirical research has been done on how horizontal knowledge transfer occurs in practice, the relevant literature is mostly theoretical and prescriptive rather than research-based and typically assumes that knowledge can be transferred across contexts. Their study suggests that more research is needed on how MNCs facilitate horizontal knowledge flows. Horizontal knowledge transfer was not the central rationale for this research paper, however some of the findings presented above have implications on horizontal knowledge transfer. Therefore future researchers would find fertile ground in exploring this avenue further.

7.4 Potential research limitations

- Zikmund et al. (2013) suggest that the nature of qualitative research means that the results are dependent on the researcher's interpretation and therefore this would inhibit generalisability.
- Due to budget and time constraint, a depth based approach was not adopted. There would also be value in a depth based approach, within a single MNC, therefore allowing an end to end analysis of the research constructs in a more contained environment.
- Exploratory research is subjective and is influenced by the researchers own perspective (Saunders & Lewis, 2012; Zikmund et al., 2013).
- The researcher was not expertly trained in interviewing and as result may have had an impact on the results that were captured (Agee, 2009).
- There was a concerted effort by the researcher to obtain an even split of expatriates and locals to be interviewed, but due to some respondents declining for various reasons, time did not permit the pursuit of this ultimate goal. Therefore only four out of the 12 interviewed were expatriates which could make the findings from their data not necessarily representative.
- Although interviews were conducted in subsidiaries of 12 separate large MNC, most were all based out of Johannesburg, South Africa, therefore geographical bias could have taken place in the interviewee's responses.

7.5 Conclusion

As indicated in the literature, knowledge stock, subsidiary autonomy and knowledge transfer all have an impact on the SCA of a MNC, as illustrated by Figure 1: The Model. The interplay between expatriates and locals on knowledge transfer formed the basis of this research as little research existed on this topic which was expressed by the knowledge gaps discussed.

Based on the 12 interviews conducted, there were insights gained a with regards to the level or nature of expatriate and local involvement needed to expedite efficient and

effective knowledge transfer from a parent to subsidiary, and therefore the effect this interaction has on the overall strategic competitive advantage of the MNC.

This study contributes to the literature through the empirical research which provides insights into the interplay between expatriates and locals in the transfer of knowledge within a MNC.

Hopefully the insights shared will contribute to managements understanding as to the nature of allegiances of employees and how they relate or interact with each other. Therefore this research has attempted to find out, based on the research questions that were investigated, insight into the dynamics of this interplay between expatriates and locals.

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Appendix 1: Interview schedule

- Knowledge Stock:
 1. Would you say your subsidiary has knowledge stock?
 2. Is your knowledge stock used effectively in your subsidiary to increase SCA?
- Knowledge Transfer:
 3. To what degree does this subsidiary provide/receive knowledge and/or skills to/from HQ? (Gupta & Govindarajan, 2000). Are there specific areas only? (Harzing et al., 2016).
 4. Does this subsidiary transfer or receive knowledge to/ from other subsidiaries?
- Subsidiary Autonomy:
 5. Does your subsidiary have decision making capabilities?
- Expatriate involvement:
 6. How long have you been in your role in this current placement?
 7. Was your placement planned?
 8. In your opinion have you improved knowledge transfer from the parent to your subsidiary?
 9. Do you believe expatriates can overstay their welcome and have a negative effect on subsidiary performance?
 10. What interaction is needed between yourself and locals to effectively transfer this knowledge?
- Local Involvement:
 11. In your opinion have you improved knowledge transfer from within the subsidiary? Please explain.

12. Have you brought with you access to local knowledge sources or local networks that expatriates would not necessarily have brought?
13. Do you work effectively with expatriates and if so explain why?
- Interplay between locals and expatriates:
 14. What characteristics are needed for locals and expatriates to effectively interact with each other? Please elaborate.
 15. How does this interplay between expatriates and locals expedite knowledge transfer?
 16. Do you think that if these two actors work effectively and efficiently together in transferring knowledge it would impact the performance of your subsidiary? Please explain.
 17. Do you think that it would impact the SCA of the MNC overall?

Appendix 2: Theme analyses

	<u>Industry</u>	<u>Position</u>	<u>Type of Respondent</u>
R1	Information Technology	Software Manager	Local 1
R2	Corporate- Transport industry	Head of Human Resources (SA)	Expatriate 1
R3	Consulting	Associate Consultant	Expatriate 2
R4	Medical Supplies	Managing Director	Expatriate 3
R5	Corporate- Clothing Apparel	Head of Financial Governance and Control	Local 2
R6	Financial Technology	Manager	Local 3
R7	Consulting and Advisory	Director	Local 4
R8	Financial Services	Head of Business Improvement (Technology)	Local 5
R9	Engineering Services	Director	Local 6
R10	Insurance	Divisional Manager: Trade Credit	Local 7
R11	Insurance	Divisional Manager: Client Services	Local 8
R12	Digital Advertising	Account Manager	Expatriate 4

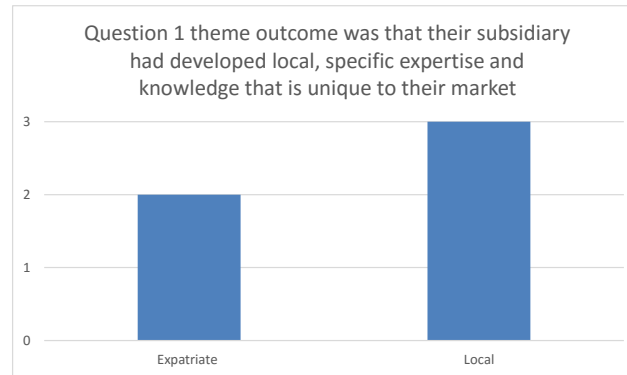
	Qualifying Qu's
	RQ1
	RQ2
	RQ3

Q1 Would you say your subsidiary has knowledge stock?		
R1	yes	Yes,specific knowledge stock will be used and disseminated but based on expertise, India example
R2	yes	Yes, because every market is so different you almost have to
R3	yes	Yes
R4	yes	Yes, market understanding and demands and customer processes that are specific to our SA customers
R5	yes	Yes, specifically from a marketing and branding perspective unique to Africa.
R6	yes	yes, local experts in their fields, so he's having to educate back what happens locally from an expert point of view and how that relates back to what we're doing as an essential team
R7	yes	yes, 'we develop our own products and services locally, and those can be licenced and either sold to clients locally or even sold back to other firms globally, so we make a big effort to develop our own knowledge stock'
R8	yes	yes, 'They've got repository on whole order of ways methods to actually make knowledge available to the organization, capture knowledge and make it available to the organization. So there is a top down formal approach and then there is a very organic approach bottom up when you look at the individuals, project teams, initiatives whatever the requirement might be where you can apply'
R9	yes	yes
R10	yes	yes, 'Based on legislation, based on some of the things that we do, it is different environments different types of clients. So we always dealing with different people but the risks can be different'
R11	yes	we have people that have different types of skills and expertise and technical knowledge within the business and environment
R12	yes	connections that's available and with that comes knowledge of the market. ' unique markets specific knowledge 'I found that in South Africa knowing the people having those connections is absolutely vital to get things done'

Themes

expertise
different markets force this
SA clients have specific needs and are different marketing perspective
local experts in their field
local product development
Top down formal approach and organic bottom up approach
different customer needs because of regulatory environmnet
unique market specific knowledge

Expatriate Local
Question 2

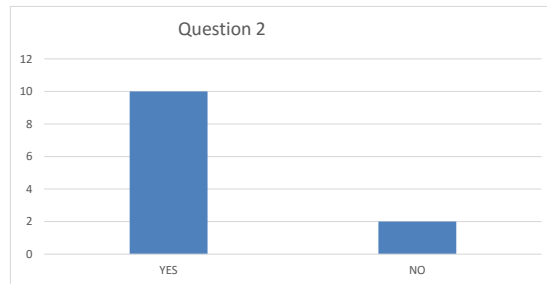


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Q2 Is your knowledge stock used effectively in your subsidiary to increase SCA?		Themes
R1	yes	yes, main reason because she shares her knowledge with other colleagues in other countries
R2	yes	Yes, mainly at an operations level
R3	yes	Yes, where possible if not then use global knowledge teams
R4	yes	Yes, invested in proper KM tools that has helped the salesforce be more effective hence increasing SCA
R5	yes	Yes, used to engage with the customer more
R6	no	No not yet, but that's where she wants to go 'they are individual experts in their field and using that to boost performance, so I want to put them up their as thought leaders and experts and then hopefully the performance will follow.
R7	yes	yes ' We are in the consultant game right?, so you would do it once on a project, but more so when you could you would actually try and embed it into an organisation as a managed service which is certainly to the contractual advantage'
R8	yes	yes to a degree, 'a lot of things actually were prioritized over and above improvement in terms of knowledge management specifically'
R9	yes	yes ' we differentiate ourselves as a global firm, we have a wide range of skills and depending on the client's needs' 'So the client can come to us and say I've got this problem, we are able to say we can reach out to 14000 people globally, to give you a solution.'
R10	yes	yes, 'and I understand my environment extremely well.' and No 'I think just facilitating and coordinating the different teams together so that we can provide one client with all of this information can be done better'
R11	no	we haven't transferred that skill or knowledge to the people entering the business. Lots of individuals have left the organisation; there were no formal programs in place to transfer that skill or that knowledge in any formal way per say. There are informal programmes that I put into place to have that skill or that knowledge transfer to a certain extent but over and above that – no people that work in our subsidiary office are highly skilled and have a very good understanding of the local market industry to which they trying to sell. So I'm talking everything about- if we talking about competitive advantage, I'm talking about competitive advantage in the South African context not on the global context' I think there can be a lot more done locally using global assets and global kind of knowledge stock, to locally build a stronger brand '
R12	yes	
Question 2	YES NO	

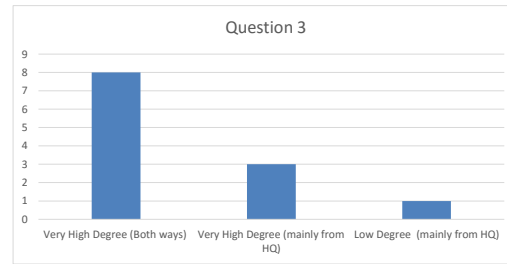
Themes

- operational level
- leverage global knowledge teams
- Knowledge management tools have been implemented for the salesforce to help capture that knowledge stock to be used more effectively
- more customer engagement
- not at that stage yet working to leveraging the individual experts in the team.
- embed their solution into organisations as a managed service
- other things were prioritised over knowledge management
- can leverage global network to solve a clients need
- understand the local environment well
- don't have formal mechanisms to transfer knowledge
- good understanding of local market

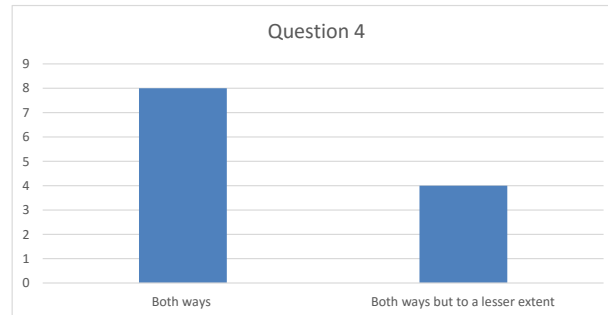


		Q3 To what degree does this subsidiary provide/receive knowledge and/or skills to/from HQ?	Themes
R1	very high degree	strategic, major system changes from HQ but technical, governance from subsidiaries	strategic from HQ, technical and governance from subsidiary
R2	very high degree	yes they provide knowledge to HQ more in terms of market conditions in SA and HQ provide to them more technical know how	market conditions to HQ, HQ provide technical skills
R3	very high degree	90-95 % KT from HQ to subsidiary, some local market knowledge is sent back but mostly technical and marketing from HQ	technical and marketing from HQ, market conditions to HQ
R4	very high degree	yes, Intense exchange between HQ as they are seen as a centre for global excellence. Advise on an investment decision basis and also a technical basis. They TK bak to HQ	investment advise and technical skills from HQ, Market conditions to HQ
R5	very high degree	more around market conditions lessons learnt in this specific environment.	leadership post from HQ feedback loop to HQ
R6	very high degree	high degree of KT, mainly from HQ (leadership posts) but feedback loop to HQ continuously, ' from training on the products, helping with commercial proposal, marketing it's very much a two-way street with IPN signs, I think literally I speak to the essential teams 5,6 times a day.'	product training,marketing from HQ
R7	very high degree	very large extent, 'we have what we call a global store front', 'global store fronts have methodologies behind them, they have products behind them and were able to leverage that to a huge extent so any engagement, or any client conversation that you have or a problem that a client wants solved your first point of call is to go to a global store front and understand where and how it has been done before and be able to leverage that, in order to improve our capability without having to re-invent the wheel. '	access a global platform of knowledge stock
R8	very high degree	large extent, '. So they do allow for people to kind of actually put in a request to go and work at a particular area and that would include the all experts coming over from Singapore, India, UK and New York. We've got people from all over the world in South Africa working here, actively working here.' 'And in a case of employees from the subsidiary working internationally there is definitely a bi directional of cross pollination.'	
R9	very high degree	large extent- 'we have what we call skills networks' 'we've got a very strong learning development kind of initiative and also we've got what we call Arup University' '. Then there is a transfer that happens in projects where actually you are in projects' 'I've been in a number internal Arup leadership courses specifically in building leadership within Arup that actually align with our values and systems . A number of people depending on your level you get different views and leadership training that happens'	leadership training, skills networks and learning development
R10	very high degree	receive from HQ training on compliance, risk. And send ', each of the divisions specialize in something. And that division will actually speak about it. And in that sense most of the divisions work extremely well with their global counter parts. Specifically on my side we have an excellent relationship with global. '	compliance and risk training from HQ, subsid share their specialised knowledge gained
R11	low degree (mainly from HQ)	we do have for example exchange programmes, but it only applies to the guys coming from another country not our people going abroad. They come here for 3 months, 6 months, 3 years, 2 years. I myself have approached them but it was declined and there was some politics about it but it's very hard for a South African individual to try and go abroad to learn a different skill or knowledge	
R12	very high degree	from a head office perspective in this case- our focus is more on the product level. So it will be more implementation based and technical troubleshooting, and support based ' 'We've got offices like in Israel, in London and other offices around Europe, who will also perform a supporting role that are more from a specialist perspective' 'so I would say the knowledge sharing and the kind of the expertise sharing is of a very high degree'	product technical level, implementation from HQ

Question	Very High Degree (Both ways)	Very High Degree (mainly from HQ)	Low Degree (mainly from HQ)
3	8	3	



Q4 Does this subsidiary transfer or receive knowledge to/ from other subsidiaries?		Themes
R1	both ways yes, but mostly with subsidiaries in similar markets	subsidiaries within similar markets
R2	less extent Yes but to a limited degree ex compliance but its not broad based Both ways, more than HQ to the extent that HQ refer to expertise in subsidiaries for help. Reason given similar markets and relationships formed with people in these subsidiaries that have done it before and have the know how, "definitely I know someone in some other subsidiary with that similar kind of work, with the similar kind of projects. I get in touch base with them directly without going through headquarters. And in many cases headquarters redirect you to the relevant subsidiary to talk to certain people, certain departments, and certain groups "	compliance KT but limited
R3	both ways our market has certain specifics and we've built up business models on how to serve these markets and we are actually exchanging information but also, tools we created for our market, and we're offering such tools to other subsidiaries around the world who have a similar kind of low to mid cost profile. So, we are doing this actively, yes. Also, flow back.	more than HQ because subsidiaries have the expertise needed and have similar markets
R4	both ways Yes, very supportive culture	similar markets and have built their unique KS
R5	both ways To a lesser extent and probably more at my level than my team's level. So my team, which I'm essentially part of is the Heads of Latam, Middle East, Africa, India, Russia so we all share knowledge.	supportive culture
R6	less extent Yes, it works both ways, there is a push and a pull after every project that you finish', 'the idea is to constantly contribute back into the knowledge pool and in fact we actually measure people on how they contribute back to the knowledge pool'	management level only
R7	both ways yes, 'from middle management onwards you do carry a lot of responsibilities. So you might get initiatives things to sort out, you get the details of a counter part or a knowledgeable person somewhere in the world and it's your responsibility to hook up with the person and sort it out it's as simple as that. ' So if you look at other subsidiaries ranging from Singapore, New York we basically work with guys it's like a single virtual office a global single virtual office' 'the phones in the boardrooms are open you phone internationally, we've got electronic conference call facilities it's a common thing to have teams from all over the world collaborating on issues is as part of the way we work which then supports your subsidiary through subsidiary knowledge transfer '	contribute back to the knowledge pool
R8	both ways way we work which then supports your subsidiary through subsidiary knowledge transfer '	middle management specifically
R9	both ways yes, 'mostly at a project level '	project level
R10	both ways yes, 'I mean just in my specialty I think we are in 150 countries. So it is almost like one person or one specialist for that in every country so they are able to'	specialists in every country
R11	less extent there is no formal structure of knowledge transfer or skills transfer per say but I'm fully aware that there is this continuous exchange of information	small transfer only but limited
R12	less extent there is some knowledge sharing between those offices'	
Question 4	Both ways 8 Both ways but to a lesser extent 4	



Q5 Does your subsidiary have decision making capabilities?

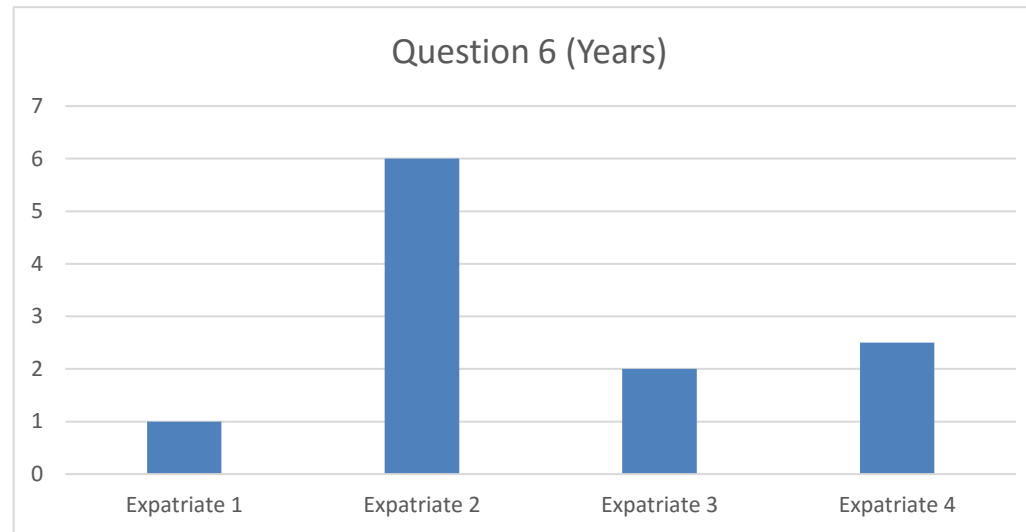
- R1 yes to a level yes & No- to a level
- R2 yes to a level yes & No- to a level
- R3 yes to a level yes & No- to a level (P&L)
- R4 yes to a level yes & No- they have their own PNL budget
- R5 yes to a level yes & No, autonomos but to a level
- R6 yes to a level yes & No , to a level
- R7 yes to a level to a large extent we have got free rein'
- R8 yes to a level yes, managemnt have a certain level of authority
- R9 yes to a level yes but to a level
-
- R10 yes to a level yes almost completetly autonomous, '. However there are certain rules that will be... where we have to be compliant where that is just standard'
Once again where there is globalisation involved with your head office being in London and a part of it being in the US in Chicago obviously for tax purposes etc., you are pretty much stuck to a certain boundary in terms of the US laws, the UK laws coupled with the South African legislation as well.
- R11 yes to a level So you can only work within that ambit and within those boundaries.
-
- R12 yes to a level So there's a high degree of local authority but there is within the structure which has been laid out globally. So, structures and kind of thresholds will be set on a global level around each country based on a forecasting metrics to know what is allowed to do in that specific county'

Q6 How long have you been in your role in this current placement?

R1	
R2	1 year
R3	6 years
R4	2 years
R5	
R6	
R7	
R8	
R9	
R10	
R11	
R12	2,5 years

Question 6 (Years)

Expatriate 1	1
Expatriate 2	6
Expatriate 3	2
Expatriate 4	2,5



Q7 Was your placement planned?		Themes
R1		
R2	yes	Yes specific reason to impliment HR standrds
R3	yes	yes for a specific reason, ment for 1 year but other oppportunities came up which he took yes 'I was hired to bring in a different culture and I assume they saw in me this, kind of... ability to - to shape and form the culture in a different direction. So, certainly, I opened up the organisation. I removed myself to be the bottleneck. I opened up, intentionally, various channels '
R4	yes	
R5		
R6		
R7		
R8		
R9		
R10		
R11		
R12	Yes	Yes

		Q8 In your opinion have you improved knowledge transfer from the parent to your subsidiary?	Themes
R1			
R2	yes	Yes	
R3	yes	Yes, 'It can only be materialised once the person is physically present in the subsidiary instead of just passing the information in a document format or a presentation so even telephonic discussions' yes, 'So, certainly, I opened up the organisation. I removed myself to be the bottleneck. I opened up, intentionally, various channels 'previous MD was closed shielded the subsidiary from HQ therefore no trust, as a result subsid wasn't doing well, current MD was hired specifically to change the culture and open up the subsidiary to the HQ in terms of K also to share best practise.	F2F is everything change culture and open up KS between HQ and Subsidiary
R4	yes		
R5			
R6			
R7			
R8			
R9			
R10			
R11			
R12	yes	So product related knowledge is an area where HQ would be very strong but local subsidiaries don't get exposed to what they are more exposed to local industry dynamics and I think that is a certain level of you know, kind of sharing from both sides. For me to have better understanding what's happening in SA and for the people in SA to have a better understanding of what's happening on a global level, so that they are better equipped'	product knowledge from HQ is strong and local industry dynamics from subsidiary unique, sharing needs to happen from both sides. Role is seen as a bridge

Q9 Do you believe expatriates can overstay their welcome and have a negative effect on subsidiary performance?		Themes
R1		
R2	yes	implement what your good at and then leave
R3	depends	
R4	yes	
R5		if good culture fit for country and organisation
R6		
R7		
R8		
R9		
R10		
R11		
R12	yes	people are not challenged anymore

Q10 What interaction is needed between yourself and locals to effectively transfer this knowledge?		Themes
R1		
R2	constant communication	constant communication
R3	Day to day interaction but because there is a middle management void	constant interaction
R4	F2F interaction. MD sees himself as a funnel between HQ and Subs bringing experts or sending his employees for training. Stressed creating an informal relationship where tacit knowledge can be shared more easily.	informal environment will create tacit KT
R5		
R6		
R7		
R8		
R9		
R10		
R11		
R12	constant communication' we've got the tools to basically communicate constantly' 'we communicate on a daily basis over chat, over phone, over video conference, over email.'"So I did find that being geographically separated does help in having a different focus and different tasks to do but never the less you know, face-to-face is always the best'	constant communication

Q11 In your opinion have you improved knowledge transfer from within the subsidiary? Please explain.		Themes
R1	yes	Yes, working together with people who get it and hold that value of sharing for the greater benefit definitely closes deals quicker
R2		
R3		
R4		
R5	yes	yes , opened up communication and collaboration between teams. Service ethos created for customer which translated into your colleagues as well.
R6	yes	yes, created a more of a team environment where 'before I took them over didn't even have team meetings, they didn't talk to each other as a team so we just did a roadshow where we included every single part of the business in the roadshow '
R7	yes	yes, ', we have regular sessions we call connect session, and there are regular industry sessions where we share knowledge about what is going on around the projects which is in the form of formal learning sessions or in the form of more informal kind of meetings, it is definitely a constant improvement. '
R8	yes	yes, '. So it's more of an enterprise content management type approach'
R9	yes	yes, 'So you will see that globally in the location probably there will be about 3 percent of the people are not from that location. ' yes, 'it is absolutely crucial to know who the key players are, what their thinking is and to share that knowledge with each of the other entities or with the global clients group and so they can coordinate their efforts.' ' I always have a catch up with them or something comes up after a meeting because we will maybe they require like quarterly feed backs if something is quiet critical I always feed back that information then we are sharing knowledge on maybe things that they will be doing or how to handle them or so lots of that. It happens often.'
R10	yes	So you get to understand the individual. So I decided to take it upon myself and start my own incubator per say, if you want to call it that. Where we, I will meet with my staff on a regular basis, when I was in a different department, encourage them to go and attend various training sessions
R11		
R12		

working together with people who value sharing for the greater benefit

opened up communication and collaboration

created a team dynamic, communication and collaboration

formal and informal meetings sharing knowledge

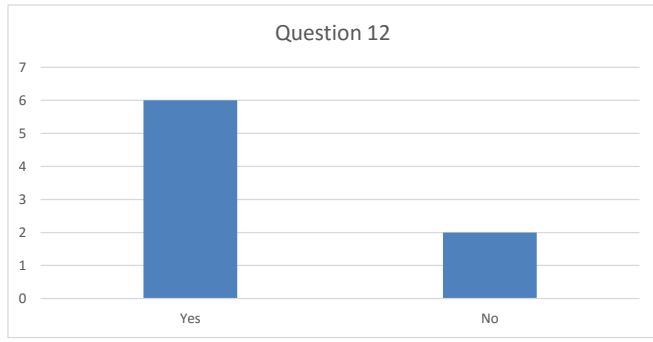
Enterprise content management type approach

KS with global client groups

Tacit knowledge transfer

	Response	Text	Themes
		Q12 Have you brought with you access to local knowledge sources or local networks that expatriates would not necessarily have brought?	
		yes, 'So my previous job i was at another company in their risk department. So you copy all the knowledge you have built up over the years. You do copy some of those things i was internally part of building. And that's not knowledge i necessarily want to leave behind. Some of those things [Interviewer]e built into my programme and things that i do here'	using Knowledge from previous role
R1	yes		
R2			
R3			
R4			
R5	yes	yes, gives example of leveraging contacts from previos role to current rolw (understanding cash management in SA).	using Knowledge from previous role
R6	no	no not necessary, 'I think one thing I have definitely done is leveraged the central teams a lot more then was being done before'	more connected with Central/global team
R7	yes	yes but not really sure because they don't work wit a lot of expats	
R8	no	no, 'because we do try and operate as an international entity'	operate internationally
		yes 'Because western countries are more modern countries, they've got certain way of thinking and that's how they think. But we've got a much broader agenda of the things that we need to solve and I think sometimes that has helped to shape the firm'	broader understanding of issued affecting the local environment
R9	yes	yes, 'but in my line local insurers dominate the market. Expats do not' and 'business works differently every where and that is just culture so it is how I interact with you might be a certain way'	more so because of how the industry works here in SA
R10	yes		
R11	yes	When I came across from another company, I came with my own skill, my own knowledge that I could actually impart to from my previous company	using Knowledge from previous role
R12			

Question : Yes No
6



2

Q13 Do you work effectively with expatriates and if so explain why?		Themes
R1	yes	expats have open personalities
R2		
R3		
R4		
R5	yes	more knowledge and experience
R6	yes	open to differences and embrace different cultures
R7	yes	
R8	yes	depends on individual personality
R9	yes	structure of the company creates a sharing environment therefore people are not selfish
R10	yes	new knowledge that can be learnt from the expat and local knowledge taught back to the expat
R11	yes	more knowledge and experience ; and have open personalities
R12		

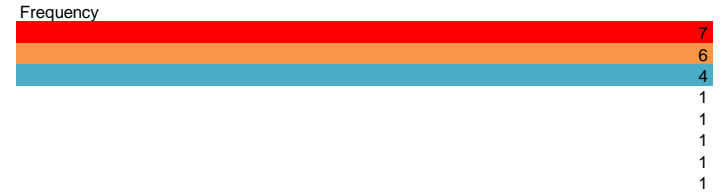
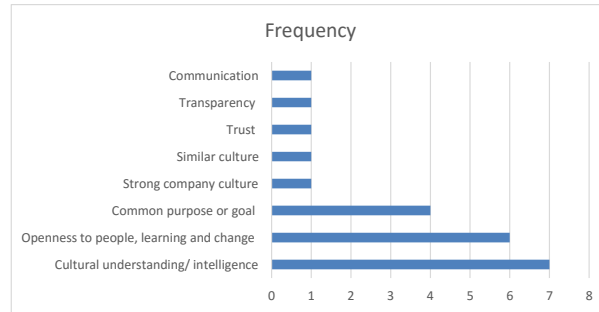
Q14 What characteristics are needed for locals and expatriates to effectively interact with each other? Please elaborate.

- R1 cultural intelligence, strong company culture that drives this so therefore people are more CI
- R2 for locals they need to be open and ready and see a need for change, for expats they need to have inter cultural intelligence.
- R3 cross cultural understanding and Mutual respect, then more formal/business/ stratgeic goals need to be set to work towards and tracked regularly as that creates the overall common goal
- R4 cultural sensitivity and openness, expat manager should be a type of cultural translator between the two entities, he brings with specifica technical know how but being a cultural translator is more NB.
- R5 common vision, common goal, strategy is well communicated.
- R6 Respect, because you're bringing different things to the table, so the ex-pat generally brings the knowledge of the central team and the local brings the local expertise and together you should have the full spectrum'
- R7 they have got to be of a similar culture there cannot be a language barrier, so there has got to be a common language' 'they need to have worked in similar industries in order for it to be effective' 'you have got to have more people that are common on different levels' 'Because we are all working for the this common goal'
- R8 leadership style and performance measures, 'So absolutely open type of an environment '
- R9 culture is important' and 'to be sensitive to what people are sensitive to' and 'The other thing is—I think is being able to fit in and enjoy the location. You must feel at home' and 'able to listen' 'And also willing to learn and make mistakes and be free, and share your knowledge and learn'
- R10 open to realizing that it is not always going to be the same. So if you are comfortable with the fact that you are going to be uncomfortable for a little while until you figure it out that openness to change and to learning is quite important. Realizing that culture might be different and you have to respect that and try to understand that first' and 'So ya the openness to the difference and trying to learn it and adapt is the most important thing about it' and'But I think just the openness to deal with people, learn what they are doing not to judge'
- R11 understanding of each other's cultures. I think last but not least is that there must be that willingness to share that information, that's key
- R12 Trust is very important. I think also an attitude or spirit of teamwork rather than individual, you know, I guess you can call it pride because you are separated from each other, you need to really work as a team and be very transparent.' Again transparency and open, and frequent communication- not being afraid of that- super, super important.

Themes

- cultural intelligence, strong company culture
- locals need to be open and ready for change, expats need inter cultural intelligence
- cross cultural understanding and mutual respect, working toward a clear overall/common business goal
- cultural sensitivity and openness, expat managers should be cultural traslators
- common vision and cgoal
- Respect for each others knowledge
- similar culture or at least no language barrier, worked in similar industries, leadership style that facilitates an open environment and performance culture created so people focus on the result.
- culturally sensitive, enjoyment of your working location, willing to listen and learn and share your knowledge
- openness to people, learning and to change. Respecting cultural differences.
- cultural understanding, open minded and being able to listen and willing to share info
- Trust, teamwork, transparency, openness, communication

- Construct
- Cultural understanding/ intelligence
- Openness to people, learning and change
- Common purpose or goal
- Strong company culture
- Similar culture
- Trust
- Transparency
- Communication



Q15 How does this interplay between expatriates and locals expedite knowledge transfer?

R1 based on trust , if you build a network and trust them then youll listen quicker and do quicker because of the person telling you

R2 by trusting one another, leads to empowerment which frees up your time to do other things NB because you can delegate.

working together on day to day basis and then you can transfer tacit knowledge as well as explicit knowledge to the associate in more effective and more quicker manner compared to you working remotely, you having offline conversations instead of having face to face conversations...that kind of environment also works to a certain extent but it won't expedite the knowledge transfer it might delay it because there is always something will be lost between words

R3 sees his role as empowering active KT and creating an environment where people can open up and share.

R4 collaborating with local teams, learning that happens from one another.

R5 by expat physically coming to share knowledge and spending time with the locals and upskilling them expedites the process

R6

So it is almost a case of they have been there they have done it, they have executed it they understand how the engagements should run, they understand the pitfalls and they understand what the end result needs to be and through that, they are able to effectively help us, they almost train us through that process, so we would only leverage expats were they have got very similar skills, in a very similar industry and in a very similar engagement'

R7

So the reason why you would find expats here in this environment is to help with change predominantly, so because you are working against a time line it is really a case of how can each one help each other to make that particular initiative successful. Which I think simply because of its nature will then help to expedite knowledge transfer because everyone is there for particular reasons you've got a particular role you fulfill that role and you need to make it work. So the is a lot of responsibility that actually lies within individual role players and there is expectation the guys will do whatever they can to make it work or make something work.'

R8 one of the things creates faster behavioral change is having a common values and common things and trust. So if you create that environment, knowledge and openness will happen quicker and sometimes I think that's where organizations needs to focus on those things and then you let the knowledge to happen naturally. Sometimes what people do they go and focus on the training knowledge les on the cultural foundation and values' 'So for me relationship is fundamental for knowledge transfer'

R9

It does expedite it. Because if you have got someone from another country that is part of the same entity with you its is very different than communicating via email via phone not having seen that person' and 'if someone is in here it is so much easier to go have you thought about this or get into the intricacies because you are listening a bit more than actually typing out an email and sending it through because you cant really get to the source of the problem sometimes if you do it that way and 'It is easier to impart change when you are there, you have noticed something you have picked something up and it is easier for you to actually say this is not going to work here if you are here' and 'the constant communication is really important'

R10

just regular meetings, regular discussions, regular chats about what's happening in the business in the UK because he speaks to the guys often at head office. I think face to face is always key, it's always good so whether you are doing a video conference or a face to face focus session or you are walking and chatting; the walking meetings you know, it's also good. Having a telephone conversation, some bits are not going to be clear, you don't understand the person, and you start to wander off. So face to face works out much better, whether you are having a cup of coffee for 20 minutes and just discussing various things that happened in the business when both people have the learning attitude and are open to hear from each other how they are doing things.'I think both being exposed to different kinds of knowledge stock and sharing it regularly creates almost like a platform for a way you can develop, you know what, you can develop knowledge sharing as culture and as a practice very frequently'

R11

R12

Themes

If there is trust, one will listen quicker and implement quicker

Trusting each other leads to empowerment, delegation, so you can spend time on other things

Face to face interaction allows for contexttual understanding of how that person works which is leveraged. Remote interaction is effective but delayed.

create an open sharing environmnet which empowers people.

collaboration with local teams

spending face to face interaction with each other where knowledge sharing takes place

Leverage expats who have been there and done that in similar enagements with similar clients

expats used as change agents predominantly

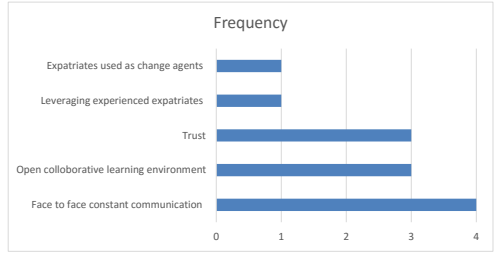
Trust with common values, relationship is fundamnental to effective KT

Face to Face constant communication is key, understanding each others context facilitates better flow

face to face constant communication is key,

learning attitude and openness to share knowledge

- Construct
- Face to face constant communication
- Open collaborative learning environment
- Trust
- Leveraging experienced expatriates
- Expatriates used as change agents



Q16 Do you think that if these two actors work effectively and efficiently together in transferring knowledge it would impact the performance of your subsidiary? Please explain.

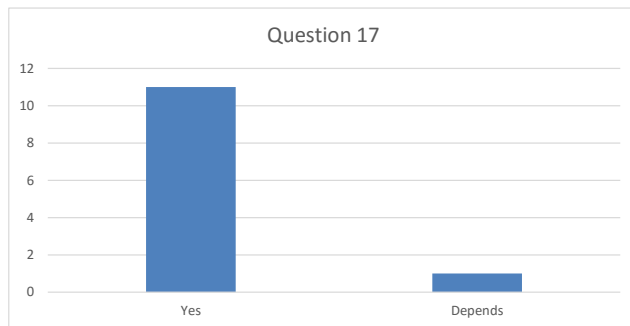
			Themes
R1	yes	yes, CEO gets involved in deals himself so people follow that behaviour	CEO involved on a deal level where possible
R2	yes	yes	
R3	yes	Yes,	
R4	yes	yes, I think we've come a long way and I'm quite happy with what we have accomplished over the last two years. We have opened up -- we have a much better reputation, there is much more trust and there is much more -- as I said, I opened up multiple communication channels which was a requirement, and it's working nicely	more trust developed between HQ and subsidiary
R5	yes	Yes, sees BEE, local labour law a hinderance to expats, believes expats are more effective because they know the company culture and have better experience so they hit the ground running faster than a local would because you have to train them etc.	Expats have better company culture and experience
R6	yes	yes	
R7	yes	yes, 'It will improve efficiencies and it will improve knowledge transfer it will improve quality of delivery, which all equates to a better deliverable, which makes for a happier client which makes an easier process, it is a value chain'	increase the efficiency in the company value chain
R8	yes	yes	
R9	yes	yes 'the only asset we got is people and if those people could share ideas and work effectively and be clever than everybody else, then it increases competitive edge ' yes, 'With insurers it takes a little while longer because they are like "You don't know this market" So to build credibility in that sense takes a little longer And they really appreciate getting knowledge that is outside of my scope for example and then that's what... So instead of them reading about what is happening someone is like "Ya but you know in Germany it is not like this so in the UK if you get a rate hike then that is fantastic" or " We never do something like that" or you know "That risk is actually very high there and not so much here" so yes the... It will... It does increase '	people are your only assets, if they develop and share ideas more that increase competitive edge
R10	yes	high there and not so much here" so yes the... It will... It does increase '	by people sharing experiences and knowledge definitely increase competitive edge
R11	yes	With such a big organisation with 72000 employees, surely we can find a solution somewhere, you know but the problem is we don't talk often enough For sure, I mean the local subsidiary wouldn't go far without the HQ team supporting them because like I said the local team is very much focused on thought leadership, pushing the agenda, changing their mind-sets whereas the team in another city actually makes things happen; to make sure that those actually impact on the bottom line.	people need to communicate more and share
R12	yes	So I think one can't go without the other	need each other to move forward

		Q17 Do you think that it would impact the SCA of the MNC overall?
R1	yes	yes, sharing of information benefits everyone ultimately
R2	yes	yes, Yes because there is a good KT relationship between expats and locals which combines local and global expertise while their competitors only have local knowledge
R3	yes	knowledge
R4	yes	yes, only if you have the right people and trust can this happen.
R5	yes	Yes, collaboration is key
R6	yes	yes, 'because essentially you're working with one big team leveraging off of each other '
R7	yes	yes ', we are moving to a more global service so to speak, that means that we are taking global solutions to global clients and in order for us to be effective' depends, 'It can but it kind of depends on your executive leadership so if your executive leadership has a collective types of decision to steer your organization in a particular direction, it doesn't actually matter how effective you are in the under workings because they can make a very bad decision that could steer the company onto a particular direction and you can ruin the organization. If you do make the right decision and you do have the right team working as integrated entity especially in a collaborative manner is there and I think you have an advantage. if you make the right decision but you've got the bad team you are stuck again but irrespective of the quality of your team and you make wrong decisions you can most definitely kill the organization.' 'You can have brilliant people filling an entire organization and you can kill that entire organization with bad executive leadership.'
R8	depends	
R9	yes	yes, yes, '... Just make sure that clients are happy or the book is growing or you are getting new business it can only benefit that. being able to have a footprint and to have expertise in those countries and to have people that come from one aspect and people that are actually on the ground working together quiet efficiently it is going to show clients that we know our stuff as compared to someone who is specifically focused here or specifically focused there or doesn't have that kind of interaction. If someone says I've got something there I can just pick up the phone and say "Oh who is my contact in this country?'
R10	yes	You have to know what's happening around the world to understand your business better these days
R11	yes	, I think there's definitely competitive advantage and that's probably why our competitors are applying our model
R12	yes	

Themes

- sharing of information is beneficial
- combination of local and global expertise is key because competitors only have local.
- Trust and the right people collaboration is key
- leveraging one big global team
- moving to more of a global solution as clients become more global
- Depends on executive leadership and their decision making first, then the interplay matters
- once you have that interplay you establish a relationship who might have expertise you can leverage off.
- sharing of information is beneficial
- competitors applying their strategic model

Question 11



Appendix 3: Interviewee consent form

08/08/2016

Dear Sir/Madam

I am currently studying my Masters in business administration through the University Of Pretoria's Gordon Institute of Business Science (GIBS). As part of my studies I am conducting research to find out the interplay required between expatriates and locals in a MNC subsidiary to effectively transfer knowledge in order to gain strategic competitive advantage.

The purpose of this exploratory research will explore the interaction or relationship between expatriates and locals when effectively transferring knowledge from the parent to the subsidiary and if that interplay between these two actors is efficient to increase MNC performance.

I would be very grateful for the opportunity of interviewing you and using the information gathered for my thesis.

Your participation is voluntary and you can withdraw at any time without penalty.

All information will be kept confidential and used in an aggregated format to protect identity of individuals. No source, individual or organisation will be identified in the text of the final report. If you have any concerns, please feel free to contact myself or my supervisor, our details are provided below.

As an indication of consent please sign below.

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Researcher Name : Warren Kopelowitz

Research Supervisor: Colin Rowley

Email: warrenkopz@gmail.com

Email: colinrowley@vodamail.co.za

Phone: [REDACTED]

Phone: [REDACTED]

Appendix 4: Ethical clearance

Dear Mr Warren Kopelowitz

Protocol Number: **Temp2016-01746**

Title: **The level of interplay required between expatriates and locals in a MNC's subsidiary to effectively transfer knowledge in order to gain SCA**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker