

The institute of International Business
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Knowledge Transfer across Borders in a Global Management Consulting Firm

-A case study of international knowledge transfer within a business unit

Abstract

The strategic importance of knowledge has increased over the last decades and knowledge has emerged as a crucial asset. In knowledge-based organizations, the activities for transferring knowledge are vital for the long-term profitability and competitiveness. The purpose of this thesis is to study how a global management consulting firm transfers knowledge across national borders. The international knowledge transferring process within a business unit is investigated, and empirical data is primarily collected from qualitative interviews with employees at multiple levels within the studied company. The results suggest that in order to transfer knowledge within a management consulting firm across borders, social interaction between the source and the recipient is vital. Within the knowledge transferring process different channels were used with varying importance, and the channels that allow for social interaction such as cross border teams and networks, proved to be the most important.

Key words: knowledge, knowledge transfer, knowledge transferring channels, management consulting

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“I hear, I forget. I see, I remember. I do, I understand.” (Confucius)

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1 Introduction

“Knowledge is power!” (Sir Francis Bacon, 1597)

Over the past decades, the strategic importance of knowledge has increased and knowledge has emerged as a crucial asset. This has led to an increased focus on knowledge and knowledge management within firms. The intangible nature of knowledge has subjected it to various definitions within academia and the numerous definitions indicate its complex characteristics. Despite of the varying definitions, there is a consensus regarding the importance of knowledge within organizations.

Management consulting firms are considered to be the archetype of highly knowledge intensive companies (Alvesson, 1993, 1995; Starbuck, 1992). Consulting firms are highly dependent on human capital and the service they provide is solely based upon the accumulated knowledge within the firm. Knowledge is thus an extremely important asset in these firms, and this has led to an increased awareness of knowledge management (Apostolou & Mentzas, 1999). In these knowledge-based organizations, the activities for transferring knowledge are vital for the long-term profitability and competitiveness (Blomé, 2000).

A majority part of the knowledge within a management consulting firm is embedded in its employees and the organization is thus highly dependent on the knowledge transfer between the individuals and the business units. When expanding internationally, the knowledge also has to be transferred across country borders. The area of knowledge transfer is complex, and this combined with the strategic importance of knowledge, makes it an interesting field of study. The transfer across borders further increases the complexity, and we have hence decided to investigate this phenomenon by studying the transfer of knowledge within a global management consulting firm.

1.1 Background

In the beginning of 2008, a global management consulting firm “The Firm” decided to spread a particular business unit from Sweden to Denmark. The business unit had been established in Sweden eight years ago and had a successful track-record. Prior to the establishment in Denmark, the business unit only existed in Sweden where The Firm also was the market leader within this segment. The business unit was then established in Denmark, and in January 2009 the operations had their formal opening. To spread the business unit and transfer the associated knowledge across borders, The Firm used various mechanisms and processes. In our study, we have decided to investigate the international transferring process of knowledge within this business unit.

1.2 Purpose and research question

The purpose of our study is to study how a global management consulting firm transfers knowledge across national borders. We specifically intend to study how international knowledge transfer within a business unit is conducted in practice. The research question we aim to answer within our study can thus be formulated as follows;

How does a global management consulting firm transfer knowledge across national borders?

To be able to answer our research question, we have decided to study the spreading of a business unit and particularly the knowledge transfer this implies. To be able to fully understand how the knowledge is transferred in this process, we have decided to divide our research question into three parts. In the first part we will answer what kind of knowledge that existed within the business unit prior to the expansion. We will then investigate the expansion process and how the spreading of the business unit was conducted. Having clarified these issues, we will then be able to understand how the knowledge transfer was conducted in practice and hence answer our main research question. The three sub-questions can thus be formulated as follows;

- i. What kind of knowledge existed within the business unit prior to the expansion?*
- ii. What was the process of spreading the business unit across national borders?*
- iii. How was the knowledge transferred within this process?*

1.3 Delimitations

Within the scope of this study, we delimit ourselves to the study of;

- i. One (1) organization – The Firm
- ii. One (1) business unit
- iii. Two (2) branch offices
- iv. Knowledge defined as the knowledge existing within the business unit

Knowledge in general and knowledge transfer in particular are complex areas since knowledge as a phenomenon is intangible. The definition of knowledge, as the knowledge existing in the mentioned business unit, prevents subjective and varying definitions and measurement methods. Our classification of knowledge further prevents demarcation issues since the business unit provides us with clear boundaries.

1.4 Aspirations

With our purpose and delimitations in mind, our aspiration with the study is to make some contributions to the research of knowledge transferring across borders. Conducting a literature study, we found extensive research about knowledge transfer and knowledge management within knowledge-intensive industries. However, we identified a lack of research studying the mechanisms for transferring the knowledge within a specific business unit across borders. Our study therefore attempts to make some contribution to the understanding of knowledge transfer across borders.

1.5 Structure of the study

In the next chapter, we will present the existing theories within our research area. Thereafter, the methodology used to conduct the study and the data analysis is presented in chapter 3. In chapter 4, we will then describe our empirical findings from both interviews and secondary sources. In chapter 5, the empirical data is analyzed and the most important findings are further discussed. The analysis of the empirical findings is based upon the presented theories. Subsequently, conclusions are drawn and discussed, and together with recommendations for further research, they are presented in chapter 6.

We have decided to structure our sections of theory, empirical findings and analysis in a similar manner. These sections are divided into three separate parts, relating to the three sub-questions of our research question. The first part relates to sub-question one and hence to the knowledge within a business unit. The second part concerns the process of spreading a business unit across borders, and thus relates to sub-question two. Subsequently, the third part is connected to the knowledge transferring process and the channels involved in the transfer, and this part hence corresponds to sub-question three. Together, these three parts will then enable us to answer our main research question.

2 Theory

In the theory section we introduce the theories that we have chosen in order to better understand the studied phenomena. Further, the theories will form the base of our analysis and aid us in our effort to answer our research question.

2.1 Knowledge within a business unit

To better understand the concept of knowledge and its components we have chosen to study the work of a number of theorists. We have also sought definitions of knowledge from a philosophical standpoint, although it should be noted that this is not our primary target. Since the object of our study is a management consulting firm, it is important to understand the knowledge inherent in such organizations and to do so we have chosen the work of Werr and Stjernberg (2003).

2.1.1 Definition of knowledge

As our study aims at investigating and discussing knowledge and the transferring of knowledge, we believe that it is important to clarify and define the concept. Finding a definition of knowledge has been a subject of debate ever since Plato introduced his description of knowledge as “*justified true belief*” in *Meno, Phaedo and Theaetetus* (Nonaka & Takeuchi, 1995). However we strive towards finding a definition from an economic and business strategic viewpoint more than engaging in philosophical debates.

Lindkvist (2001) defines knowledge as something based on experience that influences us in both decision-making as well as action. He also distinguishes between information and knowledge, where knowledge is regarded as a type of information that has, consciously or un-consciously, been processed, organized and analyzed.

Moreover, Kogut and Zander (1993) point out that knowledge is experiential and can be accumulated and amplified over a period of time. They also refer to the knowledge of a firm as something observable via for example operating rules or customer data banks. They categorize organizational knowledge into information and know-how (Kogut & Zander, 1992).

- i. **Information:** The term information in this case includes facts, symbols and axiomatic propositions. Further it is defined as knowledge that is transferable without any loss of its integrity. Knowledge in the form of information implies knowing *what* something means.
- ii. **Know-how:** Know-how can be viewed as the ability of knowing how to carry out a certain task or process. Know-how is mainly acquired through the carrying out of practical skills.

Polanyi (1962) instead discusses the concept of knowledge from a philosophical standpoint and focuses mainly on why we often know more than we can express. His answer to this is that knowledge consists of two separate components; *tacit and explicit*.

Tacit knowledge

Tacit knowledge is highly individual and difficult to formalize and express (Polyani, 1962). Intuitions, subjective insights and hunches all fall into this category. Tacit knowledge is rooted in an individual's actions, experiences, ideals, values and emotions, and can be divided into two different dimensions. *The technical dimension* covers the hard to define skills or crafts encompassed in the “know-how” term. Schemata, mental models, perceptions and beliefs that are embedded in individuals to the extent that they are taken for granted constitute the *cognitive dimension* of tacit knowledge. This dimension reflects our view of reality and our vision of the future. Despite the fact that these factors cannot be easily expressed they shape our perception of the surrounding world (Nonaka & Takeuchi, 1995).

Explicit knowledge

Explicit knowledge can easily be articulated, stored and spread. Explicit knowledge is generally found in the form of for example printed documents, statistics, and product specifications. Moreover, explicit knowledge is often stored in internal databases and is easily accessible for the entire organization (Nickols, 2000).

2.1.2 Knowledge in management consulting firms

Management consulting firms are quite often viewed as the archetype of knowledge intensive firms (Alvesson, 1993; Starbuck, 1992). As a result of this, they are often studied as an example in the knowledge management literature. In an article from 2003, Andreas Werr and Torbjorn Stjernberg study management consulting firms as knowledge systems and their insights provide us with a platform for our further analysis and discussion.

Knowledge as Theory

This perspective views knowledge as primarily articulate or at least possible to articulate, hence knowledge is explicit. It assumes that knowledge is not situation or individual specific, but that it can be detached from a specific actor or situation. The knowledge exists within the tools, methods, manuals and models of the organization, and can thus be made available for all individuals via these sources. On an individual level it is important to learn the relevant theories, whilst on an organizational level the focus is to identify the relevant knowledge and synthesize it into general methods and theories. Once the information has been formalized, for example in a database, the transferring of it is principally easy, due to the fact that the knowledge can be understood without the use of a “knowing subject” (Werr & Stjernberg, 2003). Instead, the difficulty lies within the extraction of the *right* information from the said database and the motivation of employees to actually utilize the information (Dunford, 2000).

Knowledge as Practice

A differing view of knowledge provided by Werr and Stjernberg (2003) is that of knowledge as practice. The knowledge as practice view regards knowledge as mainly tacit. As opposed to the knowledge as theory view, this perspective regards knowledge as always being applied in a specific situation. The knowledge is tied to the employees of the firm and is based upon practical experience. The individuals that share practice and experience are regarded as a network where knowledge is spread. Viewing knowledge in this way results in a belief that knowledge is *generated, maintained* and *accumulated* via the actions taken in a specific situation. “Learning by doing” is

closely related to the knowledge as practice view (Werr & Stjernberg, 2003). The transferring of tacit knowledge mainly takes place via social interaction between the occupants of the organization (Hansen et al, 1999).

Three basic knowledge elements

In the study conducted by Werr and Stjernberg (2003), they identify three basic knowledge elements within management consulting firms; methods and tools, cases and experience.

Methods and tools

Methods and tools are primarily used for the planning and design of a consultancy project. The term includes documented structures of activities undertaken, for example valuation models, “best practices” and checklists. The documentation and maintenance of these methods and tools are primarily conducted by the consultants themselves. This enables the transferring of individual consultants’ knowledge throughout the organization. The methods and tools help give the consultants a “road map” for solving a specific problem. They also provide the consultants with a common language, thus facilitating their interaction (Werr & Stjernberg, 2003). Providing this common language is a prerequisite for the interaction and transferring of knowledge (Schein, 1996).

Cases

Documentation of previous projects offers consultants an additional source of knowledge. They are used as a template when designing for example new project proposals, however they are viewed more as a source of inspiration than a checklist. The documentation of these cases is often stored in a database and made available for the entire organization. The cases have two different main functions; they transfer knowledge between different projects and allow for individual knowledge to be spread within the organization (Werr & Stjernberg, 2003).

Experience

The most important knowledge base of a management consulting firm is the accumulated experience of the consultants. The methods and cases described earlier need to be adapted to the characteristics of each new project and the experience of a consultant serves that need. The work in a management consulting firm is carried out in teams with a hierarchical structure consisting of junior consultants, intermediate consultants and a project manager/partner. The junior consultants carry out the tasks handed to them using mainly the methods and previous cases provided, whilst the intermediate level is responsible for the end product towards the project manager/partner. The senior consultants take a more monitoring role and take the critical decisions. The hierarchical organization leverages the experience of the senior consultants and their knowledge is spread to the more junior individuals in the team. Alongside this team oriented way of working, formal and informal interactions between the less experienced consultants and the project managers/partners help spread the accumulated experience down in the organizational structure (Werr & Stjernberg, 2003).

Interaction of knowledge elements

The knowledge elements described above all contribute to the overall knowledge system of a management consultancy; however it is primarily the interaction between the elements that form the basis of the consultancies’ organizational competence (Werr & Stjernberg, 2003). The figure

below, presented by Werr and Stjernberg (2003), illustrates the relation of the knowledge elements.

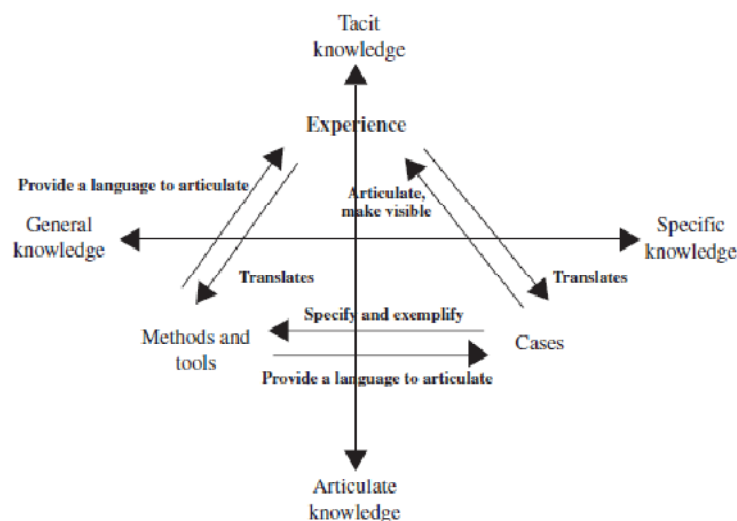


Figure 1. Three basic elements of the knowledge systems and their interrelations (Werr & Stjernberg, 2003 p. 895)

Methods and tools provide a common language

Methods and tools affect the consultant's perception of a problem or solution. They provide a framework and give the consultant a structure for how to approach a problem. Hence, they have an immediate effect on the consultant's view of a problem and the proposed solutions. However, methods and tools also function as enablers of communication amongst the individuals of a management consultancy. They provide a common language and terminology for the work process of the consultants. The common language created by methods and tools also provides a shared framework for the interchange of knowledge between different project teams. Not only is this common language important in the transferring of experience in face-to-face interaction, but it also plays a role in the structuring of the documentation of the cases. A consultant familiar with the methods used in a specific situation can easily create comparable documentation, thus facilitating the transferring of knowledge from that case. Further, having a common language also facilitates the formal and informal interaction among consultants (Werr & Stjernberg, 2003).

Cases articulate experience and specify and exemplify methods

The adaptation of the previously mentioned methods and tools to a specific situation often requires a level of experience based knowledge. This tacit form of knowledge is hard to transfer and cases offer a mean of transferring this individual knowledge. The cases represent how a method or tool is adapted to a situation, thus the experience needed to carry out this adaptation is transferred. The cases, in combination with discussion with the responsible team, present a mean in which the accumulated knowledge of a team can be transferred throughout the organization (Werr & Stjernberg, 2003). Previous cases provide an extension of the methods and tools in the sense that they exemplify the use of a certain method or tool in a specific context.

Experience translates methods, tools and cases

The main role of experience is its ability to help the consultants in the interpretation and translation of the existing articulate knowledge such as previous cases and methods. To adapt these sources of articulate knowledge to the specifics of a project the consultants use their tacit, experience-based knowledge (Werr & Stjernberg, 2003). Experience guides the consultants in their efforts to select activities from a set of methods and tools and in which manner they should distribute their time between these activities. The translation process is not regarded as conscious and strictly analytical, but more as intuitive relying on tacit knowledge (Werr & Stjernberg, 2003).

2.2 The process of spreading a business unit

In order to understand the process of spreading a business unit we have chosen to study the work of Gabriel Szulanski (1996). His theory of the intra-firm spreading of best practices offers a support for better understanding the spreading process.

2.2.1 Transfer of best practices

In 1996 Szulanski investigated the intra-firm spreading of best practices and his findings offer insight into the stages involved in the spreading process. Best practice is defined as an internal practice that is performed in a superior way within an organization and is seemed superior to internal alternate practices (Szulanski, 1996). In his article Szulanski identifies four different stages that all occur in greater or lesser degree and also in a certain order. The four stages are initiation, implementation, ramp-up and integration.

Initiation

All events leading to the transfer decision are connoted *initiation*. When a need and the knowledge to meet that need coexist within the same organization, the transfer begins. The transfer process is not always based on conscious decisions and can occur undiscovered. When a need is discovered, a search for a mean to fill that need commences and this can lead to the discovery of superior knowledge. The discovery of this knowledge then leads to a focused inquiry into how these superior results are obtained. When the need and a possible solution to that need are identified, the feasibility of the transfer is evaluated (Szulanski, 1996).

Implementation

When a decision to proceed with the transfer process is made, the *implementation* phase is initiated. Social ties that are specific for the transfer are established and resources begin to flow between the source and the recipient. An adaptation of the transferred practice, to better fit the needs of the recipient, is often carried out in order to minimize misunderstanding or other problems associated with the transfer (Szulanski, 1996).

Ramp-up

As the recipient begins to use the transferred knowledge, the implementation related activities diminish or cease, and the *ramp-up* stage commences. The primarily concern of the recipient will be to identify and solve unexpected issues that occur and thus it is likely that the recipient uses

the transferred knowledge in an inefficient manner. Gradually the performance of the recipient improves and eventually reaches a satisfactory level. The ramp-up stage offers the recipient an opportunity to solve the problems that are related to the transfer (Szulanski, 1996).

Integration

The last stage of the transfer process begins when the recipient can use the transferred knowledge in a satisfactory manner and the new knowledge is gradually integrated into routines. Eventually a shared history of the joint usage of the transferred knowledge is created in the recipient, and actions and actors are typified leaving them to be predictable and understandable. As a result, communication and the coordination of the tasks are made easier and the new practices soon become institutionalized and taken for granted (Szulanski, 1996).

2.3 The transferring of knowledge

So far in the theory section we have created a platform for understanding the concept of knowledge and the knowledge existing in management consulting firms. We have further looked at the stages involved in the spreading of a business unit. In the following section, we will instead turn our attention to how knowledge is transferred and the interaction of knowledge components. The SECI-model presented by Nonaka and Takeuchi (1995) offers a starting point in our further discussion regarding the transferring of knowledge.

Interaction and common language

A prerequisite for the transferring of know-how and information, as previously defined, is frequent interaction within small groups. This interaction often takes place via a common language or code that the participants use (Kogut & Zander, 1992).

The importance of a common language as a tool for knowledge sharing has been widely held. Arrow (1974) expresses that one of the main advantages of an organization is its ability to, through the usage of a common code, be able to economize in communication. The transferring of personal knowledge within groups is also made more effective by having a shared coding scheme (Kogut & Zander, 1992). A shared language within an organization is often enabled by the learning of common values which in turn allows for the transmitting of knowledge (Berger & Luckmann, 1966).

Knowledge transfer

Earlier we have discussed the two different dimensions of knowledge, tacit and explicit and the model by Nonaka and Takeuchi (1995) provides a dynamic view of how knowledge is transferred between the two. It is based on the assumption that human knowledge is transferred, expanded and created through the interaction between tacit and explicit knowledge.

Their findings are illustrated by the SECI-model:

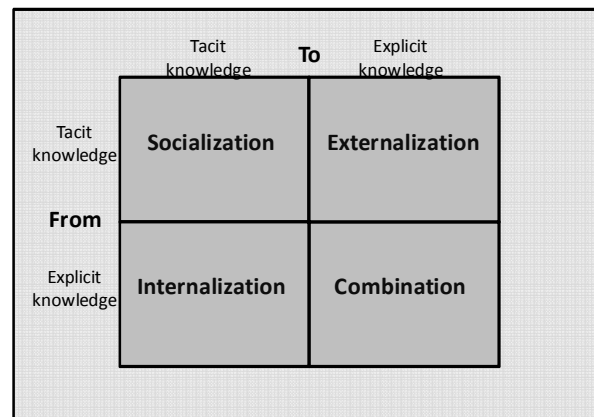


Figure 2. SECI-model (Nonaka & Takeuchi, 1995 p. 62)

Socialization

By observing, imitating and training, an individual can learn from the tacit knowledge of others. Apprentices for example, learn from their master by observing, imitating and practice not via words or language. Experience is the key to acquire tacit knowledge in this process. The transfer of knowledge will not be possible without this shared experience and if the information is distanced from its context, and the emotions associated with it, it will often not make sense.

Externalization

By articulating tacit knowledge one can transfer it into explicit concepts, thus externalizing it. The tacit knowledge can be made explicit by taking the shape of models, concepts, hypotheses, analogies or metaphors. The externalization process is often initiated by dialogue or collective reflection. Out of the four modes of knowledge conversion, externalization is the most important one when it comes to creating new knowledge. This is due to the fact that it can create new explicit knowledge from the accumulated experience (tacit knowledge) of the participants.

Combination

The process in which existing sources of explicit knowledge are organized into a knowledge system is referred to as combination. By exchanging and combining knowledge through meetings, documents, telephone conversations or computerized communication networks, individuals within an organization reconfigure existing knowledge. This reconfiguration of knowledge through sorting, adding, combining and categorizing existing knowledge (for example in databases) can lead to the creation of new knowledge.

Internalization

Internalizing knowledge is the process in which explicit knowledge is embodied into tacit knowledge. The internalization process is made easier if the tacit knowledge is formalized into for example documents, manuals, and oral stories. This documentation of the explicit knowledge will help the individuals to internalize what they have experienced. It will also allow the further transferring of this knowledge because it will allow them to experience what others have experienced.

3 Research methodology

Methodology concerns with which methods to use in order to produce a scientific contribution (Andersen, 1994). In this chapter our aim is to present and discuss the methodological considerations that are related to this thesis.

3.1 Delimitations

There are several definitions of knowledge and due to its intangible feature it is difficult to measure. The aim of our thesis is to study how a global management consulting firm transfers knowledge across national borders. After conducting a comprehensive literature review, we decided to look at the transfer of knowledge within a business unit across borders. The definition of knowledge as the knowledge in a business unit and identifying a situation, in which a consulting firm has transferred this knowledge across borders, enables us to study a well-defined phenomenon in reality. We further believe that the definition prevents difficulties in subjective and varying definitions and measurement methods.

After conducting a pre-study, the purpose and specific research question were formed. Within the scope of this thesis, the study is delimited to investigate the knowledge transfer across borders within a global management consulting firm. The study focuses on one identified phenomenon of knowledge transfer and attempts to make some contributions to the understanding of knowledge transfer across borders.

3.2 Study approach

The two classical theoretical approaches when conducting social science research are called *deductive* and *inductive* methods. Following the *deductive* method, the researcher starts by formulating hypotheses from the existing theories in the research area. The hypotheses are then tested against empirical data and conclusions are subsequently drawn. However, an *inductive* research approach starts with empirical data and theory is then derived from the collected data. The empirical data is the starting point and leads to the formulation of theories (Patel & Davidson, 2003). There is also a third research method that contains features of both the inductive and deductive methods, namely the *abductive* method. Abductive method is the process of altering between a theoretical and empirical standpoint, and the researcher takes part of existing theories in the empirical data collection process (Alvesson & Sköldbberg, 2008).

Our study will mainly be based on the inductive method since we will identify a phenomenon in reality and then derive conclusions and theories based on our empirical sample. The study is inductive in the sense that empirical data is used to complement the existing theory in the research area. However, the study also contains deductive features since the existing theories are first considered as a starting point and are subsequently tested against our empirical data. To increase our understanding of the research area, previous studies and theories were considered before collecting the empirical data and designing the interview guide. Therefore the abductive method is arguably the most appropriate method in this thesis since we aim to derive conclusions from both empirical data and existing theories, switching between inductive and deductive methods. There is no need to see the two classical theoretical approaches as mutually exclusive and most social science research tends to fall within the continuum between the two (Bryman &

Bell, 2007). A balance between inductive and deductive methods, namely abductive method, is consequently an important aspect in conducting most research (Hyde, 2000).

Furthermore, we believe that the most suitable methodology for performing our study is the *qualitative* approach, rather than the *quantitative* approach. Quantitative approach, such as questionnaires, will risk missing the nuances of the results and will therefore not capture all aspects of the topic. Qualitative research, however, is often characterized by addressing a phenomenon from the inside (Andersen, 1994). The aim is to create a holistic view by increasing the understanding of social contexts and processes (Holme & Solvang, 1997). The approach also gives an inside perspective with a closeness to the individuals which will help us gain a deeper and more detailed understanding of the research area.

To be able to answer our research question and with the scope and purpose of this thesis in mind, we have hence chosen qualitative research. Since the concept of knowledge and knowledge transfer are abstract areas which can be subject to different definitions and interpretations, we decided that it would be most appropriate to use a qualitative approach with in-depth personal interviews to collect the empirical data. Qualitative interviews will create trust, leave room for explanations and open discussion, and minimize the risk for misinterpretations. The interviews will further give an opportunity to observe and study the interviewees' behaviors which will improve the understanding of the logic behind their answers (Bryman, 2006). The advantages of personal in-depth interviews are that answers are not forced out of the interviewee and follow-up questions can be asked and also adjusted accordingly. The disadvantages of the approach are instead that the process is time consuming regarding administration and require more time and effort from the interviewees (Bryman & Bell, 2003). However, the transfer of knowledge includes intangible components which are not measurable and we therefore believe that the study would benefit from a qualitative approach.

Moreover, there are three main research strategies; case studies, surveys and experiments. Case studies should be used to develop detailed and intensive knowledge in a small number of subjects and we have thus chosen to base our study on the *case study approach* (Saunders et al, 1997; Sekaran, 2003). Case studies can provide new insights due to the detailed explanations that for example survey methods usually miss out (Eisenhardt, 1989). The case study approach is suitable when the study's focus is on contemporary phenomenon in real-life context and when the purpose of the study is to answer the question; "How?" (Yin, 1989). Since these criteria correspond to the purpose of our thesis we consequently believe that the case study approach is the most suitable method for our study.

3.3 Type of case study

Case studies can be based on either *single* or *multiple* cases (Yin, 1989). Even though we study two different branch offices, we would still argue that our study is a single case study since we limit the scope of our study to only one company. Focusing our study on only one company will help us to fully understand this phenomenon and develop detailed knowledge. We have chosen to interview employees at multiple levels of the organization to be able to obtain greater depth in our analysis of the phenomenon. The interviews at different levels will also give a more holistic view and capture additional aspects of the knowledge transfer across borders. The case study approach can further be divided into *descriptive*, *explanatory*, and *exploratory* studies (Yin, 1989; Lundahl & Skärvad, 1992). Exploratory studies aim to discover what is happening, provide new insights, ask questions and assess phenomenon in a new light (Saunders et al, 1997). Exploratory case studies are undertaken to get a better understanding of the research area (Sekaran, 2003).

Our study is hence exploratory since we have discovered a phenomenon, and aim to find out what is happening and provide new insights.

3.4 Choice of case & literature

Conducting our prior literature study we came across extensive research about knowledge transfer in general. We also came across theories of knowledge transfer within knowledge-intensive industries. However, we identified a lack of research studying the mechanisms for transferring the knowledge within a specific business unit across national borders.

Since knowledge by definition is an extremely important asset in consulting firms we concluded that the mechanisms for transferring and absorbing this intangible asset between branch offices would be interesting to study. Management consulting firms would be interesting to study since they are considered to be the archetype of highly knowledge-intensive companies due to their dependence on human capital and that the nature of their assignments is knowledge-based. Management consulting firms have also been in the forefront of knowledge management (Apostolou & Mentzas, 1999). We thus concluded that studying a management consulting firm would reveal interesting aspects of knowledge transfer across borders.

A selection of respondents in a qualitative study should be systematically based on certain criteria (Holme & Solvang, 1997). To be able to answer our research question, and with our purpose and delimitations in mind, our case company should therefore have the following characteristics:

- i. An organization in the management consulting industry
- ii. A global organization with several branches offices
- iii. A firm that has recently conducted a transfer of knowledge within a business unit across borders

We believed that studying the management consulting firm, “*The Firm*”, would reveal an interesting case of the international knowledge transferring process. The Firm has an office in Stockholm and several branch offices in the Nordic region. It is one of the world’s leading professional service organizations and has operations all over the world. The Firm has recently transferred the knowledge within a business unit from the Swedish branch office to the Danish equivalent. The Firm hence offers a well-defined phenomenon where knowledge, as the knowledge within a business unit, has been transferred across borders. A more thorough presentation of The Firm will be held in the section of our empirical findings.

We found the literature used in our study mainly by studying previous research and studies in the field of knowledge transfer, and also by scanning databases. Information material, The Firm’s web page and The Firm’s internal material have also been studied. The reliability of the secondary data has been evaluated and numerous theorists have been considered in order to avoid biases in our chosen theories.

3.5 Anonymity

Conducting our study we have had neither interest nor intention of evaluating individuals or the case company. Therefore, we will in our thesis identify the case company by the notation “The

Firm”. We will further refer to the studied business unit by the notation “Business Unit X” and we will not identify any individuals by name.

Regardless of which reasons The Firm might have for preferring anonymity, we have granted that anonymity to ensure as accurate empirical data as possible. We further believe that the answers given during interviews would be more honest and that a trusting atmosphere would more easily be created with the possibility to grant the interviewees anonymity. Moreover, we did not believe that the name of the company or the individuals would be of relevance for our analysis.

3.6 Data collection

We collected our empirical data through qualitative interviews with employees at multiple levels within The Firm. The interviews were based upon, but not strictly held to, a standardized interview guide. The conducted interviews were *semi-structured* with open-ended questions. Semi-structured interviews with open-ended questions give the interviewer opportunities to make adjustments to the guide during the interviews and also provide room for individual reflection and interpretations (Bryman, 2006). The advantages of open-ended questions are that the interviewees will be able to answer the questions freely and with their own words, greater flexibility will be offered, and more detailed answers can be provided (Bryman & Bell, 2003). However, the disadvantages of open-ended questions are that it is more time consuming and that the answers more easily can be misinterpreted (Bryman & Bell, 2003). Nevertheless, we believe that semi-structured interviews with open-ended questions would be most suitable for our study, as it would provide flexibility and at the same time give depth to the collected empirical data.

3.7 Interviews

Prior to the interviews we sent e-mails to the targeted interviewees where we introduced ourselves and the research topic. We briefly informed them about the purpose of the thesis and also about their own role and contribution to the study, in order to reduce any insecurity and make sure that the interviewees would be prepared. We hence were given an informed approval, which implies that the interviewees were participating voluntarily in the project (Kvale, 1997). It should be noted, though, that we did not introduce any of the questions to avoid receiving well-prepared or biased answers.

The interview guide is of crucial importance for the quality of our study (Lundahl & Skärvad, 1992). One of the most important qualities of an investigator is to have a thorough understanding of the research topic (Yin, 1989). Before designing our interview guide we hence conducted an extensive review of the theories presented in the theory section, since we perceived the phenomenon of knowledge transfer to be complex in nature. We also conducted informal interviews with people engaged in the area and employees involved in the spreading of Business Unit X within The Firm. The purpose of the informal interviews was to achieve familiarity with knowledge transfer in general, and The Firm and their transfer process in particular. We also got inspiration from previous research and studies when designing our interview guide. It is important that the questions asked are relevant for the research question, but it is also important that they are not irrelevant for the interviewee (Bryman & Bell, 2003). We have thus adjusted the questions asked in accordance with the interviewee’s position and role in the spreading process. It is suggested that researchers ideally should formulate a research question and specify various potentially important variables with reference to existent literature. However, specific relationships between theories and variables should not be thought about in advance since this

might bias and limit the findings (Eisenhardt, 1989). We have followed this framework throughout the process of designing the interview guide and the data analysis.

The questions in the interview guide can be divided into five subcategories; Subcategory 1 focuses on the interviewee’s role and experience within The Firm. Subcategory 2 is concerned with the start-up phase and establishment process of Business Unit X. Subcategory 3 instead, relates to the transfer of knowledge between the branch offices. Subcategory 4 is based upon the specific channels used for this knowledge transfer. The questions within Subcategory 4 were constructed with inspiration mainly from the theories of Nonaka and Takeuchi (1995) and Werr and Stjernberg (2003). Subcategory 5 however, was intended to investigate the post establishment phase and performance of Business Unit X in Denmark. The purpose of fundamentally basing the questions on existing knowledge transfer theories is that the theories will work as a starting point in our study. However, using semi-structured interviews with open-ended question will then prevent limiting our findings to only existing theories in the research area. Moreover, we created the questions not to be leading or contain complex terms or concepts, in order to assure as accurate answers as possible.

Before conducting the interview, we assured the interviewee anonymity and we made sure that the purpose of the interview was clear. We thus believe that we created an atmosphere of trust, which is a prerequisite for an in-depth qualitative interview (Holme & Solvang, 1997). Interviews were generally held for approximately an hour and conducted in Swedish or English. We gave the respondents the possibility to choose the language they felt most comfortable with. The interviews were further recorded, with the interviewee’s approval, in order to assure accuracy and prevent misinterpretations of the data. In total, eight interviews were conducted within The Firm, of which six were held with employees at the Swedish branch office and two with employees at the Danish branch office. We decided that the desired interviewees should comprise of employees within multiple levels of The Firm. Of primary importance was capturing the knowledge transfer process across the borders and we therefore targeted employees that had been involved in Business Unit X, both in Sweden and later in Denmark. To get a more holistic view, we also decided to interview a Knowledge Manager to give us general information about The Firm and how it generally handles the spreading of business units. Below the interviewees and their respective position and branch office within The Firm are presented:

<i>Notation</i>	<i>Position</i>	<i>Branch office</i>
Alpha	Senior consultant	Sweden
Bravo	Senior manager	Sweden
Charlie	Consultant	Sweden
Delta	Manager	Sweden
Echo	Senior consultant	Denmark
Foxtrot	Senior manager	Sweden
Golf	Manager	Denmark
Hotel	Partner	Sweden

Figure 3. Table of interviewees within The Firm

In order to get an external view and fully understand the phenomenon we also decided to interview Andreas Werr, who is an associate professor at PMO at Stockholm School of

Economics. Andreas Werr's research focuses on management consultants, and specifically the management of knowledge and the knowledge processes within management consulting firms.

During the same period of time as our study at The Firm was conducted, another Master Thesis at Stockholm School of Economics investigated a different subject related to The Firm. A number of the interviewees were relevant for both theses and in order to facilitate the administration for The Firm, those interviews were conducted at the same date. In order to guarantee the quality of both studies, the interviews were carefully separated and distinguished by using a type of "Chinese wall". The interview time was divided into two separate periods, the questions were autonomous and the interviewee was well informed about the structure of the interview. No information that emerged from the other group's interviews has been used in this thesis.

3.8 Data analysis

All interviews, except the informal ones, were recorded on tape. As a first step of the data processing, all interviews were listened to and then transcribed. The records were then re-listened to and the transcripts re-examined to assure accuracy. The advantages with recording and transcribing the interviews are that they complement our limited memory capacity, repeat and process the respondents' answers. However, the disadvantages are that it is time consuming and that all other communication besides oral communication is lost (Heritage, 1984). Besides recording all interviews, we also took notes as a complement. The reason for this was that we did not want to lose any information, observations or thoughts from the interviews. We would also argue that taking notes in addition to recording the interviews further prevent misunderstandings and misinterpretations. Data from the different levels of the organization and the separate branch offices have then been analyzed. Moreover, the empirical data is presented with quotations that we find interesting and relevant, in order to add useful nuances to the results.

3.9 Research quality

To determine the research quality, reliability and validity are important aspects to consider. Validity can further be divided into construct, internal and external validity. Below these aspects are discussed.

3.9.1 Reliability

The reliability of a research study is concerned with the "absence of stochastic errors" in the data (Lundahl & Skärvad, 1992). The objective is to assure that if another investigator later followed the same procedures, he would arrive at the same findings and conclusions (Yin, 2003). The characteristic of good reliability could be described as several independent measurements all producing the same result (Holme & Solvang, 1997). Reliability can hence be achieved through a standardization of the data collection process. Since our study is of qualitative nature, the reliability could therefore be negatively affected (Bryman, 2006). To be able to still achieve a high level of reliability, we have undertaken numerous steps, precautions and measures in the study to avoid such biases and errors.

We were both present at each interview, recorded all interviews, studied the recordings of the interviews, and further transcribed the recordings. We also took notes during all interviews to

prevent misunderstandings and misinterpretations that might occur when listening to the recordings and reading the transcripts. The notes further complemented the transcripts and prevented errors in the empirical data. We also controlled and re-examined all transcripts against the recordings to assure the accuracy of the material.

To reach a high level of reliability we also gave all interviewees the possibility to choose the language during the interviews. This way they would speak in their preferred language and potential misunderstandings due to the language would hence be avoided. Moreover, we conducted all interviews with only one respondent at a time. This measure was taken to prevent biases in the answers due to group behavior. Although we used a semi-structured method with open-ended questions and follow-up questions, we used the same interview guide as a starting-point in all interviews to reach a higher level of standardization in the data collection process. We also studied a large range of secondary data and conducted interviews with employees at multiple levels of the organization to assure that the collected empirical data would not include errors and biases.

3.9.2 Validity

Validity can be divided into three components; namely *construct validity*, *internal validity*, and *external validity* (Yin, 2003).

Construct validity concerns the study's ability to measure what it attempts to measure (Sekaran, 1992). Hence, the correct operational measures for the phenomenon being studied have to be established (Yin, 2003). When conducting case-studies, the use of multiple sources of evidence during the data collection process can be employed to increase the construct validity (Yin, 2003). Therefore, several interviews with employees at different levels and different branch offices increased the construct validity of our study. Since it is not possible to measure and study the phenomenon directly, we had to use proxies for knowledge. By defining knowledge as the knowledge within a business unit and thus studying a well-defined phenomenon of knowledge transfer, we believe that our study has been able to measure what it attempts to measure. We would hence argue that our construct validity is high.

Internal validity is instead defined as the extent the results from the study correspond with reality (Merriam, 1994). When performing research with qualitative method, the interviewee's mental construct of reality is studied. Hence, the results do not have to reflect the objective view of reality, but instead it is the perspective that is more interesting than the truth itself. The researcher's duty is then to present this mental construct in an honest manner (Taylor & Bogdan, 1984). Therefore, one of the strengths with qualitative method is the high level of internal validity (Merriam, 1994). Conducting our study, we have taken several measures to assure high internal validity. All interviews were conducted with only one employee at time and we guaranteed all respondents full anonymity. We also tried to create an atmosphere of trust by introducing the subject and ourselves beforehand in an e-mail. Prior to all interviews we further reminded the interviewee of the full anonymity of the study and asked permission to record the interview. These measures are intended to eliminate individuals' fear of providing real thought (Yin, 2003). We have further included quotations in the empirical findings section, in order to reflect the reality. All interviews were recorded and even though this is not believed to significantly threaten the internal validity, it should still be noted. Finally, the company within our study has read and approved the empirical findings. They have hence assured that our empirical findings correspond with reality and we would therefore argue that our internal validity is high.

Finally, *external validity* is concerned with to what extent the study could be generalized (Yin, 1989). It is argued that studies with qualitative research method tend to have somewhat weaker external validity (Bryman, 2006). The external validity in our study is hence a matter of knowledge classification and case context. With our delimitations in mind, one could argue that the results of the study are only attributable to the two branch offices within The Firm. Since we are only studying one organization and a specific case of international knowledge transfer, the relevance of making generalizations can be questioned. Nevertheless, it is no longer obvious that a limited number of observations cannot lead to meaningful generalizations in the end (Gummesson, 1988). We believe that our studied case could offer interesting contributions to the research area of knowledge transfer across borders within management consulting firms.

3.10 Sources of errors

Regardless of all precautions and measures we have undertaken in order to minimize the possibility of errors, there is still a risk of errors in the data. Trying to identify possible sources of errors, we would like to highlight the following:

- i. When conducting qualitative interviews, there is a possibility that the interviewees did not reflect their actual opinions, values and experiences. To prevent this bias we have performed numerous interviews and also targeted interviewees at different levels and branch offices. During the interviews, we have also asked for further explanations in dubious cases.
- ii. Our study is dealing with the concept of knowledge which is abstract and subjective in its nature. Knowledge also depends on the perception of the individual and there exists numerous definitions. Likewise, there are difficulties in measuring knowledge. We have in our thesis chosen to study the international transfer of knowledge within Business Unit X. With the definition of knowledge as the knowledge within a business unit, we are aware that important aspects of the knowledge transfer potentially might be lost. Our definition of knowledge might be a source of error, but after careful consideration we sincerely believe that this definition benefits the study. We believe that the advantages of the definition greatly outweigh the disadvantages, and it will further prevent difficulties in subjective and varying definitions and measurement methods.

3.11 Overview of methodological choices

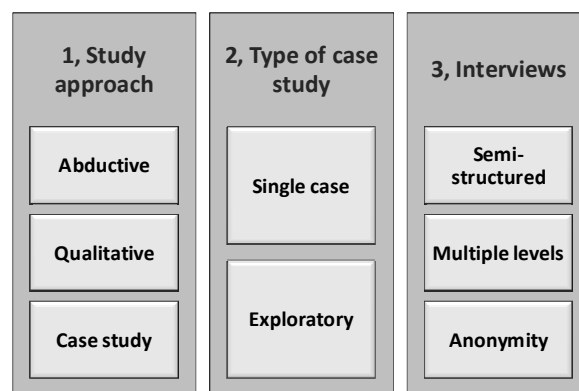


Figure 4. Overview of the methodology of the study

4 Empirical Findings

Overall, eight interviews were conducted with employees at different levels within The Firm. We have interviewed six employees at the Swedish branch office and two at the Danish branch office. We interviewed employees who had been involved in Business Unit X and its spreading, as well as a Knowledge Manager. To get a more holistic view of the studied phenomenon, we also interviewed Andreas Werr who specializes in knowledge within management consulting firms. Below, the empirical findings from these interviews are presented, but in order to clarify the context we will initially present the company background.

4.1 The Firm

The Firm, which is the object for our study, is one of the world’s leading professional service organizations and its operation spans globally. The Firm has an office in Stockholm and several branch offices in the Nordic region.¹ The customer base comprises both private and public sector organizations, and spans from MNCs to small size companies (Information material about The Firm). The Firm’s operations are divided into five different business areas. The product offering, and also their perceived competitive advantage, is based upon strong local presence in combination with a widespread international network (The Firm’s internal material).

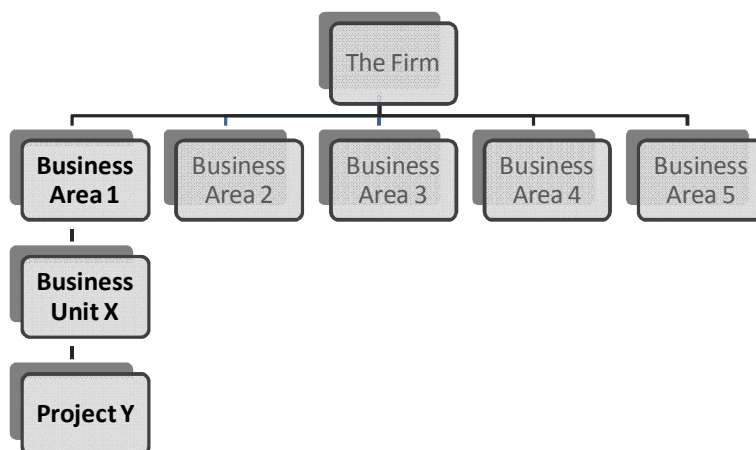


Figure 5. Simplified organizational chart of The Firm

The Firm is currently undergoing a process of restructuring its operations in the Nordic region. Instead of being organized as separate national organizations, The Firm is now integrating its operations to consist of a Nordic organization (Foxtrot). Our studied business area, Business Area 1 within The Firm, has operations in all of the Nordic countries. Business Area 1 is considered to be large and successful in Sweden. In Denmark however, The Firm has previously been a marginal player within Business Area 1 (Foxtrot). Respondent Hotel states that the Swedish offices have been growing and increasing their margins during the downturn, while the operations in Denmark have been slow. The Danish Business Area 1 has not been performing as

¹ The Firm’s web page

good as in Sweden, and they have not been able to grow during the downturn (Hotel). Due to its success, Business Area 1 in Sweden is considered best practice within the Nordic region (Bravo).

4.2 Knowledge within a business unit

Below we will present the empirical findings regarding the knowledge within Business Unit X prior to the expansion, but initially we will describe the business unit and the foundation of its product offering.

4.2.1 Business Unit X

Business Unit X is a sub-unit of The Firm's Business Area 1. Business Unit X was established in Sweden eight years ago and has since then been very successful, both in terms of profitability and customer satisfaction. The customer base of Business Unit X consists of both private and public companies (Bravo). Hotel, a partner of the Swedish organization, was the key person behind the Swedish establishment. Hotel had previous experience within the area and had been given the responsibility to build Business Unit X in Sweden (Foxtrot).

The hierarchy within Business Unit X consists of six different levels. The advancement between these levels is based upon relevant experience, either within The Firm or from a previous employer. The advancement is also highly dependent on the individual's performance within the team (The Firm's internal material).



Figure 6. The hierarchy of Business Unit X

Business Unit X, with the same product offering and specialization, has previously not been established in any other country than Sweden. Sweden was hence the pioneer country in setting up this business unit and area of expertise, and Hotel was the driving force behind the establishment (Bravo). Furthermore, The Firm is the market leader within this segment in Sweden and Business Unit X has a strategic importance for the Swedish organization (Hotel). Hotel also explains that the market demand for their product offering has constantly been increasing during the last years. After establishing Business Unit X in Sweden, Hotel was then given the responsibility for building Business Unit X in the Nordic region and the process is now undergoing (Hotel).

4.2.2 Project Y

Within Business Unit X, there is one project that has been run yearly since the establishment of the business unit in Sweden. This project is called Project Y and is considered to be the foundation of Business Unit X. Project Y acts as a platform for the product offering in the business unit, and the number of participating companies has been increasing every year. Hotel views Project Y as the most important project within Business Unit X and also pinpoints the strategic importance of Project Y from a sales perspective. Furthermore, Hotel has been involved in Project Y since the start eight years ago (Hotel).

4.2.3 Specific knowledge bases

Business Unit X has been able to obtain a successful track-record since the establishment eight years ago. During this period, Business Unit X has been involved in numerous client projects (The Firm's internal material). Several of the consultants employed in Business Unit X have been working within the business unit for many years, and have hence gained considerable experience within the area (Hotel). Both Hotel and Alpha highlight the importance of the joint experience of the consultants within Business Unit X.

"Together our consultants have an impressive amount of experience within the area" (Hotel)

"It does not matter how good you are in a subject, as a consultant you need experience" (Alpha)

Business Unit X has further developed extensive models and concepts for the projects and this material has been documented in databases. The concepts for Project Y were for example initially developed eight years ago and these concepts are still used as a starting point in new similar projects (The Firm's internal material).

4.3 The process of spreading a business unit

In the next section, the process of spreading Business Unit X to Denmark will be described. The motives for the expansion, the process and lastly the current performance of the Danish business unit will be presented.

4.3.1 Motives for the establishment

Prior to the expansion, Business Unit X had been successful in Sweden and the Danish branch office expected that there would be a market for the product offering in Denmark as well (The Firm's internal material). The Danish branch office needed to increase their profitability and hence needed to change their product offering (The Firm's internal material).

"The expansion was a good business case. A potential market was identified and the track-record in Sweden reassured us of the profitability potential" (Hotel)

Hotel is responsible for building Business Unit X in the Nordic region and explains that the partners are given different business units to work with. Further, Hotel claims that when given the responsibility to spread Business Unit X, important aspects to consider were potential

customers and which competencies to develop. A market for large Nordic customers was perceived and since The Firm is integrating its operations into a Nordic organization, the decision to establish Business Unit X in Denmark was taken (Hotel).

However, the business case is only one reason for the establishment of Business Unit X in Denmark. Both Alpha and Echo highlight Golf as the most important reason behind the establishment. Echo explains that Golf is the initiator and the driving force behind the establishment of Business Unit X in Denmark. Also Bravo perceives Golf as the key person behind Business Unit X in Denmark. According to Bravo, Golf personally initiated the project and has been creative and innovative throughout the process. Golf further states that the initiative to establish Business Unit X in Denmark was not taken at a Nordic level, instead Golf personally initiated the establishment (Golf).

“Golf is very driven and takes initiative. He is clearly the key person behind the establishment of Business Unit X in Denmark” (Bravo)

“I saw the potential for Business Unit X in Denmark and took initiative and marketed my ideas” Golf

4.3.2 Establishing Business Unit X in Denmark

The decision to establish Business Unit X in Denmark was taken in the beginning of 2008. Golf was appointed head of Business Unit X in Denmark and the process of establishing the business unit started (The Firm’s internal material). Early on in the process, Golf was appointed to a project team within Business Unit X in Sweden and therefore did an exchange of nine months in Sweden (Hotel). Then in January 2009, Business Unit X in Denmark had their kick-off meeting and also the formal opening of the operations (Bravo).

Prior to the opening of Business Unit X in Denmark, the appointed Danish team visited the Swedish office and spent a day with the Swedish team. This full-day gave an introduction to Business Unit X, and the team was given seminars and also the opportunity to shadow the work of their Swedish colleagues (The Firm’s internal material). Later on in the start-up process, the Swedish team visited the Danish office and gave seminars and helped with the establishment in a more hands-on manner (Alpha).

Echo explains that Business Unit X in Denmark, together with Hotel, started selling projects in an early phase of the establishment process. The first project within Business Unit X was Project Y, and the concepts were provided from the Swedish business unit (The Firm’s internal material). Later on in the establishment process, Business Unit X in Denmark was given an internal project to run. The team in both of the initial projects consisted of cross-border teams with Swedish and Danish employees (Golf).

Respondent Alpha stipulates that the establishment process seem to have occurred at a higher level and that the lower levels of the organization were involved gradually. Moreover, Bravo argues that due to the collaboration with the Danish office, the Swedish Business Unit X had to document their knowledge and experience.

4.3.3 Performance of Business Unit X in Denmark

The start-up phase is now completed and the Swedish team visits the Danish equivalent less frequently (Echo). Nevertheless, Swedish employees are still included in the cross-border teams. According to Golf, Business Unit X in Denmark has so far been able to receive sufficient revenue and they currently employ five individuals. Project Y has to this point been very successful and they have managed to sell the project to nine clients (Hotel). However, not enough time has passed to be able to fully assess the performance of Business Unit X in Denmark (The Firm's internal material).

"Business Unit X in Denmark is still too young to be evaluated." (Hotel)

4.4 The transfer of knowledge

Below, the empirical findings regarding the knowledge transfer between the offices are presented. The knowledge transferring process is described, as well as the different mechanisms involved in the process.

4.4.1 The knowledge transferring process between the offices

When Business Unit X was established in Denmark, the organization wanted to take advantage of the existing knowledge and experience within Business Unit X in Sweden (The Firm's internal material). In order to build competency in Denmark, the knowledge therefore needed to be transferred between the offices (Hotel). Golf and Hotel both describe the knowledge transferring process between the offices as consisting of three important steps; exchange in Sweden, Project Y and an internal project.

Exchange in Sweden

Early on in the process of spreading the business unit to Denmark, Golf was appointed to a project team in Business Unit X in Sweden (Golf). Hotel placed Golf on a project within Business Unit X in Sweden to be able to learn first-hand from the Swedish team (Hotel). Golf worked within the Swedish team for nine months and was the only Danish employee within the team (Golf). Hotel states that Golf's experience at the Swedish office was of major importance for the knowledge transfer between the offices.

"Since Golf was the head of Business Unit X in Denmark, I thought it would be useful for him to work with us in Sweden for a while. It is by working together that you learn the most." (Hotel)

Project Y

Project Y was started at Business Unit X in Denmark as their first project. Business Unit X in Sweden had developed Project Y and they provided the Danish office with the whole concept (The Firm's internal material). Project Y was ready to be sold to customers and the Swedish branch could further provide references and a successful track-record (Hotel). Golf explains that the best thing to do when establishing a business unit is to start a project as soon as possible. Project Y was considered to be a good starting point for building competency in Denmark since it was easy to sell and the costs for starting the project were relatively low (Golf). Hotel states

that Project Y was used as a platform and that it was good marketing for Business Unit X in Denmark. The project team that started working with Project Y in Denmark consisted of a combination of Swedish and Danish employees.

“The Swedes were a great help with Project Y. Alpha, for example, has been working as project manager for Project Y in Sweden for two years and has been a valuable support” (Echo)

Internal project

As a third step in the knowledge transferring process, Business Unit X in Denmark was given an internal project (Hotel). The project involved being the internal advisor to The Firm in Denmark (Golf). The internal project started during the spring of 2009 and a project manager from Sweden was appointed to the project. However, the rest of the team consisted of Danish consultants (The Firm’s internal material). The internal project also provided the business unit with contacts and credentials (Golf).

“The internal project gave us a chance to work as if it was for an external client” (Echo)

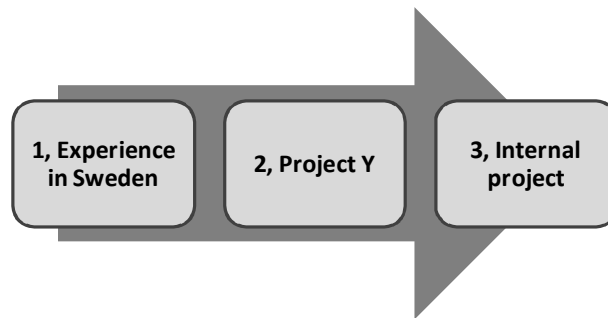


Figure 7. Knowledge transferring process within Business Unit X

4.4.2 Mechanisms for knowledge transfer within Business Unit X

Within the above mentioned knowledge transferring process various specific mechanisms were used to transfer the knowledge. Below, we will describe the different mechanisms we have identified in the transferring process.

Databases

The Firm uses three different databases for the documentation and formalization of knowledge and experience. One database contains the standardized methods and tools that The Firm applies to similar cases, in order to create a uniform method and secure the quality of the company’s projects (Delta). The Firm applies globally developed methods and tools and all offices within The Firm have access to this database (Foxtrot). Alpha concludes that the method and tools applicable to the work within Business Unit X are rather standardized, often more standardized than for other business units.

The second database contains old cases and reference projects. After a project is completed, all data is documented in the database (Delta). Alpha states that everything from initial discussion with the customer to the end product is included in the database. Case credentials are also an

important part of the documentation, and it is with the help of the credentials the employees can gather information regarding individuals responsible for the projects, as well as reference projects to use. The case databases are still country specific and have not been integrated into a Nordic case database yet. Hence, the Danish branch office does not have access to the Swedish case database (Delta). According to Foxtrot, networks are instead used to access international cases. Business Unit X in Denmark has therefore been able to access the Swedish cases the informal way. When reference cases or contacts are needed, instead Business Unit X in Denmark directly contacts the responsible person in Sweden and thereby gets access to the case (Golf).

“Each project is client specific and there is no quick-fix, but the old cases can be used as inspiration. There is no need to re-invent the wheel” (Charlie)

In the third database, The Firm stores the resumes and profiles of all their employees (The Firm’s internal material). In this database, the employees are supposed to document their areas of expertise, previous experience and other relevant personal data (Foxtrot). After the Nordic integration, all Nordic countries now use the same CV database. Business Unit X in Denmark is therefore able to search for employees with relevant expertise and experience within the Swedish office (Foxtrot).

“It is important to be able to look into each other’s databases, but the risk is that the forums get too big” (Foxtrot)

Internal company website

In addition to the three databases, there is also an internal company website. The internal company website is mutual for the Nordic countries and The Firm distributes newsletters through this website (Bravo). The maintenance of the internal company website is centralized and conducted by a special support unit within The Firm (The Firm’s internal material). Foxtrot however states that since the website was expanded to include all Nordic countries, the flow of information has grown dramatically.

Formal gatherings

Business meetings

Alpha describes formal meetings with the business unit team that occur every sixth week. During these meetings everyone is briefed about which projects are running, what everyone is working with and also about potential projects in the pipeline. There are also formal conferences where different subjects and projects are discussed (The Firm’s internal material). In the start-up phase, the Danish team attended formal meetings within Business Unit X in Sweden, as well as the conferences (Alpha). Workshops are also held between Business Unit X in Sweden and Denmark, with discussions regarding ongoing projects, current issues and experiences (The Firm’s internal material). During these workshops, various employees are also asked to educate their peers in different subjects or present their old cases in more detail (Echo).

Internal education

Furthermore, The Firm holds Nordic education sessions and the employees are expected to attend at least 60 hours of internal education every year (The Firm’s internal material). Foxtrot believes that it is important that the education is coordinated within the Nordic region.

Moreover, The Firm rarely uses external speakers but prefers to use their own employees, since their policy is to use their own capacity and take advantage of their resources (Bravo).

Informal gatherings

Informal meetings

The informal meetings have so far been more ad hoc in nature, but Business Unit X's goal is to arrange team building activities regularly (The Firm's internal material). So far, a kick-off has been arranged in Åre, "after work" is held every Friday at the office and a summer party is planned in the beginning of the summer (Alpha).

"The parties, and especially the kick-off in Åre, were great introductions to the Swedish team. The teambuilding activities have been very appreciated in our team." (Echo)

Informal networks

Several interviewees state that they know from experience which employees that are capable, competent and experienced in various areas. Bravo also highlights the importance of references and informal networks. From the credentials or word of mouth the responsible persons can be found, and due to the informal network it is easier to call the responsible person and ask instead of searching in the databases (Bravo). Alpha explains that the databases usually only work as a starting point for finding credentials and references, and then informal contact is the best way to gather information.

"The informal network is a vital part of my daily work. I use my informal network for finding information, but also for guidance" (Echo)

Project based work

The work within Business Unit X is project based and each specific task requires a team of consultants (The Firm's internal material). Business Unit X assembles different teams based on the characteristics of the project (Delta). Every project team in Business Unit X has one manager or senior manager that is responsible. The rest of the team is then compiled according to level of experience, expertise and costs (Echo). The senior managers offer help and guidance, but it is the junior consultants that carry out the majority part of the work in the project (Charlie).

In the process of transferring the knowledge within Business Unit X to Denmark, the constellation of the project teams played a major role according to Hotel. In the beginning, Golf formed a cross border team together with Business Unit X in Sweden (Golf). Later in the process of establishing Business Unit X in Denmark, different constellations of cross border team were formed (Echo). Alpha further stipulates that the method of working in cross border teams continues and a Swedish consultant is at the moment working within a Danish team.

"You need more than databases to transfer knowledge" (Hotel)

"Learning by doing, that is where you gain most knowledge" (Echo)

4.4.3 Supporting structures for the transfer of knowledge within Business Unit X

Performance evaluation system

In the review of the employees' performance, The Firm has included a knowledge transferring factor. The employees are thus evaluated on their ability to spread and share knowledge (The Firm's internal material). The evaluation contains a peer review, where amongst other factors the individuals' willingness to share their experience and knowledge is considered (Echo).

Company culture

Foxtrot argues that The Firm has been able to build a strong culture where knowledge sharing is supported and rewarded. Respondent Alpha explains that it is essential for the development of a consultant's career to build a reputation within The Firm. A crucial part of the reputation is the acknowledgement the consultant receives from peers as being knowledgeable and experienced. By sharing knowledge and expertise, the consultant is perceived as being an asset to the team. The selection process of the teams is to a large extent based on social networks (Bravo). Having a good reputation within the network is hence important for being selected to a project team.

"It is necessary to market yourself, so that your colleagues perceive you as an attractive team member" (Alpha)

"Everyone gains from helping each other" (Bravo)

5 Analysis

We intend to analyze the empirical findings that our study has concluded in three stages; first we will determine the knowledge existing within Business Unit X and classify this knowledge. We will then analyze the establishment process as a whole and later move on to examine how the knowledge was transferred in practice.

5.1 Knowledge within Business Unit X

To define and classify knowledge is a complex task often associated with demarcation issues, mainly due to the intangible nature of knowledge. Classifying the knowledge within Business Unit X is no exception; however we find this categorization of knowledge to be of importance for our further analysis. The knowledge within Business Unit X consists of both tacit and explicit components and can be illustrated in the following model:

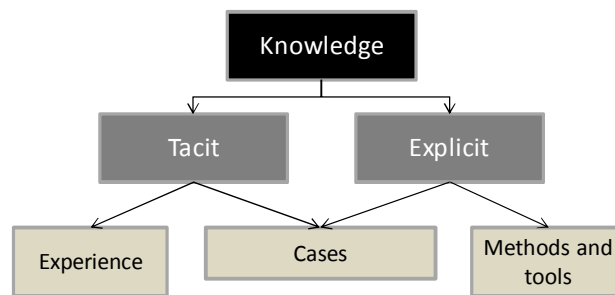


Figure 8. Classification of the knowledge within Business Unit X

Tacit knowledge

Within Business unit X the tacit knowledge component consists of the accumulated experience of each individual consultant. Alongside gaining experience general for the consulting industry, the consultants within Business Unit X also gain vital experience as regards to the segment in which Business Unit X is active. To some extent this experience-based knowledge has been formalized and abstracted into explicit sources of knowledge, however our empirical findings show that the tacit component is the essential source of knowledge within Business Unit X.

Experience has an important role within Business Unit X, functioning as a “translator” of existing explicit sources of knowledge, for example standardized models. When designing a project with the help of explicit sources of knowledge, the models need to be adapted in order to match the criteria in the specific project. Experience serves that need and helps the consultants to make sense of the models and adjust them to each new project. The experience also helps the consultants within Business Unit X to select which activities to undertake when choosing from a set of viable activities. These functions of experience have further been emphasized by Werr and Stjernberg (2003). To their disposal they have numerous models and tools and being able to identify which of these that are relevant for the task at hand is a vital part of designing and carrying out a project. The experience of the consultants in some senses, gives them the knowledge of how to carry out a certain task, or know how as Kogut & Zander (1992) would define it.

Explicit knowledge

Business Unit X has a large amount of methods and tools that they use in their daily work. These models are often used as a source of inspiration and a starting point in the design of a new project or proposal. They also have models that are used in a more standardized manner across projects. Empiric evidence points out that models used within Business Unit X are used in a more standardized manner compared to other units within The Firm. The junior consultants that have a limited amount of experience are the most frequent users of these models and often use them as a tool in their work in the project teams. However, within Business Unit X the utmost gain from these methods is not their guidance in the design and execution of a project, but in their ability to create a common language, as referred to by Werr and Stjernberg (2003). As Business Unit X is a part of a global firm the importance of a shared language is amplified further. By basing the project structures on a standardized method, the consultants gain a common framework upon which they can build their communication. It increases the junior consultants' understanding of the business area and facilitates the communication between the different hierarchical levels within the team. Having a common language also enables cross team communication within Business Unit X. The importance of a common language has been widely held and is considered as a prerequisite for the transferring of knowledge (Kogut & Zander, 1992; Schein, 1996)

The methods and tools can also be viewed as a manifestation of how The Firm and Business Unit X conduct their business and the models become a way of showing "The Firm way" of doing business. In this sense, they also provide a common culture and understanding of The Firm's way of solving cases and this is also a part in the process of building a common language.

A third source

A third source of knowledge that we have identified within Business Unit X is the cases. Upon finishing a project the contents of the case and the work process is carefully documented and stored in a database. These case credentials are then, to greater or lesser degree, made available for consultants outside of the team. The cases represent a cross section between the methods and tools and the experience of the consultants. By studying a previous case conducted within Business Unit X, the consultants are given an example of how the methods and tools have been adapted to a specific situation. The cases thus represent the use of experience on standardized methods and tools, or as Werr and Stjernberg (2003) define it; the methods and tools have been "translated" by experience. The implication of this is that cases cannot be classified as being either tacit or explicit. The documentation of a case, for example in a database, represents the explicit component. The cases have been formalized, documented and made available for a wider group of individuals. However, the knowledge manifested in the cases also contains a tacit element in the form of applied experience to a specific situation. The function of the cases is thus two-fold; they provide examples of how previous cases have been carried out, and they also formalize experience and give an indication of how a general approach has been implemented in a specific situation.

Best Practice

The different knowledge elements described above form a base of knowledge existing within Business Unit X. The knowledge has been accumulated during the eight years that Business Unit X has existed. The knowledge has to a certain degree been externalized and made available in documents and tools, and the remainder exists in the form of the tacit knowledge of the consultants. Regardless of the characteristics of the knowledge it is evident that Business Unit X

has developed an expertise within the area. Internally they have a unique product offering and before the establishment in Denmark they were the only unit within The Firm to offer solutions within their segment. Externally they are the market leaders on the Nordic market and have experienced a strong growth even during the economic downturn. Business Unit X can be considered as having a superior practice within their segment and according to Szulanski (1996) they can therefore be considered as best practice within the said segment. Our empirical findings also indicate that this is the case.

5.2 The process of spreading Business Unit X

We have concluded that Business Unit X in Sweden was considered best practice within the organization and that The Firm has established this business unit in Denmark. To fully understand how the transfer of knowledge was conducted in practice, we will analyze the whole process of replicating Business Unit X in Denmark. Since Szulanski (1996) offers a framework for analyzing the intra-firm transfer of best practice, we will mainly base this part of the analysis on his work. Szulanski's identified stages of the process; initiation, implementation, ramp-up and integration, will provide a structure for analyzing the different stages in the establishment process of Business Unit X in Denmark.

Initiation stage

The empirical findings of our study show that there were two main motives for the establishment of Business Unit X in Denmark. The first motive is connected to the business case, its market potential and profitability requirements. This motive is closely tied to the higher level of the hierarchy. Hotel was explicitly given the responsibility to establish Business Unit X in the Nordic region, and this played a major part in initiating the process. The motive was given top-down and in accordance with Hotel's responsibility, the initiative was taken. The other motive for spreading Business Unit X to Denmark seems to be more connected to personal initiative. In the empirical findings, it is obvious that Golf has been a key person in initiating this process. This part of the motive is related to a specific individual further down in the organization and can thus be seen as bottom-up. Therefore, the initiative to spread Business Unit X to Denmark can be understood as two-fold. The initiative was taken both after an expressed will from higher levels in the hierarchy, but also due to personal initiative from a key person further down in the organization.

According to Szulanski (1996), the transfer begins when a need and the knowledge to meet that need coexist within the organization. Our empirical data show that the need for spreading Business Unit X was two-fold. From Sweden's perspective there was a need for being able to reach larger clients within the Nordic region. Denmark, on the other hand, needed to improve its profitability and hence wanted to add a business unit with a successful track-record to its product offering. Regarding the knowledge to meet this need, Hotel's experience of previously having established Business Unit X in Sweden was crucial. The empirical findings also point toward Golf's knowledge and experience as being of major importance for the transfer process. Consequently, the need existed at both the Danish and Swedish offices and both Golf and Hotel had the knowledge to meet that need.

The process of spreading Business Unit X was based on conscious decisions. Both Golf and Hotel seem to regard themselves as initiators and responsible for the process. Individual initiatives have clearly played a major role in this process and the fact that both Golf and Hotel feel like initiators contributes to their commitment and dedication to Business Unit X.

Implementation stage

In the implementation stage, social ties are established and resources begin to flow between the source and the recipient (Szulanski, 1996). In the process of spreading Business Unit X to Denmark, social ties were initially established between the Swedish team and Golf. Golf worked within Business Unit X in Sweden for nine months and the first social tie was hence established with only one individual from Denmark. Golf's experience in Sweden seems to have led to strong social ties between Golf and the Swedish team. Later in the process, the Danish team visited Sweden for a full-day of seminars and work shadowing. The social ties between the offices were then expanded to include the whole Danish team and this full-day hence laid the foundation for informal networks across borders. The fact that strong social ties first were built with the head of Business Unit X in Denmark and later on with the rest of the Danish team might have had different implications for the spreading process. Firstly, it was only Golf who had the connections in the beginning and hence access to the network, potentially giving him aside from his formal power also strong informal power. Secondly, the communication between the two offices might have been more efficient due to the fact that Denmark only had one contact person. Misunderstandings during the start-up phase might have been avoided since the channels for communication were clear.

A flow of resources, in this case mainly concepts and references, was then spread from the Swedish office to Business Unit X in Denmark. Szulanski (1996) discusses that the transferred practice is usually adapted in order to minimize misunderstandings. An adaption to the practice seems to have been made before the transferring process to Denmark. Bravo states that the Swedish office had to document their knowledge and experience due to establishment of Business Unit X in Denmark. This statement implies that a considerable amount of the knowledge in the Swedish office previously was tacit and not formalized, and an adjustment before being able to transfer that information was hence necessary.

Ramp-up stage

According to Szulanski (1996), the ramp-up stage commences when the recipient starts using the transferred knowledge. The empirical data show that the knowledge transferring process within Business Unit X consisted of three different steps; Golf's exchange in Sweden, Project Y and an internal project. Golf's time and experience at Business Unit X in Sweden have previously been identified as the point in time where the first social ties were established. Even though Golf started using the knowledge in this step, we would not classify this step as being part of the ramp-up stage. Instead we classify this step as being part of the implementation stage. Golf personally started using the knowledge in this step, but the recipient per se, Business Unit X in Denmark, did not start using the transferred knowledge in this step.

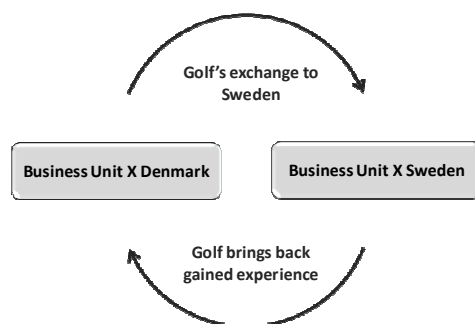


Figure 9. The first step in the knowledge transferring process

However, the two subsequent steps of the knowledge transferring process; Project Y and the internal project can be classified as being part the ramp-up stage. Business Unit X in Denmark started using the transferred knowledge in these two stages, with gradually increasing level of autonomy. Their described knowledge transferring process fundamentally relies upon “learning by doing”. In the first step, Golf was involved in the Swedish team and the purpose was to observe, learn and then bring back the gained experience to Business Unit X in Denmark. In the second step, Business Unit X in Denmark started using the transferred knowledge by using the already developed concept for Project Y. In the last step, Business Unit X in Denmark was given an own internal project to run. The described three steps can be seen as an incremental learning process, where the Danish team started to use the knowledge with increasing level of autonomy. The help, supervision and guidance from the Swedish team decreased throughout the process.

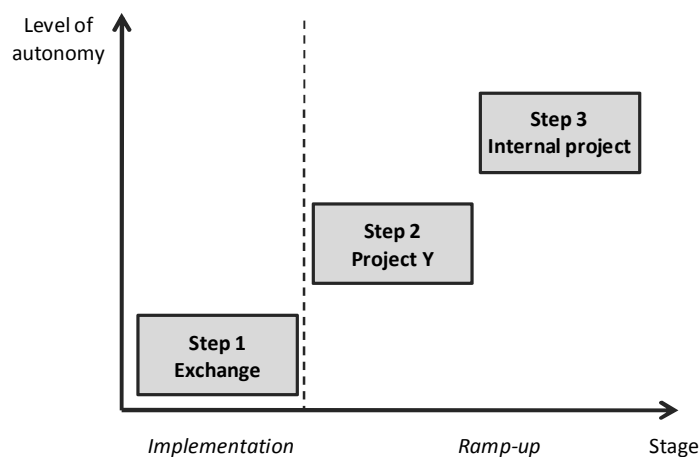


Figure 10. The knowledge transferring process within Business Unit X

Our empirical findings show that the ramp-up stage has been of major importance for Business Unit X, and it is during the implementation and ramp-up phase that the knowledge has been transferred within the business unit. Our study indicates that the implementation phase and ramp-up stage to a certain degree have been integrated since Business Unit X in Denmark early in the process started using the knowledge in practice.

Szulanski (1996) argues that it is likely that the recipient uses the knowledge ineffectively during the ramp-up phase. However, we have not been able to identify any signs of ineffective use of the knowledge within Business Unit X in Denmark. This may be due to the fact that Golf had experience in how to use the knowledge, but it might also be due to the incremental learning

process. The cross border teams with both guidance and supervision from the Swedish employees are also likely to have played a major role.

Integration stage

Szulanski (1996) states that the integration stage begins when the recipient can use the transferred knowledge in a satisfactory manner, and the new knowledge is gradually integrated into routines. Business Unit X has reached the integration stage since they have been able to use the transferred knowledge in a satisfactory manner. However, the empirical findings do not indicate that the new knowledge has been integrated into routines. Since only a limited period of time has passed since the establishment of Business Unit X in Denmark, they have yet not reached that far into the integration stage. They currently seem to be in the early phases of the integration stage. There has not passed enough time to be able to fully evaluate the performance of Business Unit X, but the fact that they are still guided by Swedish project managers shows that they are not yet able to fully use the knowledge autonomous and integrate them into routines.

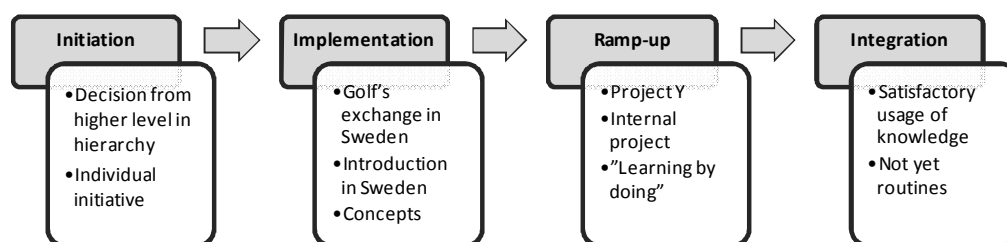


Figure 11. Stages in the process of spreading Business Unit X

Time

5.3 The transferring of knowledge within Business Unit X

So far, we have analyzed the whole process of replicating Business Unit X in Denmark and the associated spreading of best practice. In this section we will investigate how the knowledge was transferred in practice. We have concluded that the knowledge was transferred in the implementation stage and ramp-up stage. The empirical data show that the knowledge transferring process within Business Unit X consisted of three different steps, namely Golf's exchange in Sweden, Project Y and an internal project.

As discussed earlier, the three steps consisted of an incremental learning process with an increasing level of autonomy. Within these three steps, different channels were used in practice to spread the knowledge. Below we will analyze which channels we have identified as being important for the knowledge transferring within Business Unit X.

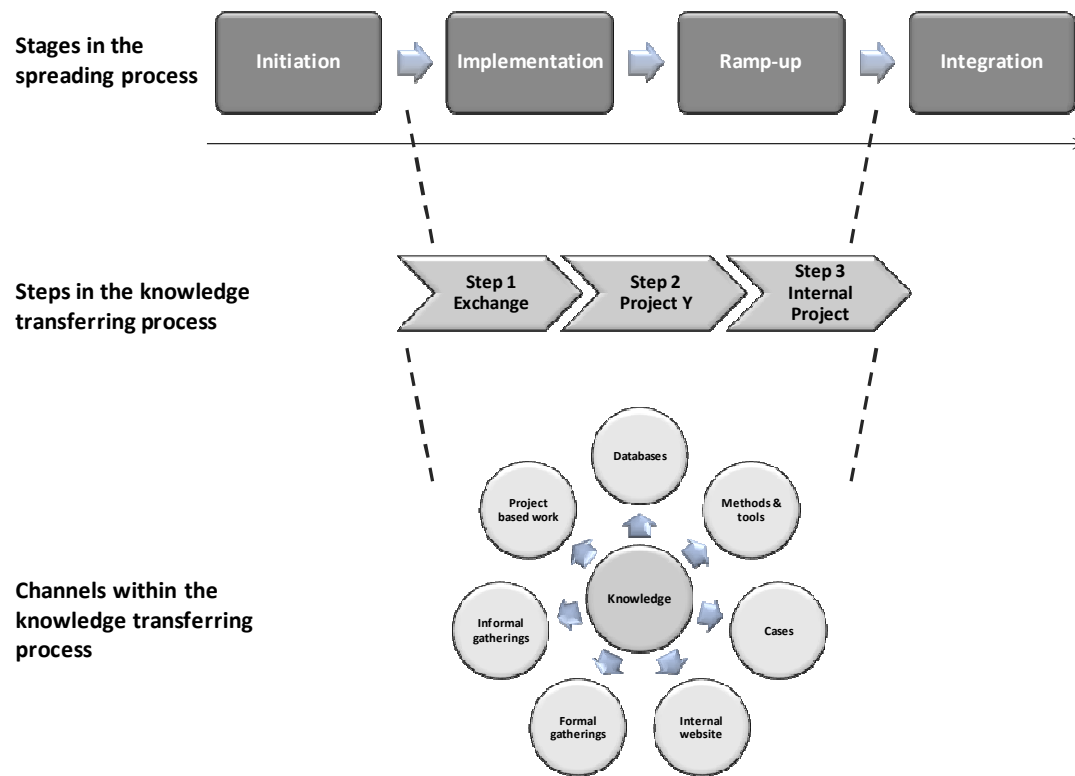


Figure 12. Overview of the process

5.3.1 Channels involved in the knowledge transfer

Project based work

Working in teams allows for daily interaction between the consultants, often from different hierarchical levels. The project based work in teams creates a forum for the interaction of tacit components of knowledge which according to Nonaka and Takeuchi (1995) can be classified as a socialization process. The tacit knowledge of one individual is transformed into the tacit knowledge of another. In the case of transferring the knowledge within Business Unit X to Denmark, the cross border teams played a major part. In the first step, Golf joined Business Unit X in Sweden as a part of a project team. This gave Golf the opportunity to observe the Swedes in their daily work within Business Unit X, and the accumulated tacit knowledge of the Swedish team could be transferred to Golf. By means of imitation, Golf could take advantage of and use the tacit knowledge of the Swedish team. As Golf gained more experience, the tacit knowledge of the Swedes had to a certain degree transformed into Golf's own tacit knowledge.

In the second step, Project Y, the team configuration changed and the team consisted of Golf as well as Danish and Swedish consultants. Project Y extended the socialization process to also include the other Danish consultants, thus enabling the transferring of the tacit knowledge that Golf had gained during his time in Sweden. Alongside this, the experience of the Swedish team members was also spread to the Danish consultants. The role of experience in this case has mainly been to translate the standardized models as described by Werr and Stjernberg (2003). In the last step, the Internal Project, the team consisted of mainly Danish consultants working under

a Swedish project manager in Denmark. At this point the Danes got an opportunity to use their newly acquired knowledge and put it into practice. The socialization process had at this point gone from observing and imitating, to training and practical use. All the while the work was led by a Swedish project manager offering guidance and help.

Moreover, the interaction that occurs in the project teams often includes consultants from different hierarchical levels. The junior consultants work in close relation to their more experienced colleagues, thus making possible the transferring of knowledge further down in the organization. There is a vertical transferring of knowledge, experience “trickles down” in the teams from senior to junior staff. In the transferring process between Sweden and Denmark, the cross border teams consisted of junior as well as senior staff from both countries. However, in a sense the senior employees from Denmark were in this context to be regarded as junior employees, they had long experience from consulting and from other fields, but they were novice to the field in which Business Unit X acts. In the process of transferring the knowledge within Business Unit X it was more important that the knowledge of the entire Swedish team was transferred to the Danes, more so than the transferring between hierarchical levels.

Databases

Within Business Unit X the databases serve as a mean of storing and transferring existing explicit sources of knowledge. It is the consultants themselves that maintain the databases, and upon completion of a project they store the case credentials in the databases. In the same way, when a project leads to the discovery of a new method, the individuals engaged in the project are responsible for the documentation of the new model. This implies that in order for the databases to function as storing and transferring devices they require active users. The same is also true for finding information in the databases, since the consultants have to actively search for the information and also know what information to look for. The databases also seem to contain an overwhelming amount of information thus impeding this process further. This is a common problem when using databases as a storing device for information, beheld by amongst others Dunford (2000).

The process in which Business Unit X categorizes their existing explicit sources of knowledge can be seen as a combination process as described by Nonaka and Takeuchi (1995). The transferring of explicit knowledge to Denmark through the combination process has been relatively straight forward, since the databases existed prior to the establishment. By giving the Danes access to the contents of existing databases the scope of the combinative process was increased.

Methods and tools

To a large extent, the work within Business Unit X revolves around the usage of standardized methods and tools. The methods are often formalized into documents and manuals, and are intended to be used as a framework. Within Business Unit X, one way of formalizing knowledge from previous projects is to extract crucial findings and transform them into generic methods, which later can be used in other projects. This is a type of externalization as defined by Nonaka and Takeuchi (1995) and leads to the formalization and externalization of experience. The work in a specific case can therefore lead to the emergence of a new method or model for carrying out a specific task. The generic characteristic of these models, simplifies their transferring across teams and also across borders. As mentioned earlier, methods and tools provide the consultants with a common language thus facilitating their communication. Being able to communicate via a code or common language is a vital part of the knowledge transferring process (Kogut & Zander,

1993). By providing the Danish team with the methods and tools used within Business Unit X in Sweden, they were given a mean with which they could obtain a common language with their Swedish counterparts. This common language created by the methods and tools was a prerequisite for further interaction between the Swedish and Danish teams.

The methods and tools also serve another purpose, namely transforming the explicit knowledge available in Sweden into tacit knowledge in Denmark, as referred to as an internalization process by Nonaka and Takeuchi (1995). In the start up phase of Business Unit X in Denmark, the project team had yet not acquired the specific tacit knowledge within the business area. Through the usage of standardized methods provided by the Swedes, the Danish consultants gained experience and thus transformed explicit knowledge into tacit. The process becomes a way for individuals to indirectly take part of others' experiences. The consultants learn the accumulated explicit knowledge of Business Unit X in Sweden by applying it in practice, what Nonaka and Takeuchi (1995) refer to as internalization. This process helps the Danish consultants to gain experience which in turn leads to a more effective use of the methods. By using these methods the Danish team could acquire the necessary experience and transform the explicit knowledge into tacit. The use of standardized methods in the process of spreading Business Unit X to Denmark was most apparent within Project Y, since the nature of the project is such that it to a large extent relies on the use of standardized models.

Cases

A further externalization process is the documentation of previously conducted projects within Business Unit X. Upon completion of a project, the data is carefully documented and stored. As discussed earlier the cases represent how standardized models have been adapted to a specific situation. The cases constitute a formalization of tacit knowledge in the sense that the combined experience of the case team has been implemented in order to complete the project. Thus, tacit knowledge has been externalized and put into a context. By extending the access to the previous cases carried out within Business Unit X in Sweden to the Danish organization, the knowledge transfer between the nations was enhanced. The Danish team could draw from the previous experience of the Swedes and benefit from their formalized tacit knowledge. The practice exemplified in the cases could then be applied to the Danish context, thus providing guidance for the Danes in their daily work. The use of previous cases as a mean of transferring knowledge between the nations has also been an important step in avoiding misinterpretations of the standardized models. By observing the implementation of the models, rather than just the models themselves, the Danish team has gained a deeper understanding of the business within Business Unit X.

Internal company website

Alongside the databases, The Firm also has an international internal company website. This website is used for distribution of newsletters and information, but it is also a forum for communication and knowledge exchange. By using the internal website as a forum for the distribution of explicit knowledge, this knowledge transfer can also be classified as a combination process, as referred to by Nonaka and Takeuchi (1995). Documented information is collected, stored and spread across the organization using the different information systems. As opposed to the databases where the consultants actively have to search for information, the internal website provides them with information on a daily basis without any effort on their behalf. The internal website gives The Firm the opportunity to select the knowledge that is communicated. However, the internal website is subject to the same problems as the databases, namely that the sheer amount of information obstructs the transfer of knowledge.

Formal gatherings

During the transferring process, a set of ties were established between Sweden and Denmark, amongst them formal gatherings such as conferences, education sessions and workshops. At these gatherings previous projects were discussed and lectures by internal speakers were held. By attending the formalized meetings the participants can learn from the experience and expertise of the speakers. The Danish team attended formal meetings within Business Unit X in Sweden as well as conferences, which gave them an opportunity to learn from the internal speakers at those gatherings. The externalization process was also evident in the lectures given to the Danish team in the start-up phase as well as the full-day at the Swedish branch office. The tacit knowledge within Business Unit X in Sweden was externalized via these formal meetings and spread to the Danish participants.

Informal gatherings

Alongside the formal gatherings, the Swedish and Danish consultants also interacted via a series of informal gatherings. The informal forums such as team building activities are an essential part of the informal interchange of experience. These venues for interaction consist of a large number of consultants which implies the presence of a wide range of experience. Hence, the informal gatherings give an opportunity to engage in a socialization process, as defined by Nonaka and Takeuchi (1995) that includes individuals outside of the regular project team. This process leads to the distribution of knowledge beyond the borders of a team. Expanding the range of these informal gatherings beyond the Swedish border and into Denmark leads to the transfer of tacit knowledge across borders. It is viable that tacit knowledge spread through informal gatherings also is of a different character than that spread via project teams. The project teams are often task oriented and therefore the socialization process is confined to the interchange of situation specific tacit knowledge whereas the informal gatherings give an opportunity to exchange general knowledge. The informal gatherings have also further enhanced the informal networks, primarily expanding them beyond country borders. The establishment of these informal networks across borders has been a crucial part in the transferring process. These informal networks can also be seen as a part in the socialization process. They create a venue for interaction and communication and further facilitate the transferring of knowledge with the same character as that spread via the informal meetings.

Our empirical findings indicate that informal networks have been one of the most important channels in the knowledge transferring process. A majority of the respondents have stated that they to a great extent use their informal networks to find existing explicit sources of knowledge. These sources of knowledge are often available through the databases; however the respondents are of the opinion that it is often easier to use their informal network to attain the needed information. When for example searching for a reference case, it is easier to locate and call the person responsible than to search the databases for the information. The informal network thus functions as a shortcut for finding the right information. Alongside with aiding the Danish team to find the right information, the informal network also seems to have played an important role in guiding the team in how to use the information. The informal networks have allowed the Danish team to tap into the experience of the Swedish team and helped them in their efforts to use the standardized method and tools.

5.4 Key insights

The knowledge within Business Unit X in Sweden was transferred to Denmark using different channels of varying importance. An updated version of the SECI-model, originally used by Nonaka and Takeuchi (1995) helps us classify these mechanisms.

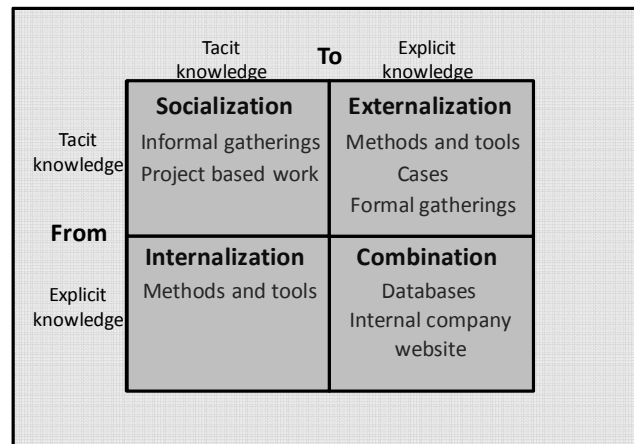


Figure 13. Updated SECI-model

The knowledge within Business Unit X in Sweden to a large extent originates from the experience of the consultants, and is hence tacit. Some of this experience-based knowledge has been abstracted and externalized into standardized methods and tools, whilst others were inferable from the documentation of previous cases. However, the remainder only exists embedded in the individual consultants and it was important to make this tacit knowledge available for the Danish organization.

As figure 13 above illustrates, the methods and tools have functioned both as an internalization process as well as an externalization process. However, they have played different roles in the transferring of knowledge. With the help of methods and tools, the tacit knowledge of the Swedish team has become the tacit knowledge of their Danish equivalents. The externalization of tacit knowledge into generic methods and tools, which have later been shared across borders, has led to the conversion of tacit knowledge in Sweden into the tacit knowledge of the Danish team. The Danish team is in fact learning by doing using methods and tools that are the results of an externalization process in Sweden.

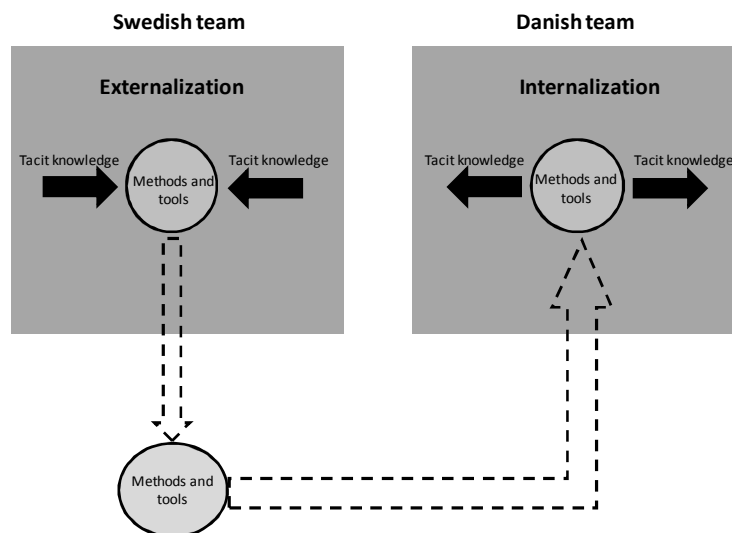


Figure 14. The dual roles of the methods and tools

Our study shows that the combinative channels have had a limited role in the knowledge transferring process. This has been mainly due to the overwhelming amount of information stored in the databases and communicated on the internal website. The socialization process that took place within the project teams and the informal gatherings however played a major role in the transferring process. As mentioned earlier, the knowledge within Business Unit X mainly consisted of a tacit component hence the transfer of this knowledge was of the utmost importance. According to Nonaka and Takeuchi (1995) the conversion of tacit knowledge can either take place via externalization or socialization. The fact that the socialization process and hence the channels in which this occurred arose as the most important is mainly due to two factors;

- i. **Knowledge can only be externalized to a certain degree:** Tacit knowledge can only be detached from the situation in which it is used to a certain extent; the remainder is only observable when it is applied. It is rooted in an individual's actions, hence in order to learn from the tacit knowledge of others observation of its use is important.
- ii. **A majority of the time is spent in teams:** The work within Business Unit X is carried out in project teams, hence the majority part of the consultants' interactions take place within the team. It is also mainly then that the tacit knowledge of the consultants is applied to a situation and made visible.

The company culture and the evaluation system also played a role in the knowledge transferring process. Even though they are not to be considered as channels for knowledge transfer per se, they can be viewed as facilitators for the other channels. Consultants are evaluated on their ability and efforts to transfer knowledge which leads to an increased awareness of the process. The empirical findings also indicate that The Firm has a culture where knowledge sharing is promoted and individuals are dependent on their reputation as being knowledgeable. The combination of these factors leads to the creation of a social construct where the individual's willingness and ability to transfer knowledge is a vital part. This then facilitates the transfer of knowledge via the previously mentioned channels since it creates incentives for the individual's consultants to share their knowledge.

5.5 External validity

External validity is defined as to what extent a study can be generalized (Yin, 1989). Studies with a qualitative approach, such as our study, can be considered as having a weaker external validity (Bryman, 2006). This section aims at discussing to what level our study can be generalized, hence its external validity.

We have chosen a single case study approach, in the sense that only one organization has been studied. Since the collected data stems from the same organization, there is a possibility that the information is skewed and might not be considered as representative for other organizations. This could indicate a weakening of the external validity. The delimitation regarding knowledge that we have used in our study, namely defining knowledge as the knowledge existing within a single business unit, also has implications on the external validity of our study. We confine our study at only investigating the transfer of this specific knowledge, hence disregarding other potential sources of knowledge, and this could potentially imply a negative effect on the external validity.

The question is then to what extent the studied business unit and the associated knowledge transfer can be considered as being representative for the industry. If the characteristics are deemed as representative for the industry, then the study can be generalized to a greater extent. The empirical data of our study combined with studied secondary sources indicate that Business Unit X to a large extent can be considered as a typical business unit within the management consulting industry. This is based upon the following; the work is conducted in project teams, the tacit knowledge is deemed the most important and standardized methods and tools is the primary source of explicit knowledge. During the interview with Andreas Werr, he stated that these characteristics of knowledge are considered to be the norm within the management consulting industry. The identified knowledge bases within The Firm also correspond with the findings of Werr and Stjernberg (2003).

If global management consulting firms want to expand, it is necessary that the existing knowledge is transferred to the new location as well. Our findings regarding the spreading process of a business unit also correspond with the finding of Szulanski (1996), hence leading us to believe that the spreading process within Business Unit X can be considered as rather typical. If the studied business unit, the identified knowledge bases and also the spreading process can be considered as relatively representative for the industry, it would indicate that the knowledge transferring process involved also falls into that category. We would therefore argue that the external validity of our study is strengthened.

However, we believe that there are some important restrictions to the archetypal characteristics of Business Unit X and the knowledge transfer, and hence the level of generalization of the study. The interviews that we have conducted, particularly the interview with Andreas Werr, paint a picture of homogenous knowledge bases within management consulting firms. Although the management consulting industry is fragmented, consisting of a mix of large global organizations and small niche actors, the bases of their knowledge are still mainly the same. However, we believe that the generalization of our study might not cover the entire management consulting industry. There are differences between global actors, such as the Firm, and small actors as regards to for example the level of formalized knowledge. We therefore believe that the results of our study can mainly be contributable to global management consulting firms. A generalization of the results to also cover other industries is not one that we can make.

6 Concluding discussion

In this section we will conclude the results of our study and offer an answer to our research question. We will further discuss and highlight important aspects and offer suggestions for future research.

6.1 Conclusion

The aim of our study has been to investigate the cross border knowledge transferring process of a global management consulting firm. Being considered the archetype of a knowledge-intensive firm, consultancies are highly dependent on their ability to transfer knowledge within the organization. We wanted to study the mechanisms involved in the knowledge transferring process and to do so we decided to study the spreading of a business unit across national borders, and in particular the knowledge transfer associated with this process. To fulfill our aim we formulated the following research question:

How does a global management consulting firm transfer knowledge across national borders?

In order to fully understand the process we divided our research question into three sub-questions

- i. What kind of knowledge existed within the business unit prior to the expansion?*
- ii. What was the process of spreading the business unit across national borders?*
- iii. How was the knowledge transferred within this process?*

6.1.1 What kind of knowledge existed within the business unit prior to the expansion?

Our study concludes that the knowledge within Business Unit X contained both explicit and tacit components. The explicit component mainly consisted of a set of standardized methods and tools that the consultants used in their every day work. The methods and tools were primarily the result of an externalization process; key findings from previous projects were extracted and formalized into generic methods. These methods served two main purposes; they guided the less experienced consultant in their work and they also provided a common language upon which the consultants could base their communication. This shared language was a vital part in the spreading of Business Unit X to Denmark.

The accumulated experience of the consultants was the most important knowledge base within Business Unit X. To some extent this tacit knowledge had been externalized into the methods and tools and a part of it was inferable from the documentation of previous cases. Nevertheless, experience remained the most important knowledge component for a consultant within Business Unit X. Experience is needed in order to translate and adapt the standardized methods and tools to the specifics of each new project.

The documentation of previous cases is the third knowledge base within Business Unit X. We have chosen to classify this base as neither tacit nor explicit. The formalization and documentation of previous cases can be viewed as being explicit. However, the knowledge manifested in the cases can be viewed as tacit; the cases illustrate the use of experience in the adaptation of standardized methods and tools to a specific situation.

6.1.2 What was the process of spreading the business unit across national borders?

The process of establishing Business Unit X in Denmark can be divided into four stages; *initiation, implementation, ramp-up and integration*. During the initiation phase the decision to spread the business unit was taken, mainly based on the market potential of Business Unit X in Denmark and personal initiatives. During the implementation stage social ties between the two branch offices were established; a Danish consultant worked in a Swedish team and later the social ties were expanded to also include the rest of the Danish team. This led to a flow of resources from the Swedish organization to the Danish counterpart and the establishment then reached the next stage. During the ramp-up stage the Danish organization started to use the resources that had been transferred to them by the Swedes, mainly in the execution of Project Y and later the internal project. The final step in the establishment of Business Unit X, which is still ongoing, is the integration stage. Business Unit X in Denmark has reached satisfactory results, however the transferred knowledge has yet not been integrated into routines.

6.1.3 How was the knowledge transferred within this process?

In the knowledge transferring process we have identified a number of channels that all, to a greater or lesser extent, have been used for the transfer of knowledge from Sweden to Denmark. The most important channels that we have identified are the project based teams and the informal networks. The work within teams allows for socialization and hence the interaction of tacit knowledge. By working together with the Swedish team, the Danish consultants could tap into the experience of their Swedish colleagues, and this in turn gave them an understanding of the business and the use of the standardized methods and tools. The informal networks functioned partly as a venue for socialization, but primarily they aid the consultants in their search for information. The methods and tools also functioned as a channel for the transfer of knowledge, taking the shape of carriers of tacit knowledge. Sharing documentation of previous cases offered another channel for the knowledge transfer. Via the databases, the previous cases and methods and tools could be distributed within the organization. However, the large quantity of data stored in the databases made them an inefficient channel and thus they were not used to a large extent. The same is also true for the internal website; it created a venue for the transferring of knowledge, but the large quantity of information transferred seemed to have led to its demise. Furthermore, the formal gatherings gave an opportunity to express and externalize the tacit knowledge of the more experienced consultants.

To conclude and answer our main research question; *How does a global consulting firm transfer knowledge across national borders?*

Prior to the expansion, the most important knowledge within Business Unit X was tacit and therefore it was crucial to transfer this knowledge to Denmark. Our study concludes that it was during the implementation stage and ramp-up stage that the knowledge was transferred in practice. This knowledge transferring process consisted of three different steps all characterized by learning by doing with an increased level of autonomy on behalf of the Danish team. Within these three steps a set of channels were used for the transfer of knowledge.

In the transfer process all of the previously mentioned channels have been used to a greater or lesser extent, and with varying importance. Our study shows that in order to transfer knowledge within a consulting firm across borders, the compiling of cross border teams is the most important channel. Although there exists a set of explicit sources of knowledge, the social interaction of the individuals is necessary. The explicit sources of knowledge are to a high degree

dependent on translation and adaptation which is carried out using experience. The presence of a network is also important, since it creates an additional forum for social interaction as well as it facilitates the search and usage of explicit sources of knowledge.

6.2 Discussion

Our study concludes that the most important knowledge base that existed within Business Unit X was experience and hence tacit knowledge. The tacit knowledge is embedded in the consultants within The Firm and thus specific to the individuals. Since the most important knowledge within The Firm is tied to specific employees, there is a large dependence on certain key individuals within the organization. That consulting firms are dependent on their human capital and the associated knowledge is hardly surprising. What is surprising, however, is to what extent that dependence is evident even in a global consulting firm. One would expect that more emphasis was being put on formalizing knowledge and hence tying the knowledge to the company and not to individual employees in global consulting firms. Instead it is evident within The Firm that the databases and explicit sources of knowledge only play a minor role.

This dependence on tacit knowledge further has implications for the knowledge transferring process and the associated channels. As we have found in our study, the channels involving transferring of tacit knowledge were also the most important ones. Moreover, the socialization process was crucial for the transfer of knowledge across borders and this offers additional insights into how knowledge transfer is conducted in practice. It also indicates the difficulties that arise with international knowledge transfer since the interaction of the involved parties often is delimited.

Personal interaction hence seems to have been the most effective channel in the knowledge transfer within Business Unit X. However, this channel soon limits the transfer if it is used as the exclusive channel in the process. This is due to the fact that interaction is dependent upon the employees and knowledge can hence not be transferred without their joint effort. It is further necessary to highlight Golf's importance in the knowledge transferring process. Golf has functioned as a facilitator in the transferring process and has been able to provide experience and contextual understanding. This finding further indicates the importance of individuals as channels in the beginning of a transferring process.

6.3 Recommendations for further research

Knowledge in general and knowledge transfer in particular are complex areas due to the intangible nature of knowledge. When knowledge transfer is conducted across national borders, the complexity of the process is further increased. This subject matter hence offers an extremely interesting research area, and there are many dimensions which need to be investigated in order to get an inclusive picture of the topic. However, due to the limited scope of this thesis, we had to make many sacrifices. We would therefore suggest scholars to investigate the international knowledge transferring process and associated channels in different consulting firms, and further conduct a comparison based upon firm size. We also believe that a comparison of different knowledge-intensive industries with respect to their international knowledge transferring process, would offer valuable insights. Finally, since consulting firms are considered to be in the forefront in knowledge management, it would be interesting to investigate whether other industries could draw insights and adopt practices from the knowledge transferring process within these firms.

7 References

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Interviews

Alpha, *Senior consultant*, 2009-05-08

Bravo, *Senior manager*, 2009-05-08

Charlie, *Consultant*, 2009-05-08

Delta, *Manager*, 2009-05-12

Echo, *Senior consultant*, 2009-05-14

Foxtrot, *Senior manager*, 2009-05-19

Golf, *Manager*, 2009-05-19

Hotel, *Partner*, 2009-05-19

Andreas Werr, *Associate professor Department of Management and Organization*, Stockholm School of Economics, 2009-05-14

Company material

The Firm's web page

The Firm's internal material

Information material about The Firm

8 Appendix

8.1 Appendix 1 - Respondents

In order to give a comprehensive view of the employees that participated in our study, we will below give a more detailed description of their position and role within The Firm:

- i. *Alpha*: Respondent Alpha is a senior consultant working within Business Unit X at the Swedish branch office. Alpha has worked within The Firm for nearly three years and is currently working as project manager for Project Y.
- ii. *Bravo*: Respondent Bravo is a senior manager within Business Unit X in Sweden. Bravo has worked at The Firm for two years, but has experience within the area from previous employments. Bravo is a part of the executive team of Business Unit X.
- iii. *Charlie*: Respondent Charlie works as a consultant within The Firm in Sweden. Charlie has only been working within Business Unit X for six months and is hence the latest addition to the Swedish team.
- iv. *Delta*: Respondent Delta is the newly appointed Knowledge Manager for the Nordic division of The Firm. Delta has previous experience within The Firm and is now working with knowledge management in the Nordic region.
- v. *Echo*: Respondent Echo is a senior consultant working within Business Unit X at the Danish branch office. Echo is the project manager for Project Y in Denmark, and Echo and Alpha thus have the same role in their respective country. Echo has been working at The Firm for six months.
- vi. *Foxtrot*: Respondent Foxtrot is a senior manager and has ten years of experience within the Swedish branch office of The Firm. Foxtrot is also the coordinator of the Nordic integration process that is currently taking place within The Firm.
- vii. *Golf*: Respondent Golf is a manager at the Danish branch office and was one of the initiators to the establishment of Business Unit X in Denmark. Golf is now the head of Business Unit X in Denmark and has been deeply involved throughout the whole process.
- viii. *Hotel*: Respondent Hotel is a partner at The Firm and has Sweden as his home office. Hotel initiated and established Business Unit X in Sweden eight years ago. Together with Golf, Echo was the key person for the establishment of Business Unit X in Denmark.