



**UNIVERSITY OF GOTHENBURG**  
**SCHOOL OF BUSINESS, ECONOMICS AND LAW**

Master Degree Project in International Business and Trade

## **The Learning Process of a Dragon MNE**

How does DingLi learn and utilize acquired knowledge?

Josephine Axéll and Sofia Dahlqvist

Supervisor: Anna Jonsson  
Master Degree Project No. 2015:4  
Graduate School

## Abstract

The increased trend of Dragon MNEs investing in Western countries with the main motive of getting access to knowledge have been acknowledged during the last decade. However, a limited amount of research have concerned how acquired knowledge is utilized and how the learning process of a Dragon MNE is established post an acquisition, which this thesis will address. It is important to address this limited research field, as it is the utilization of knowledge and not simply the availability of knowledge, which constitutes learning. Knowledge is partly utilized by means of a Dragon MNEs learning process, including the acquisition, distribution and integration of knowledge. The learning process of a Dragon MNE is studied by the case of DingLi, a Chinese-owned company, which acquired the Swedish company AmanziTel in 2011, with the motive of getting access to knowledge. Although the acquisition of AmanziTel has been established and was an exploratory move in terms of seeking knowledge, the acquisition of knowledge within the learning process continues post the acquisition, as the knowledge acquired from AmanziTel is continuously exploited while at the same time knowledge from other directions are explored. Hence, how knowledge is acquired post the acquisition is studied in this thesis in order to establish how knowledge is utilized within a Dragon MNE.

The main findings from this case study indicate several factors a Dragon MNE need to possess, in turn influencing the learning process and the utilization of knowledge, *inter alia*, established means and control mechanisms; ambidexterity; collaboration, connectedness and trust; awareness of potential obstacles; absorptive capacity; and, the ability to go from awareness to action. Essentially, the awareness of the effort needed by Dragon MNEs have to be realized in order to fully utilize acquired knowledge since knowledge will not automatically be utilized within the organization after knowledge has been acquired. In the case of DingLi, no fully developed learning process was found and knowledge was thus not fully utilized. The top management of DingLi was aware of the needed implementations and developments, however, in this case it all came down to the lacking ability of taking the step from awareness to action.

**Keywords:** Dragon MNE, Organizational Learning, The Learning Process, Acquisition, Distribution, Integration, Knowledge, DingLi, AmanziTel

## Acknowledgements

We would like to express our gratitude to everyone who has contributed in making this thesis possible as well as supported us throughout the whole research process. First of all we would like to thank our supervisor Anna Jonsson for introducing us to the interesting topic of Dragon MNEs. Furthermore, we would like to thank for the helpful comments, remarks and outstanding dedication throughout the process of this thesis.

We would also like to thank Mr. Ian Vernon, who has enabled the case study of DingLi in terms of representing a persistent contact, always keen to answer questions and guide us through the process of data gathering. Mr. Vernon has also enabled the conduction of all interviews as well as our visit to DingLi's headquarter in Zhuhai, China by means of introducing us to valuable contacts in terms employees and board members. With that, we would also like to thank all interviewees for participating and contributing to this thesis.

Thank you.

.....

Josephine Axéll

.....

Sofia Dahlqvist

Gothenburg, June 3 2015

## Abbreviations

EMNE - Emerging Multinational Enterprise

EU - The European Union

FDI - Foreign Direct Investment

HQ - Headquarter

LLL – Linkage-Leverage-Learning

M&A - Mergers and Acquisitions

MNE - Multinational Enterprise

OFDI - Outward Foreign Direct Investment

OLI – Ownership-Location-Internationalization

R&D - Research and Development

# Table of Contents

ABSTRACT.....	II
ACKNOWLEDGEMENTS .....	III
ABBREVIATIONS.....	IV
FIGURES AND TABLES.....	VII
<b>1. INTRODUCTION.....</b>	<b>1</b>
1.1. PURPOSE AND RESEARCH QUESTION .....	3
1.2. DELIMITATIONS .....	4
1.3. OUTLINE .....	4
<b>2. THEORETICAL BACKGROUND .....</b>	<b>5</b>
2.1. DRAGON MULTINATIONALS .....	5
2.2. UNDERSTANDING THE OLI FRAMEWORK.....	6
2.2.1. THE OLI FRAMEWORK .....	6
2.2.1.1. Criticism of the OLI Framework.....	7
2.3. THE LLL FRAMEWORK.....	8
2.4. ORGANIZATIONAL LEARNING.....	11
2.5. ACQUISITION OF KNOWLEDGE .....	14
2.5.1. Exploitation and Exploration.....	14
2.5.2. Balancing Exploitation and Exploration.....	16
2.6. DISTRIBUTION OF KNOWLEDGE .....	17
2.6.1. Control Mechanisms .....	17
2.6.2. Factors Influencing the Distribution of Knowledge.....	19
2.7. INTEGRATION OF KNOWLEDGE.....	20
2.7.1. Absorptive Capacity .....	20
2.7.2. Organizational Culture.....	22
2.8. CONCEPTUAL FRAMEWORK.....	23
<b>3. METHOD .....</b>	<b>26</b>
3.1. RESEARCH APPROACH.....	26
3.1.2. Epistemological Considerations .....	27
3.2. RESEARCH DESIGN .....	28
3.2.1. DingLi – The Chosen Case Study.....	28
3.2.2. Data Collection .....	28
3.2.2.1. Interview Process.....	30
3.2.3. Criteria for Evaluating the Qualitative Case Study .....	31
3.3. ANALYSIS OF DATA .....	32
<b>4. FINDINGS FROM DINGLI AND AMANZITEL.....</b>	<b>33</b>
4.1. DINGLI’S ACQUISITION OF AMANZITEL AND STRUCTURE OF THE ORGANIZATION.....	33
4.2. ACQUISITION OF KNOWLEDGE .....	35
4.2.1. Exploitation and Exploration.....	35
4.2.2. Balancing Exploitation and Exploration.....	38
4.3. DISTRIBUTION OF KNOWLEDGE .....	39
4.3.1. Control Mechanisms .....	40
4.3.2. Factors Influencing the Distribution of Knowledge.....	41
4.4. INTEGRATION OF KNOWLEDGE.....	46

4.4.1. Absorptive Capacity .....	46
4.4.2. Organizational Culture.....	48
<b>5. ANALYSIS OF DINGLI'S LEARNING PROCESS.....</b>	<b>50</b>
5.1. ACQUISITION OF KNOWLEDGE .....	51
5.2. DISTRIBUTION OF KNOWLEDGE .....	55
5.3. INTEGRATION OF KNOWLEDGE.....	60
5.4. THE CONCEPTUAL FRAMEWORK REVISED .....	64
<b>6. CONCLUSION.....</b>	<b>66</b>
6.1. MANAGERIAL IMPLICATIONS.....	67
6.2. LIMITATIONS .....	67
6.3. FUTURE RESEARCH .....	67
REFERENCES .....	69
APPENDIX 1.....	77
APPENDIX 2.....	78

## Figures and Tables

FIGURE 1: THE LLL FRAMEWORK.....	9
TABLE 1: FORMAL AND INFORMAL CONTROL MECHANISMS.....	18
FIGURE 2: EXTENSION OF THE LLL FRAMEWORK.....	24
TABLE 2: LIST OF INTERVIEWEES.....	29
FIGURE 3: ORGANIZATIONAL STRUCTURE OF DINGLI.....	34
FIGURE 4: A CONCEPTUAL FRAMEWORK FOR UNDERSTANDING THE LEARNING PROCESS OF A DRAGON MNE.....	65

## 1. Introduction

In 1999 China launched its “Go Global” policy, in order to encourage Chinese firms to invest abroad, with the aim of gaining competitive advantages through outward foreign direct investment (OFDI) and to become more than a generic producer of low-end manufactured goods for Western brands (Alon, Fetschering & Gugler, 2012: 157; Zhang, 2009). As Chinese companies have rapidly increased their OFDI in the last decade, Europe has become a target of these investments. Although the amount of investments in the European Union (EU) is relatively small (8 percent of the total OFDI from China) the rapid growth is evident and EU is considered as a main target market in regards to technology. It should however be noted that Chinese OFDI within the EU is not equally distributed, Chinese firms prefer large, advanced Western EU economies (Alon et al., 2012: 183).

One of the primary motives for Chinese OFDI in Europe have been established to concern the acquisition of competitive advantages through asset seeking with a focus on technology and know-how (Clegg & Voss, 2012), where mergers and acquisitions (M&A) are especially frequent in the Western Europe (Clegg & Voss, 2012; Hanneman & Rosen, 2012; Skoba, 2014). France, the United Kingdom, Germany and Sweden have been particularly successful in attracting Chinese OFDI and are thereby the largest recipients of Chinese OFDI in terms of investment value (European Chamber, 2013). Sweden alone attracts 20 to 25 Chinese investors annually (Alon et al., 2012: 194; Clegg & Voss, 2012). However, limited literature have been conducted in regards to how these acquisitions transform the Chinese firms learning (Elango & Pattnaik, 2011; Rabbiosi, Elia & Bertoni, 2012), i.e. how the acquired knowledge contributes to a new process of learning (Cohen & Levinthal, 1989; Dahlander & Gann, 2010; Fleming, 2001; Mathews, 2003). In other words, limited research has been conducted in regards to how knowledge is utilized post an acquisition and thereby influencing the Chinese firms learning.

As established, Chinese investors consider Sweden to be an attractive country, where Sweden is one of the World’s leading nations in regards to research and innovation as well as the fourth largest recipient of Chinese OFDI in Europe (Alon et al., 2012: 169; European Chamber, 2013; Sydsvenskan, 2011; World Economic Forum, 2015). Well-known examples of Chinese companies investing in Sweden with the motive to learn and acquire knowledge are for instance Huawei, Geely, Dongfeng and Dongbao Pharmaceuticals as well as the Chinese-owned company DingLi (China Daily, 2012; Hanneman & Rosen, 2012; Wessman,



2008; Wingren, 2012). These emerging multinational enterprises (EMNEs) are referred to as Dragon multinational enterprises (MNEs) due to their origin from Asia-Pacific as well as due to their success as global latecomers and their initial lack of resources (Mathews, 2002). Dragon MNEs are also seen as aggressive, being in the forefront in regards to shaping their own future rather than being “passive observers” (Mathews, 2006: 6). In this thesis we are studying the Dragon MNE DingLi, which acquired the Swedish software company AmanziTel in 2011 (DingLi, 2015) with the main purpose of acquiring knowledge. Now, four years post the acquisition, AmanziTel has become a part of DingLi and the acquired knowledge have been integrated within the organization. This thesis will therefore concern how the Dragon MNE continuous to learn post an acquisition and how the acquired knowledge contributes to a new process of learning.

As stated, Dragon MNEs usually internationalize in order to acquire knowledge, which differs from organizations originating from developed economies, which usually internationalize in order to reduce costs and to reach economies of scale and scope (Zou & Cavusgil, 1995). One of the classical frameworks explaining drivers in regards to firms internationalization is the ownership, location and internalization (OLI) framework (Dunning, 1988, 1993, 2001), however, it has during the last decades been criticized for only being applicable to organizations originating from developed economies (Hobday, 1998; Li, 2003; Mathews, 2006). In response, a framework explaining the motives and the internationalization of Dragon MNEs engaging in OFDI activities has been established, namely, the linkage, leverage and learning (LLL) framework (Mathews, 2002, 2006). By understanding the deficiencies of the OLI framework in regards to it mainly being applicable to MNEs originating from developed economies, the necessity of the establishment of the LLL framework is comprehended.

With the LLL framework, Mathews (2002, 2006) has established how learning constitutes an argumentation for why Dragon MNEs internationalize. The framework argues Dragon MNEs to be globally oriented, forming links with incumbent firms, thereby upgrading its capabilities through learning. However, how learning is established within these organizations as well as if knowledge is utilized is left unexplored. Yuefang, Ingo and Wang (2013) for instance direct some criticism of Mathews (2002, 2006) LLL framework at learning, where they argue learning to not automatically guarantee innovation. Furthermore, Liu and Woywode (2013) argue EMNEs in the context of cross-border M&As to be characterized by long-term orientation, as supported by Deng (2009). Against this backdrop, learning occurs in the long-

term and there is a need to further study the learning not only during the integration phase, as in the case of the LLL framework, but also how learning is continuously established post an acquisition since it is established during a long period of time. Organizational learning and thus how a Dragon MNE fully control and utilize its acquired knowledge has to be understood and enhanced. This thesis will therefore concern organizational learning and have its starting point in the last aspect of the LLL framework, namely the one of *learning*, which will be further developed.

Furthermore, to be able to utilize knowledge, companies have to transform information into knowledge, which is partly accomplished by learning. Without learning, knowledge will stay in the form of information; understanding the learning process is therefore vital (Jonsson, 2012: 112). Consequently, we argue learning to be a vital aspect of the LLL framework since the absence of learning result in linkage and leverage not being fully utilized, i.e. it does not matter how much a firm leverage the linkages it establishes if learning is absent. The learning process of an organization constitutes of multiple aspects, which as explained by Wang and Ellinger (2011: 512), involves the acquisition, distribution and integration of information and knowledge among organizational members.

### **1.1. Purpose and Research Question**

The purpose of this thesis is to understand the learning process of a Dragon MNE and thereby establish how knowledge is utilized, hence, contribute to an extension of the LLL framework. As the acquisition of knowledge does not guarantee the learning of new knowledge, the utilization of knowledge within a Dragon MNE is of importance, which is in accordance to Grant (1996) who states utilization of knowledge to be desirable and vital. Furthermore, Nonaka and Teece view “[...] *the utilization of knowledge in organizations as the key resource managers need to appreciate and understand in order to achieve sustainable competence*” (2001: 268). Hence, after knowledge has been acquired it has to be distributed and integrated within the organization in order to ultimately be utilized and useful in a new context. Furthermore, since knowledge and the attainment of learning is seen as a long-term orientation of EMNEs (Deng, 2009; Liu & Woywode, 2013), learning is a continuous process prolonging post an acquisition. Against this reasoning, this thesis will answer the following research questions:

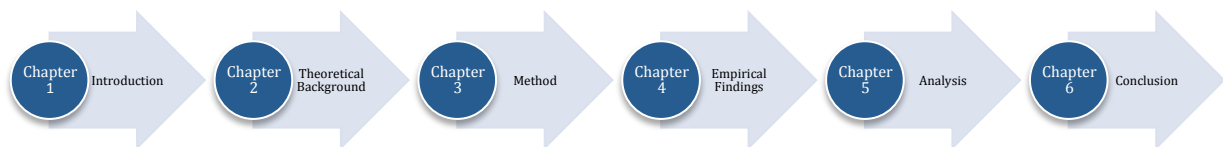
- How does the learning process of a Dragon MNE function in regards to the acquisition, distribution and integration of knowledge post an acquisition?
  - How does a Dragon MNE utilize knowledge?
  - What factors constitute obstacles/facilitators in regards to the learning process?

## 1.2. Delimitations

As this thesis will concern the learning process of a Dragon MNE as well as the utilization of knowledge, the specific knowledge in regards to the learning process will not be taken into consideration, as it is not the purpose of this thesis. It will hence only be mentioned in regards to knowledge potentially affecting the learning process by means of being explicit, tacit or sticky. A further delimitation is the fact of different views in regards to knowledge not being thoroughly taken into consideration due to the magnitude of the subject; hence it requires an independent study.

## 1.3. Outline

In the following chapter we will present the theoretical background, which will begin by introducing the concept of a Dragon MNE. We will then present organizational learning in-depth, including the aspects of acquisition, distribution and integration of knowledge. The conceptual framework will thenceforth be presented and explained. Following, the chosen methodology will be presented. Ensuing the methodology, we will present the results and findings of the interviews with employees at AmanziTel in Europe and Asia, where interesting quotes from employees and top management will be highlighted. Lastly, the findings will be analyzed of which a conclusion is drawn.



## 2. Theoretical Background

*This section will begin by introducing Dragon MNEs and then transcend to the discussion and description of both the OLI and the LLL framework. Following this, learning and more specifically organizational learning will be studied in more depth, where organizational learning concerns the aspects of acquisition, distribution and integration of knowledge.*

### 2.1. Dragon Multinationals

John A. Mathews (2002) introduced the term “Dragon Multinationals”, where he in 2002 described a Dragon MNE as, “[...] a successful latecomer firm that internationalizes from the periphery. It is a latecomer, rather than a newcomer or incumbent, and suffers the initial lack of resource endowment associated with this state” (Mathews, 2002: 8). Although Dragon MNEs usually suffer from shortages, such as resources, they have still succeeded, as indicated by their growth rate and expansion to other markets. Dragon MNEs have therefore been forced to convert its existing disadvantages into potential advantages by means of designing innovative strategies and organizational forms (Mathews, 2002: 8-9). In other words, these companies have succeeded without resources, skills, knowledge and proximity to markets and regions possessing a great amount of knowledge (e.g. Silicon Valley); the success can rather be explained by leapfrogging to advanced technological levels as well as by entering new markets through joint ventures and partnerships (Mathews, 2006; Deng, 2012; Li & Kozhikode, 2011).

This description of a Dragon MNE as a latecomer firm can however be stated to have similarities to that of EMNEs, also described as latecomers to the industry in which they compete, usually suffering from technological and market disadvantages (Hobday, 1998; Mathews, 2002; Shan & Jolly, 2011; Zhang, Shi & Wu, 2010). In 2006 however, Mathews further developed the concept of Dragon MNEs to only concern firms from the Asia-Pacific region. In addition, Mathews (2006: 6) states Dragon MNEs to not be “passive observers”, but rather shaping their own future. In other words, Dragon MNEs are described by Mathews (2006) as EMNEs from the Asia-Pacific region, which are not passive and have successfully internationalized and become leading firms. These aspects differentiate Dragon MNEs from EMNEs; however, Dragon MNEs are still a type of EMNEs (Mathews, 2006).

## 2.2. Understanding the OLI Framework

There are various theories and models explaining why firms are engaging in international business activities, one of them being the OLI paradigm. The OLI paradigm is the foundation of the establishment of the LLL framework, realizing the differences in motives of engaging in OFDI activities between firms originating from developed and developing economies. It is therefore important to understand the problematic of OLI not being applicable to Dragon MNEs in order to comprehend the necessity of establishing the LLL framework.

### 2.2.1. The OLI Framework

The OLI framework (also referred to as the eclectic paradigm) provides insight into why firms move into international environments and explains the phenomenon of foreign direct investment (FDI) flowing from developed to developing countries (Dunning, 2001). The OLI framework further suggests the magnitude and extent of international production to be determined by three advantages, that is, ownership, location, and internalization advantages (Dunning, 1988).

The first advantage, *ownership*, implies the firm to possess net ownership advantages over firms from other countries in serving a particular national market. The firm develops competitive ownership advantages at the domestic market, and then transfers these abroad to specific countries through FDI. According to Dunning (1993: 55), these advantages do not only include firm's intangible assets, such as organizational structure, knowledge and brands, but also natural factor endowments; manpower; capital; the cultural, legal and institutional environment; and industry market structure. Although the latter factors can be argued to establish country factors, these are argued to possibly be turned into ownership advantages. In other words, different countries possess different advantages, which organizations can utilize by being on site, i.e. the ownership advantages therefore depends on the location advantage (Rugman, 2010). Dunning (1993: 260) further argue these advantages to explain the ability of MNEs to form alliances, which is due to MNEs taking advantage of common governance structures across borders (Rugman, 2010). In other words, the extent to which the MNE engage in foreign production will depend on its ownership advantage in comparison to host country firms.

Although the advantages in the OLI framework are enterprise-specific, the fact of these advantages differing according to nationality of the enterprise suggests that such advantages are not independent, as the industrial structure, economic systems, institutional- and cultural

environment of which they are part of may contribute to these advantages. In other words, *location* advantages can only be used by enterprises in the locations in which they are sited. However, unavoidable or non-transferable costs and benefits such as taxes, subsidies, investment constraints, local labor requirements and so forth, as well as the costs of shipping products from the country of production to the country of marketing are all factors which are taken into consideration when MNEs engage in FDI activities (Dunning, 1988: 33-34).

What is more, the ownership advantages arise not only from the exclusive possession of certain assets, but also from the willingness and ability to internalize the use of these assets, which derives the third advantage, namely that of *internalization*. The intensity of an enterprise to engage in FDI will be attributable, not only to their possession of superior resources, including that of internalizing, but also their willingness to undertake further value-added activities embodying these assets. In other words, assuming the possession of ownership advantages, it must be more beneficial for the MNE possessing these advantages to use them itself rather than to outsource the activities to foreign firms (Dunning, 1988: 20-32).

#### ***2.2.1.1. Criticism of the OLI Framework***

The OLI framework has received much criticism over the years from scholars within the area of international business due to changes in the global environment. Much criticism has been directed towards the first aspect of the OLI framework, namely the one of ownership advantages (Eden & Dai, 2010). For instance, Mathews (2006) argue the OLI framework to mainly be applicable to incumbent MNEs, who already possess superior resources and wish to derive maximum advantage from these resources. Hence, the ownership advantage has been argued to fail in regards to explain how EMNEs adopt a catch-up strategy with early-movers, thereby compensating for their disadvantage of lacking existing resources (Hobday, 1998; Li, 2003; Mathews, 2006). The framework has also been challenged due to EMNEs investing heavily in developed countries to acquire strategic assets and firm specific advantages (Li, 2003). Hence, EMNEs major motive for FDI is rather to acquire complementary resources and skills in the international market (Moon & Rohel, 2001), as they do not have existing resources to exploit. This makes the OLI framework rather inapplicable to EMNEs, as it does not account for advantages that can be derived by obtaining resources abroad, otherwise not available in the domestic market e.g. technology.

In response to the aforementioned criticism, Dunning (2001) has acknowledged EMNEs being different from MNEs, by developing a two-stage approach in regards to the evolution of EMNEs. The approach partly suggests EMNEs to invest in advanced economies with the intention of getting access or augment resources, rather than exploit owner-specific advantages. However, Dunning (2006) still argue EMNEs to, “[...] possess some unique and sustainable resources, capabilities or favoured access to markets, which, if they chose to engage in asset augmenting foreign direct investment, they might expect to protect or augment” (2006: 1).

An additional extension of the framework has also been established in order to embrace the cooperation among organizations (Dunning, 2001), which are becoming more evident. Individual firms are no longer the sole source and owner of capital, i.e. some resources are generated internally while others are acquired from other companies. As a result, the ownership advantages do not only depend on resources created internally but also on MNEs competence of exploiting resources of other firms and thus establish cooperative relationships (Dunning, 2001). Despite the criticism and the subsequent changes of the framework, the basic foundation of the OLI framework remains in terms of firms facing costs of doing business abroad. Hence companies need advantages in order to minimize these costs in order to justify investments abroad rather than at home, which is not applicable to EMNEs, as these do not always possess advantages (Mathews, 2002, 2006).

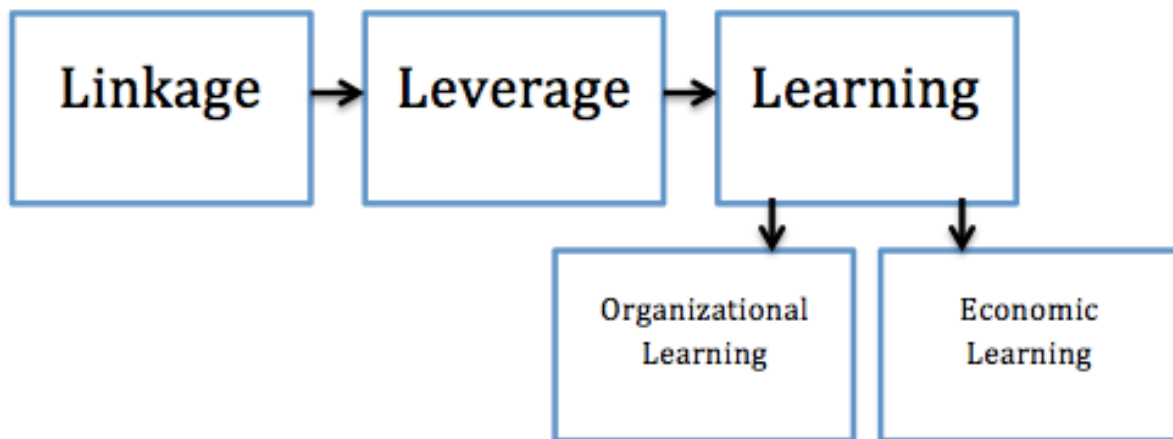
In addition, the international business literature (which the OLI paradigm is part of) has in general received a lot of criticism during the last decades, mostly in regards to the explanation of the motives for OFDI stemming from developing countries. The critique is mainly based on the theories being built on observations of Western countries, which may fail to capture the unique characteristics of EMNEs (Moon & Roehl, 2001; Tsui, 2007).

### **2.3. The LLL Framework**

Due to the critique of the OLI framework it is suggested that a new theory, applicable to the emergence of latecomers and newcomers from emerging markets is needed (Li, 2003). Mathews (2006) has therefore developed a new framework called the LLL framework, which is an abbreviation for linkage, leverage and learning, suiting the case of Dragon MNEs. The framework suggests international expansion by Dragon MNEs to be driven by resource linkage, leverage and learning (Mathews, 2006; Deng, 2012; Li & Kozhikode, 2011), as depicted in Figure 1 below. Furthermore, this thesis will emphasize the learning aspect of the

LLL framework since the absence of learning result in linkage and leverage not being fully utilized, i.e. it does not matter how much a firm leverage the linkages it establishes if learning is absent. However, in a similar manner, without linkages and leverage there is nothing to learn, and although this thesis will focus on learning, this part will still describe the first two aspects of the LLL framework and explain how all three aspects are interconnected and vital.

**Figure 1** – The LLL Framework



Source: Compiled by Authors based on Mathews (2002, 2006).

The first aspect of the LLL framework is *linkage*, which is related to how companies extend its influence into new markets. As Dragon MNEs and latecomers have to acquire external assets, the global market function as a source of advantage since opportunities related to expansion most likely exist outside of the domestic market (Mathews, 2006). Linkage also refers to companies' capacity to extend into new cross-border activities by means of inter-firm relations (Mathews, 2002: 116; Deng, 2012; Li & Kozhikode, 2011). However, as it is more risky to engage in cross-border activities and acquire foreign assets (partly due to enhanced uncertainty), these risks have to be minimized, which is commonly done by collaborative partnerships, which is on a rising trend among Chinese firms entering developed countries (Mathews, 2002: 115; Zhang, Duysters & Filippov, 2011). In sum, linkages can be beneficial for latecomers as these enable the access to resources otherwise not available as well as advantages of which the partnership can entail. The linkages also serve as a risk reducing measurement when engaging in cross-border activities (Mathews, 2006).

The second aspect, *leverage*, focuses on how the previously described linkages can be established with partners in order to leverage the resources (Mathews, 2006). The leverage of resources depends on its leveraging potential and how imitable, transferable and substitutable



they are (Mathews, 2006). In addition, latecomers are keen in overcoming the barriers, of which MNEs originating from developed countries derive advantages from, in order to leverage the resources. Hence, the aspects of linkage and leverage contrast the OLI framework, which indicates that MNEs derive advantages from its ownership, location and internalization advantages and not from linkage and leverage (Mathews, 2006).

The third and last aspect of the LLL framework is *learning*, where learning is established through the continuous repetition of linkage and leverage strategies (Mathews, 2006: 116; Li & Jiatao, 2011). According to Mathews (2003, 2006) learning can be divided into two different learning aspects, namely, organizational and economic learning. Organizational learning is related to the continuously repetition of the processes of linkage and leveraging, which in turn may result in companies learning how to perform various activities in a more effective manner. Economic learning is on the other hand related to how economies or entire regions' learn how to perform activities more effectively as a result of cluster development and sharing of capabilities, e.g. research and development (R&D) alliances (Mathews, 2003; Mathews, 2006).

As the purpose of this thesis is to understand the learning process of a Dragon MNE and thereby establish how knowledge is utilized, hence, contribute to an extension of the LLL framework, a study of an organization and not an economic region will be conducted. Hence, since Dragon MNEs are organizations which linkage and leverage and not economic regions, this thesis will concern organizational learning and not economic learning. In order to study and get an enhanced understanding of organizational learning, which has been criticized for being left unexplored (Yuefang et al., 2013), the learning process has to be studied, since it is part of organizational learning. In addition, the learning within a Dragon MNE is seen as a long-term process, the learning process therefore needs to be studied during as well as post the acquisition of knowledge. Furthermore, studying a specific Dragon MNE enables an in-depth study of its learning process, which in turn establishes how a Dragon MNE utilizes knowledge. The learning process concern the acquisition, distribution and integration of knowledge (Wang & Ellinger, 2011), as will be described in more depth in the following sections.

## 2.4. Organizational Learning

Organizational learning has been discussed in the literature for several decades and various definitions have been established (Dixon, 1992), one of them being defined by Fiol and Lyles (1985) as a change in the organization's knowledge that occurs as a function of experience. Duncan and Weiss (1979) have established another definition where they argue organizational learning to be the process by which knowledge is established through the relationships between the organization and the environment. Other definitions are given by Huber (1991) and Dixon (1992), whom both uses a similar base for their definition of organizational learning namely; information acquisition, information distribution, information interpretation, making meaning and organizational memory, though with different subcategories.

The interest of organizational learning among scholars have increased during the past decades, arguably due to the fact of learning being a key to competitiveness (Appelbaum & Gallagher, 2000; Garratt, 1987; Jonsson, 2012). The constantly changing global market influences organizations to attempt to develop structures and systems, which are more adaptable and responsive to change (Kanter, 1989; Peters & Waterman, 1982; Senge, 1990). Pedler, Boydell and Burgoyne (1989) labeled these firms "learning organizations" and argue these to construct structures and strategies to enhance and maximize organizational learning. Furthermore, Pedler et al. (1989) argue these organizations to facilitate the learning of its members and constantly transform itself. The constantly changing business environment has as mentioned, led organizations to pursue learning as a competitive advantage, which has been acknowledged by Carillo and Gaimon (2004). Learning is therefore seen as a valuable process that contributes to organizational success.

Although several researchers within the field of organizational learning have questioned whether organizations actually can be stated to learn, some academics maintain organizational learning to imply the sum of what individuals in organizations learn (Kim, 1993; Simon, 1991). Others challenge the assumption of organizational learning as being the collective ideas, activities, processes, systems, and structures of the organization (Levitt & March, 1988; March, 1991). Hedberg (1981) for instance states, "*although organizational learning occurs through individuals, it would be a mistake to conclude that organizational learning is nothing but the cumulative result of their members' learning*" (1981: 6). Simon (1991: 126) on the other hand argues organizations not to learn, individuals do, and therefore we must be careful when referring to the organization as learning something. Simon (1991)

further argues learning to take place in the mind of the individual and an organization to learn in only two ways: (1) by the learning of its members, or (2) by ingesting new members who have knowledge the organization did not previously have. In a similar manner, Nonaka (1991) describes a company as a living organism with a collective sense of identity and a fundamental purpose, which in turn influences each member's commitment to learn and share knowledge.

Hedberg (1981) further elaborate the idea of organizations as living organisms, where he argues although organizations do not have brains, they have cognitive systems and memories. Individuals within the organization come and go, as well as leadership changes, but organizations' memories preserve certain behaviors, mental maps, norms and values over time. As the individual knowledge is shared, combined, expanded, tested and applied amongst individuals within the organization, it becomes group - or community knowledge (Hedberg, 1981). The potential of learning is however impeded when individuals of the organization lack the appropriate cognitive approach for noticing or experiencing a need for learning (Srikantia & Pasmore, 1996). In other words, some scholars voice the learning within organizations to solely occur through and amongst the individuals within it, where others emphasize the individual learning to be affected by the organization's context.

Organizational context and the past learning of the individuals within it play a significant role in what people learn and how knowledge is applied and shared. The past and acquired knowledge of an organization is a reciprocal learning cycle whereby organizations learn from the individuals within it and over time embed this knowledge in strategies, procedures, norms and protocols (March, 1991; Scott, 2011). The knowledge a firm possesses, its knowledge stock, can be exploited in terms of getting enhanced learning of the existent knowledge within the organization. The tension between absorbing learning through individuals and leveraging past learning through organizational strategies and features is further represented in the construct of exploration and exploitation, which will be further developed and discussed later. Furthermore, although individuals within the organization may acquire knowledge, if knowledge does not flow to others within the organization in order to be shared and integrated, the organization will not have benefited from the learning (Scott, 2011), hence not fully utilize the knowledge.

In regards to the various definitions of organizational learning, a more recent interpretation of the definitions given by Huber (1991) and Dixon (1992) is made by Wang and Ellinger (2011: 512), whom describe and summarize the term organizational learning as, "[...] the

*process of acquiring, distributing, integrating and creating information and knowledge among organizational members*". Wang and Ellinger's (2011) definition has been chosen as the foundation in this thesis as it retains the main pillars of Huber (1991) and Dixon's (1992) commonly used definitions of organizational learning but still leaves room for own interpretation of what to include within the acquisition, distribution, integration and creation of information. However, we view creation as being the collected end product of a well functioning learning process, as knowledge is created and subsequently utilized through the process of acquisition, distribution and integration. This leaves us with the definition as follows,

*Organizational learning is the process of acquisition, distribution and integration of knowledge among organizational members.*

The creation of knowledge is thus established through the acquisition, distribution and integration of knowledge, which is in line with Nonaka and Takeuchi's (1995: 85-89) reasoning in regards to knowledge creation. Nonaka and Takeuchi (1995) have developed a five-phase model for knowledge creation, where the first phase concern the sharing of knowledge, in other words the distribution of knowledge. However, in order to be able to distribute knowledge, an organization has to possess knowledge, i.e. acquire knowledge. In the final phase, Nonaka and Takeuchi (1995) argue the importance to "[...] *take the knowledge developed somewhere else and apply it freely across different levels and boundaries*" (1995: 89), hence integrate the knowledge. In other words, knowledge could be argued to be created through the acquisition, distribution and integration of knowledge. In other words, organizational learning constitutes of the learning process, which is examined in this thesis.

As established, the learning process is highly influenced by the organizational structure and its context. However, the type of knowledge being subject to the learning process also influence to a great extent. Knowledge can be classified in three types, namely, explicit, tacit and sticky, which all have different meanings and degrees of difficulty in regards to being acquired, distributed and integrated. *Explicit* knowledge refers to knowledge being easily communicated and shared within organizations and among individuals; it is codifiable (e.g. in words, numbers and figures) and usually transferred by means of e.g. specifications, manuals, policies, standard operating procedures and data (Anand, Ward & Tatikonda 2010; Collins, 2010: 15; Nonaka, 1994). *Tacit* knowledge is according to Nonaka and Takeuchi (1995: 8) knowledge being difficult to formalize and communicate with others as well as rooted in the

individual experience, actions, values, emotions and ideals. Lastly, *sticky* knowledge is according to Von Hippel (1994) the required cost when transferring knowledge to a specified location in a form that is usable for the receiver. Stickiness can depend on the information itself being complex; the amount of information being transferred; as well as the attributes of both the receiver and the provider (Von Hippel, 1994).

As sanctioned, previous literature has recognized the process of learning within organizations, which constitutes the acquisition, distribution and integration of knowledge (Wang & Ellinger, 2011). However, the learning process in regards to Dragon MNEs and the last aspect of LLL framework is left unexplored (Yuefang et al., 2013), as will be studied in more depth. The acquisition, distribution and integration of knowledge will be studied in the following paragraphs with a particular focus on factors being especially important for each and every aspect. However, bare in mind the previously mentioned aspects of context, organizational structure and classification of knowledge influencing all aspects.

## **2.5. Acquisition of Knowledge**

Knowledge can be acquired partly by means of exploration and exploitation, which involve new knowledge being developed as well as current knowledge being used and/or refined (Keen & Wu, 2011). However, there are various views in regards to what is included within exploitation and exploration, in this case, scholars with a MNE as well as an EMNE perspective have been accounted for. The balancing of exploration and exploitation is also vital, mostly due to the constantly changing global market, which requires organizations to manage both (Lee & Huang, 2012; March, 1991; Tushman & O'Reilly, 1996). In other words, the balancing of exploration and exploitation is of essence, as it influences the way of acquiring knowledge. Hence, knowledge within the learning process can be obtained either in an exploratory or exploitative manner. These aspects of the acquisition of knowledge will be further explained in the following paragraphs.

### **2.5.1. Exploitation and Exploration**

Exploitation is related to learning taking place through a company's own history and thus the improvement of already existing products and components. It may for instance concern improvements with regards to efficiency and refinement of existing knowledge (March, 1991). In other words, exploitation involves the usage and refinement of already existing knowledge within an organization's knowledge stock. Exploitation entails a fast and high

return on the investment, though in the short term, in addition, the returns are predictable, positive and proximate (Keen & Wu, 2011; Lee & Huang, 2012; March, 1991). An organization's ability to exploit new knowledge has been attributed to, how well it is able to act on new insights (flexibility and speed); how extensively it is able to spread new knowledge within the organization (breadth); and, the degree to which it embeds the learning in organizational features such as norms, protocols, products, processes, and structures (depth) (Redding & Catalanello, 1994; Yeung, Ulrich, Nason & Von Glinow, 1999). The speed of which the knowledge is transferred is heavily influenced by the degree of which the knowledge is codifiable as well as how easily capabilities are taught, which can be related to tacit and sticky knowledge. The capacity to speed the transfer of knowledge and capabilities to new markets is of fundamental significance in the competitive environment that the global market constitutes (Zander & Kogut, 1995).

Explorative learning is on the other hand related to the searching and establishment of new innovations, structures and routines in order to solve existing or future problems. Firms engaging in explorative learning are by a great extent risk takers as they are experimenting and discovering new solutions, hence, such firms are rather flexible (Keen & Wu, 2011; March, 1991; Miner, Bassoff & Moorman, 2001). In comparison to exploitation, exploration is more costly and requires more creativity; in addition, exploration may entail a long-term return, though rather slow and low. The returns can also be negative in some instances as well as uncertain and distant (Keen & Wu, 2011; March, 1991). Moreover, in order to move from exploitation to exploration, *need* is required, as it creates the move from contentment (I know what I know) to exploration (I know what I do not know). However, the individuals within the organization also need to have both the motivation and ability to detect and interpret a need, which is influenced by what they already know (Argyris & Schön, 1978; Daft & Weick, 1984; Senge, 1990; Stata, 1989).

In regards to both exploitation and exploration, allowing employees to act autonomously may increase the firm's chances of experiencing unexpected opportunities such as exploiting and exploring products, processes, knowledge and so forth, which in turn may have a positive impact on the organization (Nonaka, 1994: 18; Zahra & George, 2002). Nonaka (1994) further emphasizes autonomy to give employees a sense of purpose as well as the freedom to absorb the newly acquired knowledge. What is more, to manage and balance both exploitation and exploration within an organization is argued to be of importance in order to

be competitive (Lee & Huang, 2012; Keen & Wu, 2011; Tushman & O'Reilly, 1996), which is referred to as ambidexterity (Lee & Huang, 2012; March, 1991).

### **2.5.2. Balancing Exploitation and Exploration**

To overemphasize exploitation or exploration may result in organizations being stuck in a competence trap making neither of them more preferable than the other (Levinthal & March, 1993). March (1991) argues organizations engaging in explorative learning to a larger extent experiencing high costs without getting access to the benefits it can entail. On the contrary, to overemphasize exploitation may result in organizations being trapped in a suboptimal equilibrium and thereby not being able to as effectively as possible respond to changes, i.e. be explorative (Levinthal & March, 1993). Balancing and simultaneously address exploitation and exploration is referred to “organizational ambidexterity” and is crucial as it may entail survival and prosperity, nonetheless, the balancing is challenging as exploration and exploitation usually compete for scarce resources within organizations (Lee & Huang, 2012; March, 1991).

Tushman and O'Reilly (1996) argue the importance of balancing exploitation and exploration as companies possessing this capability have a greater possibility to stay competitive. Companies not possessing this capability have a greater risk of failing as they lack the ability to “play two games” simultaneously, i.e. being defenders of old technology (exploitation) and simultaneously attackers of new technology (exploration). Tushman and O'Reilly (1996) further argue only focusing on either exploitation or exploration to guarantee short-term success but long-term failure, hence, managers need to be ambidextrous and manage both simultaneously. Hence, balancing exploitation and exploration is crucial (Tushman & O'Reilly, 2008; March, 1991; Keen & Wu, 2011). In addition, the ability to simultaneously exploit and explore becomes apparent in markets where high competition is evident (Cao, 2011), as constantly changing environments urge firms to defend old technology and simultaneously attack new technology (Tushman & O'Reilly, 1996). High competition is usually evident in fast-moving high-tech industries (D'Aveni, 1994: 4; Zahra et al., 2006), due to the constantly changing demands, rapid improvements and changes in technology, price pressures and so forth (Galbraith, 1990).

As mentioned, EMNEs usually enter developed countries with the purpose of getting access to resources and capabilities not available in the domestic market or within the organization. As a result, EMNEs tend to emphasize exploration rather than exploitation especially during

the initial expansion phase, i.e. acquiring foreign assets of which they lack and aim to acquire is considered as an exploratory move (Keen & Wu, 2011). Furthermore, it is important for EMNEs to be flexible as it enables adaptation as well as an enhancement of competitiveness by means of being able to manage both exploitation and exploration. The high level of failure among EMNEs depend according to Keen and Wu (2011) on EMNEs to overemphasize exploration, hence, the balancing is shown to be of importance.

## **2.6. Distribution of Knowledge**

Another aspect of the learning process is the distribution of knowledge within organizations. The distribution of knowledge within an organization as well as across borders is argued to be challenging, as it constitutes several obstacles (Bhagat, Kedia, Harveston & Triandis, 2002; Boh, Nguyen & Xu 2012; Qin, Ramburuth & Wang, 2008; Zahra et al., 2006), which will be discussed in the following paragraphs. However, formal and informal control mechanisms exist which may facilitate the distribution as well as the integration of knowledge (Martinez & Jarillo, 1989), which will be discussed as well. The potential obstacles of transferring technology (Cummings & Teng, 2003; Teece, 1977) will also be highlighted since this type of transfer is the subject to the Dragon MNE studied in this thesis.

### **2.6.1. Control Mechanisms**

The distribution of knowledge refers to the process of transferring knowledge from a sender to a receiver (Cummings & Teng, 2003), and it is important to transfer knowledge back and forth between two parties in order to fully utilize the knowledge (Lee, Qimei, Daekwan & Johnson, 2008). It is equally important to make sure the newly acquired knowledge being transformed into applicable knowledge rather than staying in the form of information (Jonsson, 2012). Traditionally, headquarters (HQs) have acted as the main source of knowledge and competences, however, this traditional view has changed, and currently, a large amount of HQs are acting as receivers rather than senders of knowledge from internationally scattered subsidiaries, referred to as reverse knowledge transfer (Ambos, Ambos & Schlegelmilch, 2006). Reverse knowledge transfer has been observed among Dragon MNEs as the acquired knowledge, *inter alia*, stems from the company of which the Dragon MNE has acquired (Deng, 2012; Li & Kozhikode, 2011; Mathews, 2002, 2006).

In order to foster and facilitate the distribution as well as the integration of knowledge between subsidiaries and HQs (horizontal communication), and thereby integrate various



units within the organization, control mechanisms can be applied. These mechanisms may contribute to subsidiaries being more willing to exchange and distribute knowledge, which in turn may result in successful knowledge distribution (Gupta & Govindarajan, 2000). The control mechanisms are divided into *formal* and *informal* (Gupta & Govindarajan, 2000; Marschan, Welch & Welch, 1996; Martinez & Jarillo, 1989). *Formal* control mechanisms are related to task forces, reporting systems and other procedures being similar between the interacting parties, which in turn may facilitate and enhance communication and thus the distribution of knowledge. *Informal* control mechanisms are on the other hand related to mechanisms enhancing interpersonal familiarity, personal affinity and so forth, in other words, informal control mechanisms are related to culture, shared values and personal relationships (Gupta & Govindarajan, 2000; Marschan et al., 1996). Table 1 below summarizes the formal and informal control mechanism in the words of Martinez and Jarillo (1989).

**Table 1 - Formal and Informal Control Mechanisms**

<b><i>Structural and formal mechanisms</i></b>
1. Departmentalization or grouping of organizational units, shaping the formal structure.
2. Centralization or decentralization of decision making through the hierarchy of formal authority
3. Formalization and standardization: written policies, rules, job descriptions, and standard procedures, through instruments such as manuals, charts, etc.
4. Planning: strategic planning, budgeting, functional plans, scheduling, etc.
5. Output and behaviour control: financial performance, technical reports, sales and marketing data, etc. direct supervision
<b><i>Other mechanisms, more informal and subtle</i></b>
6. Lateral and cross-departmental relations: direct managerial contact, temporary or permanent teams, task forces, committees, integrators, and integrative departments.
7. Informal communication: personal contacts among managers, management trips, meetings, conferences, transfer of managers etc.
8. Socialization: building an organizational culture of known and shared strategic objectives and values by training, transfer of managers, career path management, measurement and reward systems, etc.

Source: Martinez and Jarillo (1989: 491).

Moreover, the more engaged and willing subsidiaries are in distributing knowledge, the more successful the distribution will be. According to Blomkvist (2012), formal control

mechanisms, in relation to knowledge distribution, may spur subsidiaries willingness to share and distribute knowledge within an organization. Hence, the fact of control mechanisms being able to facilitate the process of distributing knowledge is evident.

### **2.6.2. Factors Influencing the Distribution of Knowledge**

Distance and cultural differences between the interacting parties are often described as the main obstacles in regards to the distribution of knowledge (Bhagat et al., 2002; Boh et al., 2012; Qin et al., 2008; Zahra et al., 2006), not least considering the fact of cultural differences decreasing the trust between the parties and thereby the ease of working together (Blomkvist, 2012). Hence, in order to distribute knowledge it is necessary to have trust and openness within the organization as it creates cooperation, thereby facilitating the distribution (Zerwas, 2014). Qin et al. (2008) have found differences in communication style to be an issue in China with regards to cross-border knowledge distribution. Another issue is the Chinese employees fear of “losing their face”, which concern the fear of asking questions and admit something to be unclear; employees may in turn keep silent during meetings on occasions. This is an issue in regards to knowledge distribution, as employees will never learn if being afraid of asking questions. Power distance is another issue differing between Western and Eastern cultures, for instance, Chinese employees experience difficulties in regards to the distribution of knowledge from lower to higher management levels. The power distance in China thus determines both the direction of knowledge flow as well as the willingness to share knowledge. When cultural differences are evident, in-depth face-to-face communication is of importance in regards to the distribution of knowledge across borders (Qin et al., 2008), as is trust between the interacting parties (Boh et al., 2012).

Other difficulties in regards to the distribution of knowledge usually involve the coding of explicit knowledge and the socialization of tacit knowledge (March, 1991). Zander and Kogut (1993) argue three aspects to particularly influence the success of knowledge transfer, that is, the codifiability, teachability and complexity of certain knowledge. This may be related to the complexity of communicating tacit knowledge as well as knowledge being sticky. For instance, when knowledge is simple, explicit and independent as well as involve low cultural differences, cross-border knowledge distribution will be most efficient. On the contrary, when knowledge is complex, tacit and systematic as well as involve large cultural differences, cross-border knowledge distribution will be less efficient (Bhagat et al., 2002).

What is more, knowledge distribution in regards to technology can at some instances be challenging (Cummings & Teng, 2003; Teece, 1977), as the technology may be embedded within the organization, e.g. in employees, skills, technical tools, routines and systems (Argote & Ingram, 2000). The greater the physical distance is between two interacting parties, the slower and less technology transfer will occur (Galbraith, 1990). Despite this, according to Argote and Ingram (2000) when codifiable knowledge is embedded in technology, it can easily be transferred, and when technology is well understood and not complex, the distribution of technology have shown to be successful. In addition, the distribution of technology is more effective if personnel are moved as well (Galbraith, 1990).

## **2.7. Integration of Knowledge**

The final step of the learning process is the integration of knowledge within organizations, which is a continuous process as knowledge is constantly being acquired, distributed and ultimately integrated, not least considering the fact of EMNEs regard learning as a long-term orientation (Deng, 2012; Li & Kozhikode, 2011). Knowledge has to be implemented and used in order to yield new assets, and according to Szulanski (1996), it is not the availability of knowledge that generate superior performance but rather the implementation of it. Hence, knowledge not only has to be acquired and distributed properly, but also integrated in order for the knowledge to transform into applicable knowledge rather than staying in the form of information (Jonsson, 2012). The absorptive capacity of individuals within the organization as well as the organizational culture is argued to facilitate the integration of knowledge (Ahuja & Katila, 2001; Cohen & Levinthal, 1989; Zerwas, 2014), as will be discussed.

### **2.7.1. Absorptive Capacity**

As stated, the availability of knowledge does not itself generate or guarantee improved performance; instead the knowledge has to be integrated. In other words, an organization's ability to absorb the knowledge transferred within it influences the organization's innovation and development (Tsai, 2001). Cohen and Levinthal (1989) conceptualize absorptive capacity as the firm's ability to integrate knowledge gained from external resources. In other words, the absorptive capacity refers to the Dragon MNEs ability to integrate the knowledge it has acquired through its linkages, to the activities the organization performs. Scholars voice the complexity of absorptive capacity, mainly due to its potential multidimensional construct and thus argue no single dimensional measure to fully measure this complex construct (Zahra &

George, 2002). Although, the importance of a firm's ability to possess a great degree of absorptive capacity is highly acknowledged.

Key factors of absorptive capacity include organizations' prior knowledge, which include basic skills and experience, as well as organizational factors such as the structure of communication and distribution of knowledge (Allen, 1983; Evenson & Kislev, 1975; Tilton, 1971). The different characteristics of the organization determine its absorptive capacity, which clarifies why certain firms are able to acquire and distribute new knowledge but are not able to transform and integrate it successfully (Deng, 2010). Scholars have argued different characteristics of the organization to be the most important in terms of its absorptive capacity. For instance, Kim (1993) considered the level of prior knowledge as the determinant of absorptive capacity, while Van den Bosch, Volberda and De Boer (1999) demonstrated how organizational forms and combinative capacities determine the level of an organization's absorptive capacity.

Regardless of which organizational characteristic that is concerned to be most important, it is generally agreed that some factors ease the absorption and integration of knowledge within organizations, hence increases the organization's absorptive capacity. Recognizing and identifying the value of new knowledge is the first step towards the acquisition of a strategic asset, such as knowledge. This since an organization needs prior related knowledge to assimilate and use new knowledge as well as accumulated prior knowledge increases the ability to put new knowledge into memory (Cohen & Levinthal, 1989: 129). In essence, an organization's prior knowledge contributes to its absorptive capacity, as it helps the organization to understand the industry, products, and customers. Thus, prior knowledge facilitates knowledge absorption and the development of new knowledge in on-going businesses (Zahra & George, 2002). In other words, firms need a certain level of absorptive capacity in order to benefit from technologies and new knowledge (Ahuja & Katila, 2001; Cohen & Levinthal, 1989).

However, prior knowledge does not ensure a firm to be able to successfully absorb and integrate acquired knowledge from an acquisition nor acquired knowledge post an acquisition. Although, an organization's absorptive capacity can be facilitated through coordination capabilities and socialization mechanisms. Coordination capabilities, refers to cross-functional interfaces between the various departments of the organization. This cross-functional activity deepens the knowledge flow across disciplinary boundaries and lines of authority, which enhances an organization's absorptive capacity (Lane & Lubatkin, 1998).

Socialization mechanisms may influence an organization's absorptive capacity by creating common codes of communication and dominant organizational values (Kogut & Zander, 1992). Socialization mechanisms refer to cross-cultural skills and the density of connectedness within the organization, which can serve as a governance mechanism and facilitate knowledge exchange (Deng, 2010; Stahl & Voigt, 2008).

In addition, in order to effectively integrate knowledge, managers and other individuals within the organization have to realize and recognize the value of different cultures (Ahuja & Katila, 2001). Connectedness within an organization is of importance in regards to the integration of knowledge as it develops trust and advocates cooperation, as well as encourages communication and interactions. Connectedness also improves the efficiency of knowledge exchange, thus facilitates the integration and assimilation of knowledge and the development of competences within the organization (Jansen, Van den Bosch & Volberda, 2005).

### **2.7.2. Organizational Culture**

The connectedness within organizations and its establishment of trust and cooperation has further been emphasized in regards to the organizational culture. Davenport, De Long and Beers (1997) introduced the “knowledge-friendly culture” construct, claiming the knowledge-friendly culture to be one of the most important factors contributing to the success of the absorption of knowledge within an organization. Zerwas (2014) further emphasized the idea of a knowledge culture and established dimensions of the organizational culture, which influences the absorption and integration of knowledge, among these; trust, collaboration, openness, autonomy and learning receptivity. The distribution and integration of knowledge is highly interconnected, which is evident when looking at these dimensions of the organizational culture (Zerwas, 2014). Besides the fact of collaboration and trust being of importance when acquiring (Malhotra, Gosain & El Sawy, 2005) and distributing knowledge, it is also vital when integrating knowledge, which can be referred to possessing an organizational culture of collaboration and trust. Nonaka (2005) extends the argument of collaboration and highlights the role of teams within collaboration,

*“Teams play a central role in the knowledge-creating company because they provide a shared context where individuals can interact with each other and engage in the constant dialogue on which effective reflection depends [...] They pool their*

*information and examine it from various angles. Eventually, they integrate their diverse individual perspectives into a new collective perspective” (Nonaka, 2005: 300).*

The new, collective perspective created from the collaboration may encourage employees either to refine, extend and leverage existing activities, competences and technologies or to create new ones by integrating the acquired and transformed knowledge into their own activities and processes (Flatten, Engelen, Zahra & Brettel, 2011; Zahra & George, 2002). In sum, organization’s absorptive capacity is not resident in any single employee but rather depends on collaboration among employees since the links across individual capabilities are crucial (Cohen & Levinthal, 1989).

Having an organizational culture characterized by learning in which employees are willing to learn new routines, competences and technologies, facilitates the integration of knowledge. The organization must constitute a learning environment where learning occurs at all levels of the organizational structure. The continuous learning opens up for the possibility of integrating knowledge (Zerwas, 2014). In other words, having an organizational culture of learning refers to an organization in which the individuals of which it constitutes are willing to learn and thereby change.

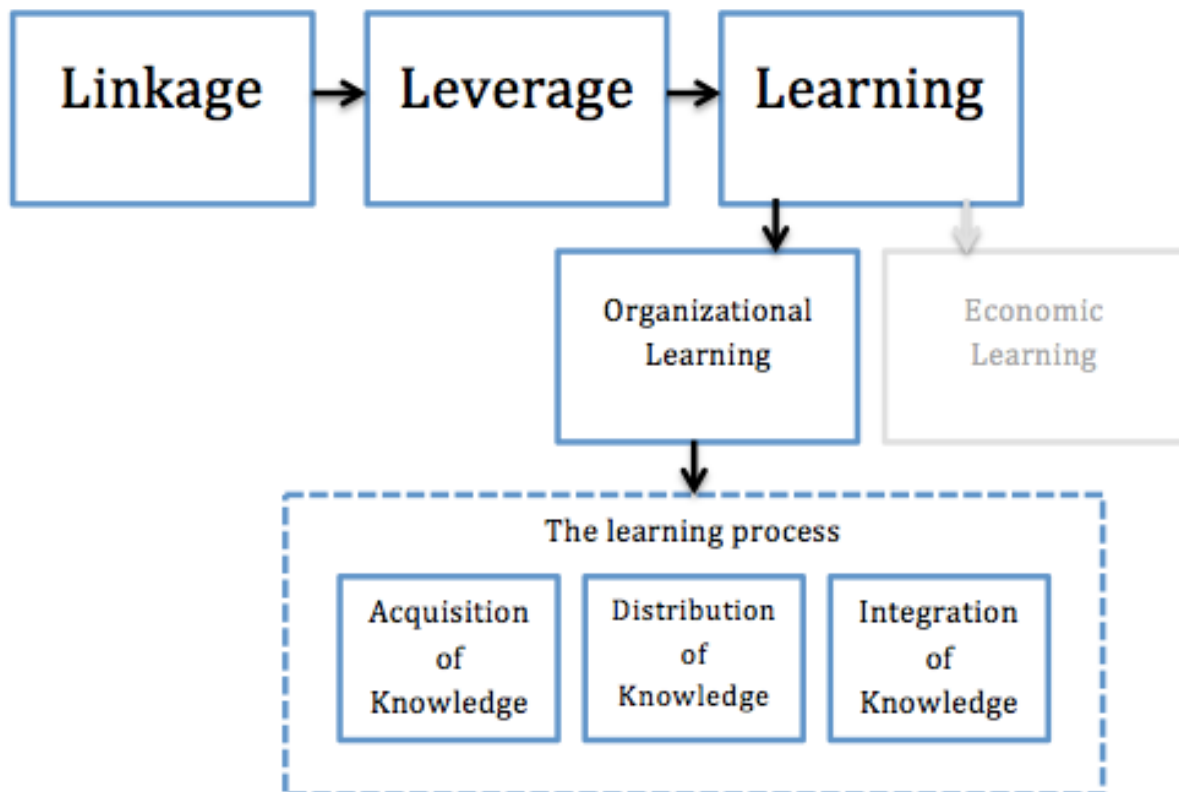
All in all, in organizations where different cultures are present, the importance of a knowledge-friendly culture becomes evident, as cultural differences in general between the interacting parties have been acknowledged by scholars to obstruct absorptive capacity (Bhagat et al., 2002). Coordination capabilities as well as socialization mechanisms are therefore vital in regards to cross-border integration of knowledge, and if managed well, these can increase the absorptive capacity of an organizations integration of knowledge. In addition, knowledge will not be integrated, or it will be integrated in a restrictive manner, if an organization lacks trust (Choi & Lee, 2002).

## **2.8. Conceptual Framework**

Following the theoretical background, we have derived in a conceptual framework that extends the LLL framework. As Mathews LLL framework (2002, 2006) is limited and not fully developed in regards to organizational learning and how acquired knowledge is utilized as well as learning being long-term oriented within EMNEs, literature in regards to organizational learning and the learning process serves as a contribution to the extension of the LLL framework. Organizational learning is regarded as the process of acquisition,

distribution and integration of knowledge, thus following the reasoning of Wang & Ellinger (2011). Hence, these aspects need to be studied further in order to get a comprehensive understanding of the learning process within a Dragon MNE. The extension of the LLL framework takes its starting point within organizational learning, which Matthews leaves unexplored, as depicted in Figure 2.

**Figure 2** - Extension of the LLL Framework



Source: Compiled by authors based on Mathews (2002, 2006) and Wang and Ellinger (2011).

The learning process takes its starting point in the acquisition of knowledge, where knowledge can be acquired partly through exploitation and exploration. Exploration has been argued as the main mean to acquire knowledge within a Dragon MNE, as resources to exploit are scarce in some instances (Keen & Wu, 2012). The significance to balance both exploitation and exploration (ambidexterity) has been voiced as important in the literature (Lee & Huang, 2012; March, 1991; Tushman & O'Reilly 1996), hence, these aspects of acquiring knowledge as well as how to balance these are considered important to examine in this case. In regards to the distribution of knowledge, scholars have voiced various difficulties of distributing knowledge within organizations as well as across borders due to, e.g. cultural differences (Bhagat et al., 2002; Blomkvist, 2012; Boh et al., 2012; Qin et al., 2008; Zahra et al., 2006).

Consequently, mechanisms to facilitate the distribution and integration of knowledge (Martinez & Jarillo, 1989) are highlighted in the extended framework. The final aspect of the learning process is the integration of knowledge in which an organization's absorptive capacity is included. The absorptive capacity have been voiced by scholars as difficult to measure, however, it is important to enlighten the significance of possessing this capacity in regards to the learning process. In sum, the study of these three aspects will enable a comprehensive understanding of a Dragon MNEs learning process and thus, how the acquired knowledge is utilized. This will in turn enable the answering of the research question of this thesis.



## 3. Method

*In this chapter the method for conducting this thesis will be presented. The aim is to introduce the reader to the underlying motives for the chosen research approach and design. First, a discussion with the ambition to argue for the choice of a qualitative case study will be presented. Following, the research design, and lastly, the considerations taken when analyzing the data will be presented in order to provide an understanding of how conclusions are drawn.*

### 3.1. Research Approach

A qualitative case study was chosen as the method for this thesis since the intention is to establish a deep understanding of the phenomena studied within a specific case, namely the learning process within a Dragon MNE. Qualitative methods differ from quantitative methods as it focuses on generating textual data, instead of numbers. Quantitative research quantifies answers to questions such as who, what, how many, and how often, whereas qualitative research strives to explain the meanings behind the numbers. Qualitative methods also explore reasons and motivations for perception, beliefs, and behaviors of people and may therefore produce a better understanding of a certain phenomena. Basically, qualitative methods primarily involve the observation and interviewing of people, which indicates the data to be collected textual and visual, and not numeric as in the case of quantitative methods (Bryman & Bell 2011: 27; Donley, 2012: 39; Saunders, Lewis & Thornhill, 2007: 472). A qualitative method is therefore more suitable in this case as the intention is to establish a deep understanding, which is realized through in-depth interviews. Hence, numbers will not be the focus of attention in this thesis, but rather the generation and explanation of textual data.

Although qualitative case studies can achieve a thorough and deep understanding of the object of study, criticism exists. Qualitative research is usually criticized for not being scientific or objective; lacking transparency; being biased due to personal relationships; being difficult to generalize to a larger population due to the limited case or group being studied; and, challenging to replicate as case studies are typically based on observations as they happen, making them nearly impossible to replicate (Bryman & Bell, 2011: 408; Donley, 2012: 39, 48-49). Also, Eisenhardt (1989) among others argue in favor of multiple cases, stating, the larger amount of cases studied, the better for generating a theory. Despite the criticism of single cases, Dyer and Wilkins (1991) contradict Eisenhardt (1989) and argue the essence of a case study to be the study of a single case. Instead of comparing cases across

organizational contexts, as Eisenhardt (1989) argues, classical case studies emphasize the comparison within the same organizational context, that is, a careful study of a single case (Dyer & Wilkins, 1991). Scholars also urge more qualitative studies to be conducted in international business research as qualitative research play a critical role in regards to interpretation and understanding of complex contexts (Birkinshaw, Brannen & Tung, 2011). In addition, since generalization and replication is not the aim of this study, but rather to establish a deep understanding of the learning process, we agree with Dyer and Wilkins' (1991) argument in regards to the importance of good storytelling rather than studying multiple cases. A single qualitative case study is therefore argued to be suitable in this regard.

Apart from a qualitative case study, this thesis will also follow an abductive research approach in regards to building the theoretical framework, which is a combination of a deductive and an inductive research approach. A *deductive* research approach refers to a framework of theories and a subsequent hypothesis being established before data is gathered, as theory is the first source of knowledge. An *inductive* research approach is on the other hand based on the opposite direction from that of deductive theory, i.e. the theory is an outcome of the research findings (Bryman & Bell, 2011: 11; Eriksson & Kovalainen, 2008: 22; Saunders et al., 2007: 117-119). An abductive research approach will therefore enable the researcher to change or add parts of the theory based on the findings, which is likely to occur in the case of interviews, as it is impossible to predict what will be emphasized in the interviews. An abductive approach is hence chosen due to the ability of changing and adding parts in the theory, which in this case concerned the elimination of non-applicable theory in the studied case.

### **3.1.2. Epistemological Considerations**

As this thesis concern the area of knowledge, it is important to be aware of the epistemological considerations as it concern what knowledge is and how it is perceived, which will differ among individuals (Bryman & Bell, 2011: 15; Saunders et al., 2007: 102). We argue it to be important to be aware of this phenomenon, as the perception of knowledge can differ between the interviewee and the interviewer, which in turn creates difficulties in regards to interpretation. As questions in regards to knowledge will be posed in this study, the different perceptions of knowledge are a factor, which the interviewers must bare in mind during the whole process.

## 3.2. Research Design

The research design provides a framework for the collection and analysis of data (Bryman & Bell, 2011: 40). Easterby-Smith, Thorpe and Lowe (2004) describe a research design as a process of planning and organizing the research work, including the collection of data, using methods appropriate for the purpose of the study. In other words, the following paragraphs will describe why the specific case was chosen and what data being necessary in order to answer the research question, as well as how the data was collected.

### 3.2.1. DingLi – The Chosen Case Study

As argued, this study was conducted using one case since a deep understanding of a specific case is desired. The choice of the case DingLi was based on three considerations, which enabled a study of the learning process within a Dragon MNE post an acquisition, namely:

1. The studied company needs the characteristics<sup>1</sup> of a Dragon MNE.
2. The studied company must have acquired a company originating from a developed economy, with the main purpose of acquiring knowledge.
3. The knowledge acquired both during and post the acquisition has to be transferred within the organization.

DingLi is one of the largest enterprises in China in regards to mobile network testing equipment and network engineering services, and has succeeded to become a global company with subsidiaries outside of China (DingLi, 2015). AmanziTel was chosen as an embedded case since it comprises an additional unit (after the acquisition) within DingLi, which was studied in this thesis. It is important to study both AmanziTel and DingLi in order to fully understand the learning process in regards to knowledge within a Dragon MNE, as they represent two sides of the spectrum. In other words, understanding the whole process of how knowledge is acquired, distributed and integrated between the two parties is of essence, as a thorough understanding of the whole process is enabled by means of studying both parties.

### 3.2.2. Data Collection

A qualitative case study is an in-depth investigation, which allows the use of different methods to collect various kinds of information and to make observations. These are the empirical material through which the object of study will be understood, in this case the

---

<sup>1</sup> Dragon MNEs are described by Mathews (2006) as EMNEs from the Asia-Pacific region usually suffering from resource shortages. Furthermore, Dragon MNEs are not passive and have successfully internationalized and become leading firms.

learning process of a Dragon MNE. Case studies are usually based on a great amount of empirical materials (e.g. observation, structured, non-structured interviews, and analyses of documents and historical data), notably due to its variety (Hamel, Dufour & Fortin, 1993; Willis, 2007: 199). In this case, the main source of information was gathered through primary data, and more specifically through semi-structured interviews.

The interviews were conducted with employees involved and/or responsible for knowledge transfer within the organization. Interviews with employees both in Asia and Europe was done in order to enable the study of the whole learning process, thereby interviewing employees at both spectrum of the learning process. Interviews were necessary, as the required data in this case did not exist in the form of secondary data. In total, twelve interviews was conducted with employees both at the headquarter (HQ) of DingLi and with employees at AmanziTel in Europe and Asia. The interviewees have positions ranging from developers to board members, thereby covering interviewees with different work tasks and responsibilities. As the employees are originating from different geographical locations and have different positions, this has contributed to several interesting thoughts and opinions. Table 2 below specifies the position and abbreviation for each of the interviewees, whereas Appendix 1 provides a more detailed overview of the interviews, including the length, date and method.

**Table 2** - List of Interviewees

<b>Interviewees' position</b>	<b>Abbreviation</b>	<b>Location of the interviewee</b>
Board Member of DingLi	BM1	Europe
Board Member of DingLi	BM2	Asia
Founder of AmanziTel	F1	Europe
Founder of AmanziTel	F2	Europe
Developer	D1	Europe
Developer	D2	Europe
Developer	D3	Asia
Developer	D4	Asia
Team leader	TL	Europe
Project engineer	PE	Asia
Service delivery director	SDD	Asia
Testing engineer	TE	Asia

Five of the interviews were conducted on site with Chinese employees at the AmanziTel unit at DingLi in China. Being on site enabled the interpretation and observation of non-verbal

hints, such as body language and facial expression, which is argued to be of importance (Bryman & Bell, 2011: 489; Saunders et al., 2007: 342), as cultural differences exist. It was important to be able to visually interpret the situation and in some instances change the way of conducting the interviews. The lack of proficiency in English also contributed to the choice of conducting some interviews on site, especially since body language may help clarifying questions and answers. In addition, two representatives from DingLi were present and acted as translators during three of the interviews. Being on site was therefore especially important as it enabled the distinguishing of who was speaking, but also the comprehension of potential answers getting lost in translation. Interviews were also conducted with seven employees whom all are scattered in AmanziTel's units in Europe and Asia. As it would be rather costly to travel and conduct face-to-face interviews, the interviews were done through Skype and a web-based online meeting forum called WebEx. Although it can be challenging to conduct interviews through phone due to difficulties of e.g. establishing trust and pose sensitive and/or complex questions, detect visual cues and non-verbal behavior and so forth (Saunders et al., 2007: 341-342), none of these challenges were experienced during the interviews. As a result, we argue phone interviews to be a good option due to the access of interviewees and the speed of the data collection.

### ***3.2.2.1. Interview Process***

In order to get a thorough understanding of the learning process within a Dragon MNE, which is the essence of this thesis, it is important that interviewees are able to respond to questions detailed and freely, as it enables the researcher to get a full understanding as well as the interviewees' true view on the studied phenomena. Semi-structured interviews were therefore chosen, usually referred to as qualitative interviews, as opposed to structured interviews (a set of standardized questions) and unstructured interviews (no existing pre-determined questions). Semi-structured interviews usually have an "interview guide" (Appendix 2) including a set of questions in a relatively specific topic, which needs to be covered. However, some departure from the interview guide is common and the interviewees have a leeway in how to reply to the question in comparison to structured interviews (Bryman & Bell, 2011: 467; Saunders et al., 2007: 312). Semi-structured interviews allow the researcher to act flexible, which also is in line with the abductive research approach of this study.

A few days before the interviews were conducted, an interview guide was emailed to all interviewees as it enabled them to prepare answers. This did not only enable the interviewees to provide carefully prepared answers, but also the possibility for interviewees to determine if they were suitable for the interview or not. All interviews started with a few open questions in regards to the learning process in general; thenceforth more detailed questions were posed. The interview guide was followed to the extent possible, but other questions were posed as well, such as follow-up questions and new, indirect and interpretive questions. In order to facilitate the remembering of the answers, all except for one interview was recorded, as the interviewee did not prefer to be recorded, notes were instead taken in this case. At the end of each interview, the answers were carefully analyzed and transcribed.

### **3.2.3. Criteria for Evaluating the Qualitative Case Study**

A research study, whether it is qualitative or quantitative, will be examined in order to establish if the results are credible or not (Silverman, 2006). Simply put, the credibility of a study refers to how believable its findings are (Bryman & Bell, 2011: 43). *Reliability*, *validity* and *generalizability* are concepts usually contributing to the evaluation of a study's credibility (Bryman & Bell, 2011: 41-42). However, opinions differ in regards to whether it is possible to argue for reliability and validity in qualitative research, particularly since these concepts were developed within quantitative research. In response, some suggestions have been made in order to apply these concepts in the evaluation of qualitative studies. For instance, Moisander and Voltanen (2006: 27) stress the importance of making the research process transparent through describing the methods used for analyzing the empirical material, which is done in the following section. Another alternative in regards to the evaluation of qualitative studies was established by Lincoln and Guba (1985), who emphasize trustworthiness, which refers to an alternative technique of establishing validity and reliability in qualitative research (Bryman & Bell, 2011: 395; Lincoln & Guba, 1985).

The trustworthiness in this case study was strengthened by means of various strategies. First of all, triangulation was used in order to increase the credibility by means of verifying the findings of one interview with the findings of other interviews. In addition, interviewing employees with different positions in different countries was also done in order to reduce the possibility of the findings being biased. Furthermore, Reissman (2008) connects credibility and persuasiveness and argues, "*persuasiveness is strengthened when the investigator's theoretical claims are supported with evidence from informants' accounts, negative cases are*

*included, and alternative interpretations considered*” (2008: 114), which was done in this case by means of being transparent in the findings. In regards to transferability, detailed descriptions of the collected data were established in order to as thoroughly as possible illustrate the case, which in turn makes it easier for readers to judge whether the study can be considered as being transferable or not. Records in regards to the research process, such as interview transcript, protocols and notes have been kept in an accessible manner for future purposes. In addition to this, the study was conducted in an objective and value free manner by means of being two researchers, which in turn minimized the personal involvement and the possibility of interpretations being biased towards only one interviewer’s interpretations, which qualitative research has been criticized for (Agar, 1986; Bryman & Bell, 2011: 395-397).

### **3.3. Analysis of Data**

According to Eisenhardt (1989: 539), analyzing data is the heart of building theory from case studies, however it is the most difficult and the least codified part of the process. The main argument for the difficulty of analyzing the data originates from the problematic of providing transparency and explaining how the analysis of the large amount of data in the case study was made. It is important to explain how the large amount of data used in the study was analyzed and interpreted in order to validate the case study. In other words, it is important to explain how raw data was transformed into meaningful and accurate conclusions, i.e. how analysis was carried out and conclusions drawn (Easterby-Smith et al., 2004).

In this case study, primary data in terms of interviews was used, where the answers were organized and labeled in accordance to the theoretical framework, namely, the acquisition, distribution and integration of knowledge, which in turn facilitated the analysis of the collected data. When all interviews were conducted, the answers were compared in order to detect similarities and differences as well as compared to the theoretical framework, which subsequently were highlighted in our analysis. All empirical data was not subject to the analysis as it would be rather difficult to draw generalizations based on only one deviating answer, however, it has still been presented in order to illustrate a more thorough understanding of the case.

## 4. Findings from DingLi and AmanziTel

*The collected data derives from conducted interviews with top management within DingLi as well as employees at different levels in AmanziTel. In this section the data compiled from the interviews will be presented, where observations and opinions from employees at AmanziTel in Europe as well as in Asia will be highlighted. In addition, the voice of top management of DingLi will be presented; hence, both the voice of AmanziTel and DingLi will be accentuated. In addition, abbreviations of the interviewees will be used, of which details can be found in Appendix 1.*

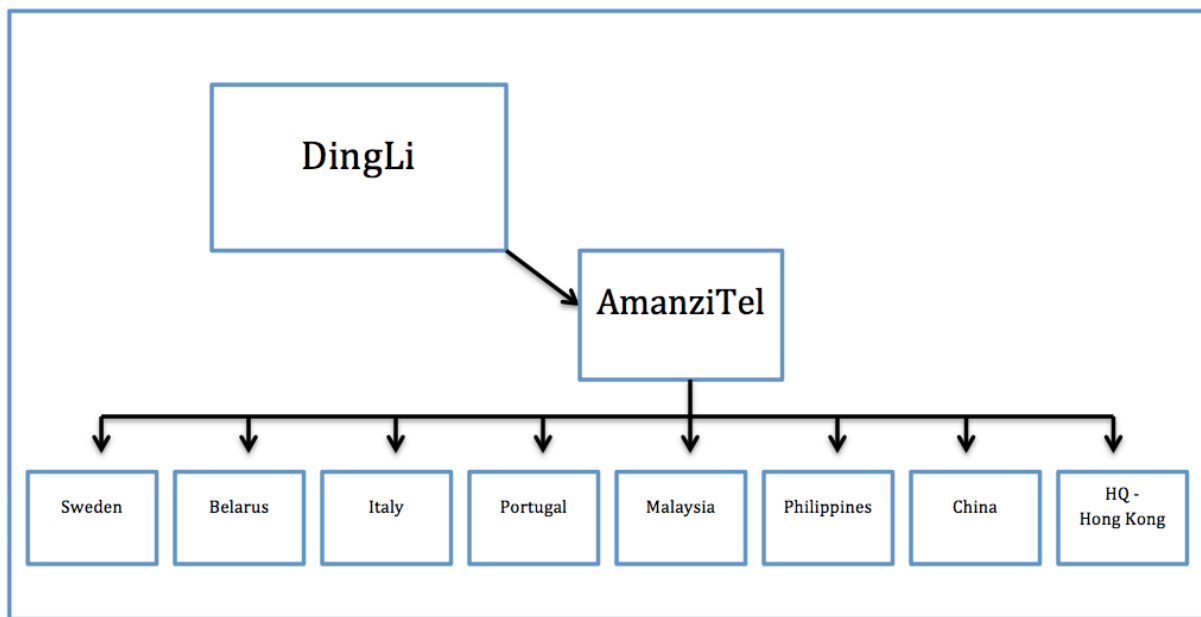
### 4.1. DingLi's Acquisition of AmanziTel and Structure of the Organization

In 2011 DingLi acquired the Helsingborg based company AmanziTel, who specializes in providing end-to-end customer experience management. AmanziTel's ambition was to grow and reach a larger market, which is the background of the acquisition in terms of their search for funding to establish these goals. DingLi was interested in the technology that AmanziTel possessed and acquired the company with the main purpose of getting access to this technology. In addition, DingLi aimed to enter the European market, which the acquisition of AmanziTel would speed. The acquisition was therefore seen as mutually beneficial for both companies, as AmanziTel got the opportunity to grow its business, whereas DingLi had the opportunity to acquire valuable knowledge.

The current organizational structure of DingLi is depicted in Figure 3 below. As indicated by the figure, AmanziTel became a part of DingLi after the acquisition and is thus owned by and included in the DingLi organization. However, since AmanziTel was a well functioning organization on its own, it still acts as a separate unit within DingLi with its HQ in Hong Kong and with its own subsidiaries located in Sweden, Belarus, Italy, Portugal, Malaysia, Philippines and China. Hence, structure wise, DingLi is according to one of the founders of AmanziTel seen as AmanziTel's sales channel. Even though AmanziTel is legally owned by its parent company DingLi, it is still allowed to act autonomously from DingLi to some extent. One of the founders of AmanziTel explains decisions in regards to AmanziTel products to be taken independently based on an agreed matrix, which maps what decision can be taken without approval from DingLi. Some decisions are taken with a DingLi board representative, whereas major decisions are taken at board level, where DingLi has the majority votes. However, in regards to sales and sales support, DingLi is always involved.



**Figure 3** - Organizational Structure of DingLi



Source: Compiled by Authors

At present, a team of 15 Chinese employees are located at the DingLi office in Zhuhai, China at the AmanziTel department (i.e. AmanziTel's subsidiary in China), where some of these employees had previously worked with DingLi products but were transferred to the AmanziTel department after the acquisition, working only with AmanziTel products. The main reason for employees from DingLi being integrated to AmanziTel was according to one of the founders due to cost reasons, as it was cheaper to have developers in China compared to Sweden or anywhere else in Europe.

One of the founders continues by explaining the main knowledge transfer occurring from Portugal, Sweden and Belarus to China. However, as the AmanziTel employees in Zhuhai are located at the DingLi office, they are still allowed to collaborate and exchange knowledge with employees working with DingLi products. The product engineer is one of the employees who previously was working with DingLi products but since the acquisition of AmanziTel was transferred to work with the AmanziTel products. He sees differences in working procedures, mainly in terms of the distribution of international teams and the aspect of communication it brings, as teams are spread communication becomes more difficult.

Thus, within AmanziTel there are several international teams where some team leaders and developers are located in AmanziTel's subsidiaries, and the reason for this distribution is partly due to the fact of important knowledge being located in these countries but also due to the aspect of cost. Hereinafter, we will refer to DingLi as the organization in which

AmanziTel is a part of, however, when only referring to the AmanziTel unit it will explicitly be written.

## **4.2. Acquisition of Knowledge**

Although the acquisition of AmanziTel has been established and was an exploratory move, the acquisition of knowledge within the learning process continues post the acquisition, as the knowledge acquired from AmanziTel is continuously exploited while at the same time knowledge from other directions are explored. Hence, in this case we are studying how knowledge is acquired post the acquisition in order to establish how knowledge is continuously exploited but also how new knowledge is explored.

### **4.2.1. Exploitation and Exploration**

In this case, the acquisition of knowledge is considered important, which have been voiced by all interviewees, both by AmanziTel employees as well as by board members of DingLi. The service delivery director states,

*“Research is important, since if you do not research and learn, you will just fix the existing issue and you will develop products based on the knowledge you have”*  
(SDD).

Although all interviewees have acknowledged the importance of acquiring new knowledge in order to stay competitive and thereby be one step ahead of existing and potential competitors at the rapidly changing market, the top management do not provide any guidelines in regards to what should be developed nor voice the demand of building the organization’s knowledge stock. For instance, one of the developers says,

*“[...] If they exist, I do not know about them”* (D2).

Rather, it is up to the employees to acknowledge which products applies to customer demand and thus what products to develop. The employees are also responsible for acknowledging what products to further improve or develop (exploit or explore) by means of being up to date and familiar with new technology and the changes occurring in the market. For instance, one of the developers explains the developers in Europe and Asia to constantly trying to stay up to date and share information in regards to e.g. customer demand, technology and so forth within AmanziTel,

*“We developers try to stay up to date and acquire new knowledge and sometimes we share interesting things via the chat or the mailing list. Everyone of us developers try to acquire new knowledge, and if something is particularly interesting it is shared with the other developers” (D1).*

The employees thereby have much leeway in what to develop and thus work very individualistic when acquiring knowledge and consequently developing new or existing products. A certain process is therefore not evident when knowledge is acquired, which is explained by the team leader,

*“We actually do not have a formalized process of acquiring knowledge, it happens on demand and in a natural way” (TL).*

The only guideline being given in regards to what knowledge to acquire comes from the employees themselves, for instance, according to one of the developers,

*“[...] We share things that could improve our products, we share technology for example that could improve the products” (D1).*

This in turn gives the employees a hint of what to acquire in order to improve the products. However, according to some interviewees this is not enough as they would appreciate the top management to guide them towards what knowledge to acquire and what products to develop, i.e. if they should exploit or explore. The service delivery director explains the importance of sharing knowledge as well as the request of some guidance in regards to what knowledge to acquire due to the magnitude of new technology constantly being developed, i.e. he requests some guidance in regards to which technology to focus on,

*“[...] Technology is booming every day and new stuff is coming out every day so I think you have to get people trained and then transfer that knowledge within the entire organization. I think this is very important and something management should consider” (SDD).*

Although the service delivery director considers some guidance to be helpful, he still knows what sort of knowledge to acquire. What is more, although there are no directives or encouragements, the top management does acknowledge the lack of voicing the demand of building its knowledge stock, which one of the board members considers to be of importance and something that has room for improvements. However, there are different opinions whether or not there are any guidelines in regards to what knowledge to acquire and what products to develop between the European and the Chinese interviewees. As mentioned, most

of the European employees emphasize a lack of guidelines and voice the strong individualistic work, whereas the Chinese employees at the AmanziTel unit in China emphasize clear directives originating from Europe. The product engineer and one of the developers explains how orders are being directed from Europe to China, where the developer states,

*“We have a team leader in Belarus, who will tell us what to do and what to develop. Most things have to be reported to her, except for small issues that we can solve by ourselves. So, if we have a problem that we can not solve by ourselves we will report it to her and she will then guide us into how to solve it [...] I can not develop something freely, I have to discuss it with the team leader” (D3).*

In regards to the existence of guidelines, one of the founders of AmanziTel states,

*“[...] In China there is a lot more of the need to tell people what to do [...] We refused to comply with that kind of thinking [...] So, we ended up with a team in China that were more free thinking and able to work more independently” (F2).*

Both the product engineer and the testing engineer explain the circulation of orders as a process of which may begin by the team in China getting customer requirements from the team leader in Belarus, upon which the product is being developed. The developed product is then tested in China and the results are then transferred to the team leader in Belarus where decisions are taken of which changes and improvements should be made. These improvements are then explained and ordered to be made in China, after which new tests are made of which the results are reported to the team leader in Belarus and so it continues. This process has left some Chinese employees feeling depressed due to their ideas of developments and improvements being neglected. Hence, some of the Chinese employees are not allowed to act autonomously and thus determine whether exploiting existing knowledge or exploring new knowledge is of significance when developing products, which in turn could apply to customer demands. The product engineer explains how he is not allowed to give directives directly to developers and thereby not allowed to voice his ideas, but instead how orders must originate from Europe. The discontent of the Chinese employees has unfolded in conflicts between the Chinese and European team. The product engineer explains it by,

*“[...] I think I have a very good idea, which can improve the product, but the teams in Europe do not think it is a good idea and that makes me feel depressed sometimes”* (PE).

All in all, there are different opinions whether guidelines in regards to exploration or exploitation exist or not, furthermore, the level of autonomy varies among employees.

#### **4.2.2. Balancing Exploitation and Exploration**

Although there are different opinions whether or not directives of what knowledge to acquire and what to develop exist (exploit or explore), most interviewees still acknowledge the importance of both refine existing products as well as develop new products. When we asked one of the developers what he considered being most important, i.e. to further develop existing products or to develop completely new products, he said,

*“That depends on the company’s overall strategy, recently, most work that I have been done in my team was further develop, for example, we sell a product to a client, then the client comes back and ask for new features or change something so it suits them. I have noticed that the company is doing something different now, so they always look up for new possibilities and possibilities to develop new products, and I think that is a good idea. But it is safer to further develop than to build something from scratch. I personally like building something from scratch and I think it is a good option, and I would say that in the future we would try to make new products, which would be good for everyone”* (D2).

One of the founders has a similar opinion as the aforementioned developer, stating,

*“I would say that mostly what we are dealing with is further development of existing knowledge, but it is new stuff, completely new stuff coming in as well, ideas that we have on our own or ideas presented to us by customers that are novel and completely different. However, I would say that most of what we deal with is improvements and refinements on the same idea”* (F2).

Most of the interviewees state new developments and further development as being of equal importance, where one of the developers says,

*“Both I think, I mean for me it is important to acquire new knowledge and if I see something that is interesting, I command on the code and share my knowledge to other developers, usually we can do it via the mailing list or add comments on the*

*code in the internal website, and I can share my knowledge to the other developers”*  
(D1).

The service delivery director continues,

*“I think both, I definitely think that new knowledge need to be acquired, all of us within the team we need to improve this because we can see that competition is getting tighter, we need to create more value to what we are claiming as a product, and we continuously need to do research and always be ahead of competitors”*  
(SDD).

The team leader agreed with the aforementioned employees, stating,

*“[...] I think both new knowledge and old knowledge are quite important and we need to put some efforts to use this new knowledge in practice otherwise we will forget it”*  
(TL).

In other words, many interviewees voiced the acquisition of new knowledge (explore) being of importance although exploitation tends to be emphasized according to some. In addition, nearly all of the interviewees in China mentioned the customer in regards to what is important to develop, i.e. they develop products according to customer requirements and demand. However, the product engineer has experienced difficulties in regards to this strategy as he argues customers to not always know what products they demand. He would therefore appreciate if he got the opportunity to act in an exploratory manner as it may result in new products being developed of which the customer did not know they wanted.

### **4.3. Distribution of Knowledge**

The distribution of knowledge has also been voiced in the interviews as believed to be very important where one of the founders states,

*“If you do not share knowledge you do not achieve anything, and there is no progress made by not sharing knowledge and this is evident, and if you compare the big companies of today and the last decade, to companies 50 years ago, all the big companies today are all about open data, every big one”* (F2).

Most of the interviewees also believed the sharing of knowledge to benefit the organization in terms of new products and improvements of products being made, as they can benefit by

learning from each other. For instance, one of the developers explains the importance of good cooperation between the AmanziTel teams in Europe and Asia,

*“It is very important, we are two separate teams, the server and the mobile team, and most of the time we have to acquire different knowledge because we work on very different things, but it is useful to cooperate because we can build a better product if we know each others issues and technology” (D1).*

The product engineer who was working within DingLi prior the acquisition of AmanziTel sees an improvement in regards to open data and states,

*“[...] Open source was implemented from AmanziTel to DingLi, which is a very good thing” (PE).*

In other words, most employees have acknowledged the importance of distributing and sharing knowledge in an open way.

#### **4.3.1. Control Mechanisms**

In order to facilitate the distribution of knowledge between the teams in Europe and Asia, the organization has an online project management system as well as an internal website (a formal control mechanism in terms of a joint system and knowledge sharing platform), where employees are encouraged to share information by means of adding information, clarifications, specifications and extensive documentation in regards to codes. Having a proper documentation indicates all projects to be documented and all employees to contribute to the frequent documentation, as a result, when a similar project is initiated in future, employees can return to the documentation and observe what problems that arose and thereby be proactive and plan against these problems to be repeated. Hence, open communication and a mentality of being willing to share information will benefit all employees. With regards to the platform, one of the developers explains how it is used among the employees,

*“We write documents and send emails in the internal website, and the most important things must be written in our internal website. Sometimes I review the code of other developers and I write comments on the code using a website that we use for sharing our codes, so, if I see something that is wrong, I can add my comments and my review” (D1).*

The top management consider the encouragement of sharing knowledge to exist, however, the existence and successfulness of any control mechanisms facilitating the distribution of

knowledge within the organization differs between the interviewees. One of the founders states means in regards to the distribution to exist, where formal transition plans and programs are put in place during several transitions. These are coupled with timelines and actions, including training and formal knowledge transfer (F1). The team leader further states control mechanisms to transfer knowledge to exist, however these are seen as tools rather than an established process, she puts it,

*“I think it is up to us how to transfer but we can use what we have, our knowledge base Redmine, WebEx and so on [...] But we do not have documentations on how we should transfer knowledge, but if somebody is leaving us, we prepare and plan how it should be done” (TL).*

The team leader continues by voicing her opinion of the means to transfer knowledge within the organization to not be enough, which is coherent with other interviewees. For instance, one of the developers voices the opinion of the organization to not encourage the distribution of knowledge, and states proper documentation to facilitate the distribution of knowledge, which is a current deficiency although improving according to him (D2). Despite the different opinions of means to distribute knowledge to exist or not, there is still a joint understanding of the importance of sharing and distributing knowledge within the organization.

#### **4.3.2. Factors Influencing the Distribution of Knowledge**

In opposition to the lack of voicing the demand of acquiring new knowledge and building the organization’s knowledge stock, the top management do consider the organization to encourage the distribution and sharing of knowledge. Although, the top management considers the distribution of knowledge being encouraged, the characteristics of the individual is considered as a factor influencing the distribution, which is an issue that one of the board members expresses,

*“I think the organization does encourage the sharing of knowledge, sometimes the problem is that the people do not, so an organization is always a formal structure, and I really think that the organization has been trying to push for knowledge sharing, but some individuals have not participated in that, and that is part of the problem” (BM2).*

The team leader also emphasizes the character of the individuals to influence the distribution of knowledge,



*“[...] Some persons are not very keen in sharing knowledge” (TL).*

Furthermore, language has frequently been voiced as an obstacle to share knowledge within the organization, however, one of the founders considered the language as being a scapegoat and instead voiced that,

*“If we had any problems with communication it was not language, it was not because people did not know English well enough in the meetings that affected the communication, I mean that slowed things down and made things a little more difficult but quite often you find that other factors were much more important such as the character of the person involved. Some people have a character that suits collaboration, some people want to work with other people and will listen to what they have to say and will try to compromise where some people do not work like that, so this is an issue that is a bigger issue than culture or language” (F2).*

In other words, the character and mentality of the members constituting the organization has been voiced as important factors influencing the distribution of knowledge within the whole organization. The product engineer and one of the board members agree with the founder in the sense that it is the characters of the employees, which contributes to difficulties and some of the conflicts within AmanziTel, in turn affecting the distribution and integration of knowledge. The product engineer argues conflicts to usually occur due to either cultural differences or due to the character of employees. These differences have been evident, as conflicts have arisen several times between the teams in Europe and China, which once led to a member of the Chinese team to quit. Although some have not experienced any conflicts, most of the interviewees have, where the product engineer states,

*“There are cultural conflicts and conflicts concerning the character, but it is the character that make things difficult. Western and Eastern people have different procedures on how to do things, which have led to conflicts [...] Sometimes one of the board members get noticed about the conflicts, and most of the time he just stop the argumentation, but we do not solve the conflict completely, most of the time it is impossible to solve the conflict completely, so, one of us just have to keep silent”.*

In line with the different character and mentality of the individuals within the organization, there is a difference in willingness to cooperate. Some individuals are for example not very willing to share knowledge in such a manner that is understandable for everyone within the organization, which one of the developers explains,

*“Many members of the Chinese team like to speak Chinese in the chat and other European members can not understand them, that is not a good thing. So we still have some of the issues related to language” (D1).*

The team leader also raises this issue,

*“I think we have different personalities, some persons are self-motivated and like to teach, whereas some are not very socialized, which is a problem for many developers since they can not really socialize and teach someone else and so on. So, it really depends on the person if they are willing to share, and I think we have 50/50, those who wants to share knowledge and participate and those who are better in acquiring knowledge and work hard” (TL).*

However, there are different opinions about the willingness to share knowledge, for instance, one of the developers argue that most employees do have a willingness to share knowledge because,

*“If we do a good project, we will get a bonus, and in order to do a good project we will try to share and learn as much as we can, so in this case we would like to share knowledge, because the project is done in teams and not individualistic” (D4).*

Despite the prevailing disparities of opinions regarding the willingness to share knowledge, most of the interviewed employees, both in Europe and Asia, still argue it to be meaningful. The service delivery director and the product engineer are for instance motivated to share knowledge as it can result in new products being developed, whereas the team leader is self-motivated because she is aware of her efforts to share knowledge and teach other employees is appreciated.

In regards to language being an obstacle affecting documentation and consequently the distribution of knowledge, it has been found that employees are encouraged to document and most of the time act upon this encouragement, however, the poor quality is a recurrent problem. According to one of the developers this is an issue within the organization as information being clear is important, in addition, it is time-consuming trying to understand what is written and the message with the text. For instance, according to one of the developers,

*“[...] When you are dealing with the technical issues that we have here at AmanziTel, it comes to a point where it has to be clear. And if we go back to the language problem, sometimes it is not clear even if someone makes a wiki page and explain*

*something, most of us will go to that page, and after we have read it, we still have doubts, it can be one or two possible interpretations and that is also a problem” (D2).*

The language aspect is mostly seen as a “one-way issue”, in terms of it mostly being the Chinese team that is difficult to understand, which themselves are well aware of, where the product engineer for example states it being easy to understand the European teams but is very much aware of the Europeans difficulty to understand the Chinese. Although the top management does not voice language as the predominant problem in regards to the learning process, it is still perceived as the largest obstacle by the employees who, on a daily basis, communicate with each other. However, the language as an obstacle is to some extent considered minimized based on the employees’ similar knowledge. One of the developers explains it,

*“[...] The developers share the same, I mean we share the same knowledge related to the technology, so we understand each other when we talk about the technology and design pattern. So, even if we do not speak English very well we can understand when we talk about technology and things like that” (D1).*

The team leader also acknowledges the importance of having a common knowledge background and states,

*“[...] It is important because we speak the same language if I can say so, so when you explain something everybody understands in general, but if you do not have such knowledge it may be useless” (TL).*

In spite of a similar knowledge background facilitating the language issue, language is still considered as the main obstacle when distributing knowledge within the teams in AmanziTel. Since the proficiency in English is lower among the Chinese employees than among the European employees, communication usually occur through email and in text since the Chinese team members find it easier to explain things in writing. The product engineer further emphasize the problem of language in regards to the distribution of knowledge saying,

*“[...] It is easy to understand what the employees from Europe are explaining, we in China can easily understand it, but it is more difficult for the employees in Europe to understand us, because our English is not good enough” (PE).*

One of the developers agrees with this statement in regards to language being the main obstacle saying,

*“The main obstacle is language as it is not our mother language, the teams in Europe will not fully understand what we try to say always, and sometimes the end product will not look exactly the same as how the team in Europe imagined it to be since we have communication issues” (D4).*

In connection to the product engineer’s statement about being discontent due to the feeling of not being heard, he elaborates by explaining the difficulties of distributing his ideas and knowledge due to the language issue,

*“I think I have much experience and good skills but maybe I can not explain my ideas to the European teams clearly enough, so that may be why they do not accept my ideas” (PE).*

After a few seconds of contemplation he continues,

*“[...] However, I put a lot of effort into explaining it clearly and step by step, and I do not think I can explain it any better than I do. So sometimes I think they understand but they always say it does not suit the overseas customers requirements, so maybe it is me who does not understand the overseas customers requirements” (PE).*

He continues however by suggesting the organization to change its present approach of develop by demand, stating,

*“[...] We are just following the customer at this point, but I do not think customers always know what they want, so developing a good idea may be a good thing” (PE).*

The language is clearly a problem within AmanziTel when distributing knowledge and the employees in Europe and China emphasize a more clear communication and cooperation to be needed. The top management of DingLi has tried to solve the language problem, thereby facilitating both the transferring and integration of knowledge, by providing English lessons to the Chinese employees. However, according to one of the board members the lessons were not as successful as anticipated. The top management are well aware of the issue in regards to language but have currently not implemented any strategy in solving this issue. The team in China minimizes and facilitates the language barrier with the help of a translator when knowledge from Europe needs to be transferred to China through verbal communication; one of the developers explains this process,

*“We will try to find an employee with good English skills in DingLi, so for example, if Europe wants to transfer something to the Zhuhai team they will first transfer it to the*

*guy who have very good English skills, and this guy will then transfer the knowledge to the Zhuhai team. This guy have to make sure that he gets the exact right meaning of the information before he transfer it to the Zhuhai team” (D4).*

#### **4.4. Integration of Knowledge**

Means facilitating the integration of knowledge (e.g. training, face-to-face meetings) within the organization can advantageously be improved which most of the interviewees, both employees and top management, acknowledges. Currently, it is rather up to the employees to make sure knowledge being integrated, for instance, as with the distribution of knowledge, the employees use the same platform where knowledge is distributed in order to integrate and absorb knowledge.

##### **4.4.1. Absorptive Capacity**

In order to ensure knowledge being correctly understood by the receiver, the team leader for instance ask questions, of which she can get a sense of whether or not the receiver have understood the knowledge and is able to absorb the knowledge. One of the developers on the other hand, only notify his colleagues of new information being added to the internal website, without making sure his colleagues have correctly understood it and is able to absorb the knowledge of which he has transferred, however, he do believe it would be a good idea having some sort of system or process for this,

*“Usually when I write some documentation I notify the team by email to be sure that they see the new documentation [...] However, the system could be improved, for example automatically notify all the team members of new contents and things like that [...] It could be interesting to have a tool that understand if everybody have understood and received the knowledge, but we do not have a tool like that. So it could be interesting to have” (D1).*

Hence, there is no process in regards to making sure that all employees have understood and absorbed the shared knowledge. However, according to some interviewees, extensive integration of knowledge is not always needed, it depends on whether the knowledge is easy or difficult to explain. For instance, we asked one of the developers if the knowledge is difficult to transfer and integrate, whereupon he responded (which is in accordance to answers of other interviewees),

*“No, it really depends on what knowledge we are talking about, if you have a technical issue and if you can do a demo for example, it would be perfect and it will not be a problem if the person is sitting next to you or not, you can then demonstrate things and it is easier. If it is something more theoretical it is probably not that easy to make the other person understand what you are trying to explain. So, having the person next to you would probably help a lot in that context” (D2).*

In other words, if knowledge is easy to transfer it will be easier to integrate, however, when knowledge is complex it is more difficult and therefore usually described stepwise, one of the founders says,

*“Well I think that it could be very complex, but if it was very complex than we had to break it down into pieces and describe individual pieces and write, via documents” (F2).*

In addition, most interviewees, at least in Europe, emphasize training sessions to be of importance when transferring complex knowledge. For instance, the team leader says,

*“If I could change something in the organization, I would work for creating at least some small entities which will be responsible for training, organize the transfer of knowledge and maybe develop some cultural products for the transfer and so on. I miss it here, but I think it is good to have” (TL).*

Many interviewees agree with the team leader, stating internal training sessions to be useful for all employees once in a while, not only for new employees, in order to learn and integrate new knowledge. The service delivery director also emphasize the desire of having all team units to get together, for instance, the team leader mentions a meeting with her team in China in person and after that meeting,

*“[...] The team became more friendly, we now have less trouble inside our team and we can easily converse and explain things” (TL).*

What is more, according to most interviewees, the lack of proper distribution and integration of knowledge also depends on employees being faced with time constraints. The employees simply do not have the time making an effort in trying to distribute and absorb knowledge from other colleagues. One of the developers says,

*“We are always constrained with time, and we are not allowed the time, we do not have the time to document properly and to do proper research to learn and be able to pass it on to others” (D2).*

In order to solve this problem, he suggests the organization having to bargain for time among their customers. The service delivery director agrees with the above mentioned developer saying that they are constantly chasing time, which have to be solved by being a larger team as it will contribute to employees having time to share their knowledge and what they are working on, thereby learn from each other.

#### **4.4.2. Organizational Culture**

A common corporate culture is currently lacking within the organization, which is highlighted by the team leader, stating,

*“I think there is a corporate culture in DingLi itself but the teams do not feel like a part of it, but I think there is a culture inside DingLi itself, but maybe the problem is that we are remote, so we can not share all beliefs and we can not be in the environment and so on” (TL).*

One of the board members would prefer having the whole organization in one place, as it would enable a joint corporate culture, which he in turn believe encourages cooperation among the employees. Hence, a common corporate culture has been voiced as a solution and desirable in order to establish well functioning cooperation, where one of the board members states,

*“[...] Preferably if I had all my choices, I would incorporate the company in just one place, all the R&D and all the sales guys and all the marketing in one place and they could then talk over the coffee machine to have a proper culture” (BM1).*

A common corporate culture has not currently been established between DingLi and AmanziTel, perhaps due to it being established to be a challenging task, where one of the founders state,

*“I think that there will never be a corporate culture [...] I think that what defines cultural differences are quite a lot related to the strong individuals at that site, the geographic site as well as the cultural surrounding influence there, so I think when companies merge they do not unify their culture completely unless they all move into the same building and I do not think that is going to happen” (F2).*

Nevertheless, one of the board members considers a common corporate culture being one way of minimizing the earlier mentioned conflicts. However, he emphasizes the establishment of a common corporate culture to be a long process, which currently is a work in progress within the organization. He further voice the importance of individuals within the organization to have a desire to understand the cultural differences between Eastern and Western cultures, before a corporate culture can be established, which in turn may enable cooperation,

*“It is important to understand why people are behaving or acting in a certain way”*  
(BM2).

Hence, it is important to have a desire to understand each others culture before a common corporate culture can be established.



## 5. Analysis of DingLi's Learning Process

*The findings of the interviews of which were presented in the former chapter will in this part be analyzed and discussed in more depth. Moreover, the most significant similarities detected from the interviews as well as other aspects within the learning process will be highlighted with arguments and connections drawn from the theoretical and empirical data. The analysis will thenceforth follow the structure of the conceptual framework.*

As established, the Chinese owned company DingLi is considered as a Dragon MNE, possessing the characteristics as explained by Mathews (2002, 2006), and has succeeded to become a multinational enterprise with a leading position within its business area and with foreign subsidiaries outside of its domestic market. The main motive of the acquisition was to acquire knowledge according to the founders and board members, which is in line with previous theories in regards to the motive driving EMNEs to engage in OFDI (Clegg & Voss, 2012; Deng, 2012; Moon & Rohel, 2001; Mathews, 2002, 2006). However, the question of this thesis still remains; How does the learning process function in regards to the acquisition, distribution and integration of knowledge post an acquisition?

This question is answered by means of the following analysis of DingLi's learning process. Learning is seen as a long-term process within a Dragon MNE (Deng, 2012; Liu & Woywode, 2013) and learning therefore does not end with the acquisition of AmanziTel and the integration of its knowledge. Rather, the learning continues both in terms of exploiting the knowledge acquired from AmanziTel as well as the knowledge possessed by Dingli, however, in order to be ambidextrous the organization have to continue to be explorative. In other words, the acquisition of AmanziTel and the integration of its knowledge have occurred and a new learning process has been established in order to fully utilize knowledge from AmanziTel. However, as learning is a continuous process, which occurs throughout the organization, the knowledge acquired from AmanziTel is not the only knowledge available. Rather, the knowledge acquired from AmanziTel is continuously exploited while at the same time knowledge from other directions is explored. Therefore, it is vital to study its learning process post an acquisition in order to establish how knowledge is continuously exploited but also how new knowledge is explored, which then will be distributed and integrated in order to be fully utilized.

## 5.1. Acquisition of Knowledge

The acquisition of AmanziTel was an explorative move of DingLi, in terms of seeking knowledge, which it initially lacked, which is a common move among Dragon MNEs according to Keen and Wu (2011), as they usually lack the resources it aims to acquire. However, all interviewees argue both exploration and exploitation in regards to Dragon MNEs to be of importance as well as the significance of balancing these, which is in accordance to March (1991), He and Wong (2004), Prieto et al. (2009) and Tushman & O'Reilly (1996). Due to the highly competitive market DingLi is present within, it is important for developers to be familiar with new technology and the changes occurring in the market, such as amended demand and rapid improvements, which is emphasized by one of the board members. The ability to be adaptive and flexible is expressed by most of the interviewees, whom all voice the challenge of being up to date due to the constantly changing market. In other words, due to the market DingLi is present within, ambidexterity is vital to understand in regards to the learning process as it influences the way knowledge is acquired.

Although, ambidexterity is of importance (Tushman & O'Reilly, 2008; North & Kumta, 2014: 17; Nonaka & Takeuchi, 1995: 170), the possession of this capability is not completely evident in the studied Dragon MNE by means of the interviews in regards to how knowledge is acquired post the acquisition of AmanziTel. For instance, the product engineer argues the organization to act too much on customer demand and mostly further develop existing products. This is further voiced by one of the developers, stating *“I would say that mostly what we are dealing with is further development of existing knowledge, for example, we sell a product to a client, then the client comes back and ask for new features or change something so it suits them”* (D2), i.e. he argues the organization to a large extent further develop existing products based on the customers demand, hence, overemphasizing exploitation, and thereby not being able to as effectively as possible respond to changes and thereby be explorative, as argued by March (1991).

The product engineer argues the organization's process of constantly acting on customer demand to hinder the development of new ideas, hence hinder the exploration of knowledge, *“[...] We are just following the customer at this point, but I do not think customers always know what they want, so developing a good idea may be a good thing”* (PE). Hence, exploitation is to a larger extent emphasized, as expressed by most interviewees. To understand the learning process it is of essence to acknowledge which strategy the Dragon

MNE chooses in regards to the acquisition of knowledge, as it is part of the learning process and influence the way knowledge is acquired.

In the studied Dragon MNE, the main way of acquiring knowledge has been found to be through exploitation, which depart from Keen and Wu's (2011) findings in regards to EMNEs emphasizing exploration. However, in the case of DingLi the overemphasis of exploitation may depend on its already established position in the market as well as its established knowledge stock, of which exploitation of resources is possible. The possibility of exploiting resources might not be generalizable to all Dragon MNEs, as the possession of an already existing knowledge stock has to be evident, as in the case of DingLi.

The strategy of DingLi emphasizing exploitation to a larger extent may depend on the acquisition of AmanziTel not being as successful as the top management of DingLi had anticipated, which partly depends on DingLi's changed product direction after the acquisition (BM2; F1). Prior to the acquisition, DingLi's main motive of acquiring AmanziTel was to get access to technology and expand its product portfolio, which in turn allowed DingLi to offer a broader range of products. Hence, the products of AmanziTel were aligned with the developments occurring within DingLi. After the acquisition however, DingLi changed its product direction making the product not as in line with AmanziTel's products as anticipated. The acquisition can therefore be seen as partly unsuccessful, which may be the underlying reason for the strategy of exploitation rather than exploration, seeing exploitation as less of a risk. In other words, due to the acquisition being partly unsuccessful, DingLi might not want to further invest as much in AmanziTel and thereby choosing a strategy that is less risky in the eyes of the top management, which is in line with March (1991), Keen and Wu (2011) as well as one of the developers, whom is stating, "[...] *it is safer to further develop than to build something from scratch*" (D2).

However, as mentioned, most of the interviewees have acknowledged the importance of engaging in both exploration and exploitation as well as the benefits it can entail, where one of the developers says, "[...] *I would say that in the future we would try to make new products, which would be good for everyone*" (D2). Need, as partly described by Argyris and Schön (1978), of moving from exploitation to exploration is acknowledged by most interviewees. However, although need is evident, other factors such as autonomy and time constraints can impede this move and thus influencing the learning process in regards to how to acquire knowledge, as we have observed. For instance, during the interviews, we got the notion of some Chinese employees obtaining orders from Europe in regards to what

knowledge to acquire and what products to develop, while some employees in Europe state no clear directives to exist. One of the developers in Europe express, *“If they exist, I do not know about them”* (D2), whereas one of the developers and the testing engineer in China explicitly state orders to exist. Hence, the employees in Europe may be considered to have more autonomy in regards to their creative thinking in comparison to some of the employees located in China.

Furthermore, the issue of time constraints existing within the organization may also pose as an obstacle for autonomy and ultimately hamper the creative process, as noted by Amabile (1988), Andrews and Smith, (1996), Rosso (2014) and Shalley, Zhou and Oldham (2004). In other words, time constraints may hinder the activity of going beyond orders, which may result in some employees acting more or less autonomously. As time constraints and a lack of autonomy have been detected in the studied Dragon MNE impeding the move from exploitation to exploration (influencing the way knowledge is acquired), this might be evident within other Dragon MNEs as well, which once again depart from Keen and Wu’s (2011) findings.

The above reasoning in regards to autonomy may devolve upon the Chinese employees having a culture of being told what to do according to one of the founders, which is in line with Huang and Bond’s (2012: 112) reasoning of Chinese employees preferring superiors taking charge and impose order. The founder states in conjunction with Huang and Bond (2012), *“[...] in China there is a lot more of the need to tell people what to do”* (F2). Nevertheless, he continues by saying, *“[...] we refused to comply with that kind of thinking [...] so we ended up with a team in China that were more free thinking and able to work more independently”* (F2). Although this was the intention as well as the fact of the Chinese employees within AmanziTel working more independently, the problem of autonomy is still considered to exist, as one of the developers clearly expresses, *“[...] we have a team leader in Belarus, who will guide us in what to do and what to develop. Most things have to be reported to her [...] I can not develop something freely, I have to discuss it with the team leader”* (D3). The lack of autonomy may impede the organization’s chances of experiencing unexpected opportunities in terms of exploring knowledge, which ultimately hampers the momentous activity of ambidexterity and influence the acquisition of knowledge.

Collaboration is yet another issue impeding the process of acquiring knowledge (Choi & Lee, 2002; Lee & Choi, 2003; Miles et al., 1998), and as highlighted in the empirical findings by the interviewees, the collaboration within AmanziTel can be further improved, not least

considering the recurring problems of conflicts and difficulties of understanding each other. For instance, the project engineer expressed his concern in regards to his ideas being neglected, which according to him may depend on the European teams' difficulties to understand him, where he says, "[...] maybe I can not explain my ideas to the European teams clearly enough, so that may be why they do not accept my ideas" (PE). As evident, this is an issue as interesting and valuable ideas could get lost in translation, which is supported by Van Nes, Amba, Jonsson and Deeg (2011), Farquhar and Fitzsimons (2011) and Sims (2002), whom are all stating the complexity of individuals communicating in different ways contributing to various interpretations. As these difficulties exist, a more intense collaboration is advocated (Cohen & Levinthal, 1989) within a Dragon MNE in regards to its learning process.

Although the product engineer voiced the thought of language being the hindrance in regards to his ideas being neglected, one of the founders voiced language often being used as a scapegoat and mentioned the character of the individuals being of more importance, "[...] Some people have a character that suits collaboration, some people want to work with other people and will listen to what they have to say and will try to compromise where some people do not work like that, so this is an issue that is a bigger issue than culture or language". In other words, although language may influence the ease of explaining an idea, a sense of collaboration within the organization will contribute to employees making the effort to understand a new idea, although voiced by a Chinese co-worker in a difficult manner. In other words, by making the effort to understand each other, the possibility to explore and exploit knowledge increases; collaboration could therefore be argued especially important for Dragon MNEs as they operate across international and cultural borders. Moreover, as Dragon MNEs operate across international and cultural borders, the cultural distance as explained by Hofstede (n.d.) is significant between West and East, making it particularly important for Dragon MNEs to establish collaboration within its multicultural environment.

In addition, in the case of the Dragon MNE DingLi, there are no clear cut directives from the top management in regards to what and how knowledge should be acquired, which is a deficiency the top management are well aware of. However, we would argue some directives to be of importance as the risk of getting trapped in a competence trap, as explained by Levinthal and March (1993) exist if overemphasizing exploration or exploitation. For instance, Keen and Wu (2011) suggest failure among EMNEs to a large extent depend on overemphasizing exploration, this is however not the case in regards to DingLi, as the

organization has managed to establish resources of which it can exploit. Nevertheless, overemphasizing exploitation might also cause failure in the long run, and although DingLi can be considered to be flexible and responsive, these abilities might not be sufficient within the highly competitive market in the future. As mentioned, AmanziTel has a strategy of acting upon customer demand and always try to be adaptive in regards to those demands, which is of importance as the organization operates within an environment with high competition and rapid market changes. As previously noted, the project engineer has drawn attention to inadequacies in regards to this strategy, stating customers to not always know what they want. In accordance to this statement it can be argued to be of significance to be one step ahead of customers, instead of acting on their demand. In other words, due to customers not always knowing what they want as well as the existence of extreme market conditions within a highly competitive market, of which many Dragon MNEs usually operates within, some guidance and directives from top management would benefit Dragon MNEs, as noted by the studied case. In the case of DingLi, these directives should include the existent strategy of exploiting the knowledge DingLi's and AmanziTel's possess, however, an increased amount of exploration, as indicated by PE and D2, would implicate the organization to be one step ahead of customers and ultimately ahead of competitors through the establishment of ambidexterity. In other words, the exploration of new knowledge is crucial in regards to an organization's competitive advantage (Foss & Michailova, 2009)

In sum, limited means and processes in regards to the acquisition of knowledge have been noted in the case of DingLi as well as exploitation being emphasized, however, to what extent exploration exist in comparison to exploitation has not been established, and therefore the question of whether ambidexterity is achieved or not, still remains. In other words, by studying ambidexterity, it is possible to some degree detect if Dragon MNEs emphasize exploration or exploitation in regards to the acquisition of knowledge, and thereby in what way it influences the acquisition of knowledge. Furthermore, it is also important to keep in mind other mentioned factors (autonomy, collaboration and time-constraints), influencing the acquisition of knowledge.

## **5.2. Distribution of Knowledge**

In regards to the distribution of knowledge, the studied Dragon MNE DingLi currently has an internal platform as a mean where information could be added as well as availed. The intention and purpose of the added information is to be distributed and shared within the

organization and in turn absorbed by the employees. However, there are no one in charge of ensuring the information being accurate and true, which is a recurrent problem since information of poor quality is repeatedly being added to the platform, as noted from the interviews. Besides the fact of the information being of poor quality, the language used by some employees when adding information is sometimes Chinese, making the information only understandable to a part of the organization. With this basis we argue it to be of importance to verify the information added to this type of platform as well as establish in what manner the information should be explained. Due to the different backgrounds and cultures of the employees within the organization, there is a great variety of ways to work (Cseh, 2003). We therefore argue the significance for Dragon MNEs to have an established way of distributing knowledge due to the variety of ways to work among employees, which originates in cultural differences, in turn constituting the main obstacle in regards to the distribution of knowledge, as established by Bhagat et al. (2002), Boh et al. (2012), Qin et al. (2008) and Zahra et al. (2006).

The character and mentality of the individuals of the organization also influences the distribution of knowledge within the organization, as acknowledged by the top management of DingLi. This can be related to Simon's (1991) argument in regards to the individuals constituting the organization being the one's who learn and not the organization. In other words, as DingLi is a multicultural company comprising of individuals with different cultures and thus various mentalities and characteristics, it is especially important to have established processes and ways of distributing knowledge. A board member of DingLi discuss the distribution of knowledge being encouraged but not fulfilled due to the characteristics of the individuals constituting the organization,

*"I think the organization does encourage the sharing of knowledge, sometimes the problem is that the people do not, so an organization is always a formal structure, and I really think that the organization has been trying to push for knowledge sharing, but some individuals have not participated in that and that is part of the problem"* (BM1).

In other words, the distribution of knowledge can either be facilitated or impeded due to the characteristics of the individuals within the organization. The character can also be related to individuals willingness to share knowledge, as highlighted by the team leader, where she states, "[...] so, it really depends on the person if they are willing to share, and I think we have 50/50" (TL). Hence, the character of the individual may pose a problem within the

organization, as may language difference, differences in how to communicate, geographical distance and culture between the teams in China and Europe. These are obstacles usually subject to the distribution of knowledge, as noted by Bhagat et al. (2002), Boh et al. (2012), Qin et al. (2008) and Zahra et al. (2006), which in turn may affect the ease of working together, which is emphasized by some interviewees. Although prior knowledge among the employees was voiced to facilitate the distribution of knowledge as they speak the same “technical language”, no means are according to the interviewees incorporated to facilitate the mentioned difficulties. We therefore argue organizations acquiring companies with the main purpose of getting access to knowledge, need to be aware of what is required in order to distribute the knowledge both during and post the acquisition. In other words, obstacles have to be minimized in regards to this process and the knowledge has to be incorporated within the organization.

In this case, language is considered as a main obstacle among employees in regards to the distribution of knowledge, in response, the top management provided English lessons. However, as the outcome of these lessons did not meet the anticipated result, the lessons ended without any other means put in place. This may indicate a Dragon MNEs unawareness of what is required in regards to facilitate the distribution of knowledge. However, the distribution of knowledge and the implementation of facilitators are important as knowledge which do not flow within the organization result in organizations not benefitting from the learning or fully utilizing knowledge, which is acknowledged by Scott (2011) and Lee et al. (2008).

In the studied case, the platform serves as the largest foundation in regards to knowledge distribution, we therefore argue an employee responsible for securing, correcting as well as elucidating the information in the internal platform to be employed. As the assigned employee would bare the responsibility of elucidating the added information, it would subsequently facilitate the distribution of knowledge, as the information would be accurate and explicit, hence, it would solve the problem of Chinese employees adding information of poor quality. It would also solve the issue of European employees’ difficulties to understand the Chinese employees due to the language barriers. Based on the empirical findings, means to ensure knowledge being properly distributed is of importance, as cultural differences within Dragon MNEs exist, hence, a variety of ways to work is evident. We have therefore acknowledged an established mean, used by all employees, to be of essence in order to facilitate the distribution of knowledge.



The aforementioned difficulties in regards to the distribution of knowledge, as highlighted in the empirical findings, could be facilitated through informal and formal control mechanisms, as established by Jarillo and Martinez (1989), where the studied organization could be argued to possess formal control mechanisms to some extent. For instance, the organization has departmentalization (Jarillo & Martinez, 1989) since work tasks are divided among employees, where some employees are assigned to develop products and others to test the products. Decisions are both centralized and decentralized within the organization and common procedures, manuals and policies exist. However, informal control mechanisms such as personal contact, face-to-face meetings, trips and training (Martinez & Jarillo, 1989) are not as evident, and socialization does not occur on a daily basis. The main reason for socialization not occurring on a daily basis is the geographically scattered units within the organization. Furthermore, other reasons for socialization not occurring frequently may depend on other aspect. First of all, knowledge is considered to be easy to distribute in most cases within the organization due to prior knowledge, codifiability and teachability of the knowledge, where the team leader for instance says, “[...] *we speak the same language if I can say so, so when you explain something everybody understands in general*” (TL). Intensive socialization may therefore not be necessary in order to transfer knowledge; in other words, technological knowledge, which is explicitly understood, is usually easy to distribute, as argued by Galbraith (1990) and Argote and Ingram (2000). Due to the knowledge within the organization being explicit and codifiable, the studied Dragon MNE is also able to distribute knowledge with speed (Zander & Kogut, 1995); however, the previously mentioned difficulties of language, culture, distance and the character of the individuals may impede the distribution.

Secondly, the lack of informal control mechanisms and intensive socialization could also depend on the Chinese employees feeling uncomfortable in speaking English in comparison to writing. As opposed to the option of socialize when complex (or tacit/sticky) knowledge is subject to distribution, an alternative option is adopted, namely to stepwise break down the knowledge as one of the founders express, “[...] *if it was very complex then we had to break it down into pieces and describe individual pieces and write, via documents*” (F2). Third and last, prior to the acquisition, DingLi did not have a culture of open data, which in turn hampered the possession of a culture of learning. In a similar manner, AmanziTel did not possess a culture of learning as according to one of the developers (D2). In sum, looking at the two organizations independently, none of them had a culture of learning, which indicates

socialization not being prioritized. Although the organization has changed its previous behavior, post the acquisition, in regards to closed data and a culture without learning, past behavior could according to Nonaka (1991) play a significant role in regards to what people learn and how knowledge is applied and shared. Hence, incorporating informal mechanisms as well as socialization mechanisms may be vital in this case in order to enhance cooperation and in turn the willingness to share and distribute knowledge, not least considering the lack of cooperation being a recurrent problem within the studied Dragon MNE.

In addition, socialization mechanisms can enhance connectedness within an organization according to Stahl and Voigt (2008), which in turn may facilitate knowledge exchange. Based on the empirical findings, it is especially important to incorporate socialization mechanisms in a Dragon MNE operating across borders, as these in turn may enhance trust between the interacting parties and thereby facilitate knowledge exchange, which otherwise might be hampered due to cultural differences, as acknowledged by Blomkvist (2012). In the studied case, conflicts have been evident, which in turn may decrease trust between the interacting parties over time, the implementation of socialization mechanisms can therefore be of essence as it may increase trust and collaboration. The necessity of implementing these mechanisms applies to all Dragon MNEs.

Furthermore, the establishment of connectedness among employees, which in this case are scattered around the world, is important as connectedness may enhance the relationships among employees, creating trust and ultimately a willingness to cooperate and share knowledge (Jansen et al., 2005). The more engaged and willing the employees within the subsidiaries are in transferring knowledge, the more successful the transfer will be. According to Blomkvist (2012), formal control mechanisms, in relation to knowledge transfer, increases subsidiaries willingness to share and transfer knowledge within an organization. In the case of DingLi, formal control mechanisms exist in terms of the internal platform, however, the willingness to share knowledge still differ among the employees as noted from the empirical findings. Against this finding, it is evident that the existence of formal control mechanisms may not be sufficient, hence, the combination of both formal and informal control mechanisms may be seen as crucial, which DingLi has to consider and establish in order for knowledge to be fully distributed and utilized.

In sum, it is important to be aware of the obstacles in regards to the distribution of knowledge as it in turn affects the learning process. However, most of the obstacles concerning the distribution of knowledge are based on the differences in culture, which has to be taken into

consideration in order for Dragon MNEs to be proactive and minimize these differences, thereby facilitating the distribution of knowledge. Due to the mentioned obstacles, it is also important to be aware of facilitators to minimize these obstacles, which partly include formal and informal control mechanisms. These can in turn create connectedness, which is especially important in regards to the distribution of knowledge in Dragon MNEs, as they operate across borders making the establishment of trust (Jansen et al., 2005) among employees vital.

### 5.3. Integration of Knowledge

Besides the earlier mentioned control mechanisms and the internal platform, no other means or processes are incorporated within the studied organization in order to facilitate the integration of knowledge according to the interviewees. However, one of the founders states means to exist, the different perception of whether means exist or not, demonstrate the significance of managers within Dragon MNEs to be clear in their directives. This can be referred back the complexity of individuals communicating in different ways, contributing to various interpretations (Van Nes et al., 2011; Farquhar & Fitzsimons, 2011; Sims, 2002). As mentioned, Szulanski (1996) argues the implementation of knowledge to generate superior performance and not simply the availability of knowledge; means to facilitate the integration is therefore of importance and something Dragon MNEs should keep in mind. In order to facilitate the integration, Dragon MNEs have to possess the ability to absorb the knowledge (Ahuja & Katila, 2001; Cohen & Levinthal, 1989; Zerwas, 2014), though; it is rather challenging to examine absorptive capacity due to its complexity. In spite of this, prior knowledge has been argued to facilitate absorptive capacity and in turn the integration of knowledge (Allen, 1983; Evenson & Kislev, 1975; Tilton, 1971). In the studied case, prior knowledge exists and the employees can easily understand each other as they speak the same “technical language”. In other words, the integration of knowledge is facilitated between two parties when prior knowledge is evident.

The knowledge itself can also facilitate or impede the integration, for instance, one of the developers states some knowledge being easy while some being difficult to integrate, “[...] *it really depends on what knowledge we are talking about*” (D2). Despite prior knowledge facilitating the process of integration, there are no one in the studied case making sure the knowledge to be integrated in a correct manner, or if the receiver of the knowledge have correctly understood what was distributed to him/her. Rather, this is dependent on the employees themselves, where e.g. the team leader mentions how she usually ask questions, of

which she can get a sense of whether or not the receiver understood the knowledge. We argue this to be insufficient mainly due to the activity of posing counter questions only being highlighted by one interviewee, i.e. this is not an incorporated activity within the organization. To establish a mentality and willingness to go beyond the task of distributing knowledge among employees is therefore argued to be important, i.e. to not leave the knowledge in the form of information, hence leaving it as simply available (Szulanski, 1996) but instead make sure the knowledge to be properly understood and ultimately able to be utilized in a different context.

The character of the individual may also affect not only the distribution but also the integration of knowledge, which can be related to AmanziTel and DingLi as independent organizations, prior to the acquisition, not having a culture of learning. As a result, the individuals within the organization might not have been taught to cooperate and the significance of being a good team player, i.e. past behavior may be deeply rooted among individuals, as in accordance to Nonaka (1991), and also emphasized by the team leader, “[...] *some persons are not very keen in sharing knowledge*” (TL). This can in turn affect the integration of knowledge since a willingness to cooperate is important, especially in regards to tacit and sticky knowledge as such knowledge has to be taught verbally from one employee to another, which is highlighted by one of the developers, “[...] *if it is something more theoretical it is probably not that easy to make the other person understand what you are trying to explain. So, having the person next to you would probably help a lot in that context*” (D2). In other words, socialization mechanisms are once again proved to be of significance within Dragon MNEs as cooperation is necessary in regards to the integration of knowledge, hence, employees need to socialize and collaborate.

Besides the characteristics of the individuals affecting the integration, other factors hindering the integration of knowledge are the employees’ level of confidence in speaking English, as well as the time constraints, which is highlighted by several interviewees. Due to the existing time constraints there is limited time to learn and pass on the learning to others. These aspects hinder the cooperation and in turn the integration of knowledge, as the confidence in voicing the knowledge as well as the time needed, is required in order to distribute and ultimately integrate knowledge. In other words, at some instances it is not a matter of having a non-cooperative character, but rather the previous mentioned aspects of confidence and time constraints. As voiced by one of the board members, “*It is important to understand why people are behaving or acting in a certain way*” (BM2), which in this case are, according to

most interviewees, the time constraints and the lack of confidence in speaking English. However, in regards to a multinational company (e.g. a Dragon MNE), cultural differences also become evident, which is important to acknowledge in regards to cooperation, as voiced by the top management. It is therefore important to inform the employees and provide awareness of the cultural differences within an organization, which has not been performed to the extent necessary according to one of the board members. Although the mentioned aspects affects the integration of knowledge, it all comes down to having a willingness to cooperate and socialize, which can be created through the establishment of a common corporate culture characterized by willingness to cooperate, which has been voiced as important by Zerwas (2014). In other words, it does not matter how much time an employee has or how confident an employee is in speaking English if the willingness to cooperate is lacking. Whether or not the employees within AmanziTel have the willingness to cooperate is impossible to determine since no one would ever admit not possessing this type of character. Regardless, it is important for Dragon MNEs to be aware of the effects willingness may entail, consequently affecting the integration of knowledge in regards to the learning process.

As mentioned, when knowledge is difficult to distribute and integrate, it has to be taught verbally, in such cases many employees have emphasized training to be of importance. Although there is an awareness of training being a possible mean to facilitate the integration of learning, this mean has not been implemented by top management. We therefore argue the top management having to make an effort in regards to the utilization of knowledge as no means, apart from the internal platform and transition programs, are provided in regards to all three aspects of the learning process. In other words, even though an awareness exist, no actions are taken, which can be related to the findings by Pfeffer and Sutton (1999: 86) who have found an existing gap, occurring rather frequently, between knowing that something has to change and actually changing it.

Pfeffer further emphasize how managers tend to solve “easy” problems instead of “hard” problems (Cole, 1998), which might be the case in regards to DingLi. Regardless, we argue it to be of importance for Dragon MNEs to be aware of the effort needed in order to fully utilize knowledge since it will not automatically be utilized within the organization after knowledge has been acquired. We also argue the importance of taking the step from awareness to action. The reason for this step not being realized may depend on several factors, however in the studied case it can depend on the organization having constraints such as time, resources, cost as well as effort (F1). These constraints contributes the organization to lack the ability to

integrate the knowledge gained from external resources, in other words, the studied Dragon MNE may lack this ability which Cohen and Levinthal (1989) argue as important in regards to the integration of knowledge. In addition, the lack of the ability to go from awareness to action may also depend on inexperience or the fact of EMNEs being long-term oriented in regards to learning (Deng, 2012; Li & Kozhikode, 2011), hence, the step from awareness to action may occur rather slow.

What is more, coordination capabilities and socialization mechanisms are argued to facilitate absorptive capacity and in turn the integration of knowledge, where the studied Dragon MNE could be stated to possess coordination capabilities but not socialization mechanisms to the same extent. However, socialization mechanisms are once again argued to be of importance within the organization as it establishes connectedness, which in turn develops trust, cooperation and encourage communication (Stahl & Voigt, 2008; Jansen et al., 2005). The importance of connectedness is further strengthened by the team leader, who after a visit to China states, “[...] *the team became more friendly, we now have less trouble inside our team and we can easily converse and explain things*” (TL). Connectedness within an organization does indeed affect integration, which is evident from the visit to China. This visit forced the employees to socialize face-to-face, which according to the team leader improved cooperation and trust. This is supported by Choi and Lee (2002) stating the absence of trust within the organizational environment to contribute to knowledge either not being integrated at all, or integrated in a restrictive manner. We therefore argue it to be important for all teams and units within a Dragon MNE to some point in time meet, as it creates connectedness within the newly established organization post an acquisition, in turn facilitating the integration of knowledge.

The above reasoning can further be related to one of the board members stating, “*Preferably if I had all my choices, I would incorporate the company in just one place, all the R&D and all the sales guys and all the marketing in one place and they could then talk over the coffee machine to have a proper culture*” (BM1). Talking face-to-face on a daily basis will according to the board member facilitate communication and integration of knowledge as well as contribute to the establishment of a common corporate culture, which is argued to ease the integration of knowledge. It is important that the established corporate culture is “knowledge friendly”, as introduced by Davenport et al. (1997), where Zerwas (2014) further emphasized this type of culture to possess trust, collaboration, openness, autonomy and learning receptivity, which were found particularly important in the studied Dragon MNE.

However, a common corporate culture is not yet fully established within the studied organization. Although a corporate culture is argued to be difficult to establish according to the top management, we still argue it vital to make an effort in trying to establish a common corporate culture within Dragon MNEs due to the mentioned benefits it may entail throughout the learning process.

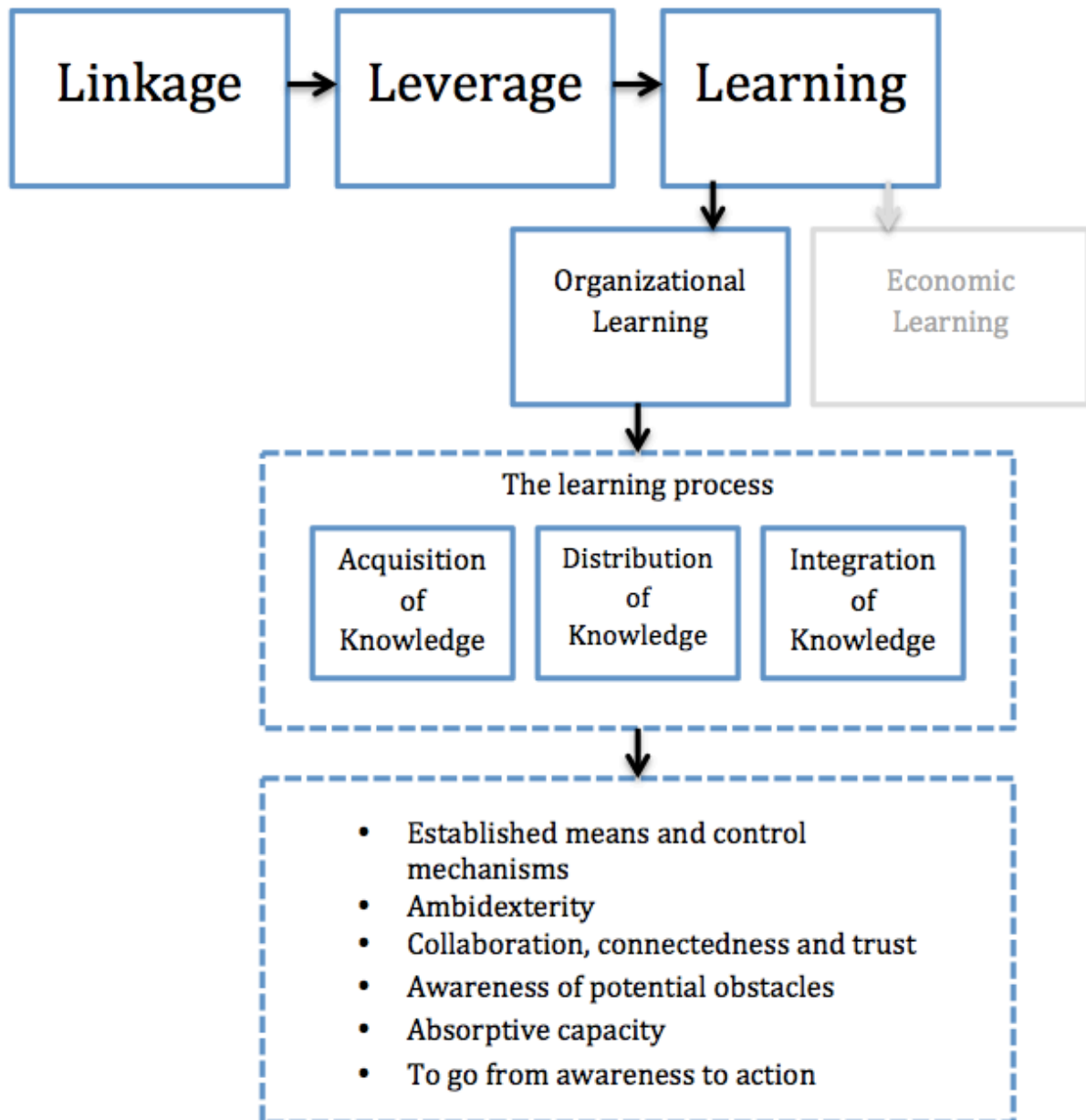
All in all, Dragon MNEs have to be aware of how the integration of knowledge can be impeded as well as facilitated, in this case facilitated through the possession of absorptive capacity and a common corporate culture, as it affect the learning process. Absorptive capacity may in turn be enhanced through the individual's prior knowledge, socialization mechanisms and the willingness to cooperate. In addition, a common corporate culture being knowledge friendly will facilitate all steps in regards to the learning process, as will the realization of taking the step from awareness to action.

#### **5.4. The Conceptual Framework Revised**

By a comprehensive study of DingLi's learning process, a need to revise the conceptual framework was detected. Apart from the learning process (the acquisition, distribution and integration of knowledge) being an important extension of the LLL framework, additional factors being of importance within the learning process were detected by means of the analysis. The conceptual framework was therefore revised in order to fully understand the learning process of a Dragon MNE. The studied Dragon MNE was concluded not to possess a fully established learning process, and thereby do not fully utilize acquired knowledge. On this basis we were able to detect certain features to be required in order for a Dragon MNE to possess a well-established learning process and subsequently fully utilize acquired knowledge. Among the detected features, some were found to be of significant importance in regards to a Dragon MNE, which are presented in the revised conceptual framework as depicted in Figure 4. Established means and control mechanisms have been shown being of significance, as it facilitates the learning process in regards to the acquisition, distribution and integration of knowledge, as will collaboration, connectedness, trust and absorptive capacity. Being aware of potential obstacles, which enables organizations to be proactive, as well as possessing ambidexterity has also been found to constitute important factors in order for a Dragon MNE to fully utilize knowledge. Last but not least, taking the step from awareness to action is considered the most important, as simply the awareness of a need to change and establish a well functioning learning process does not ultimately result in the action of

change. Hence, our contribution to the LLL framework (Mathews, 2002, 2006) is not limited to the extension of the learning process, but also includes the acknowledgement of factors within the learning process being of importance in regards to a Dragon MNE's learning process. In other words, our contribution culminates into the conceptual framework below.

**Figure 4** - A Conceptual Framework for Understanding the Learning Process of a Dragon MNE





## 6. Conclusion

The purpose of this thesis was to understand the learning process of a Dragon MNE and thereby establish how knowledge is utilized, hence contribute to an extension of the LLL framework (Mathews, 2002, 2006). From a case study of DingLi we were able to get a comprehensive view of DingLi's learning process, and thereby able to conclude the studied Dragon MNE to not possess a fully established learning process, thus lacking some features in order to fully utilize acquired knowledge. By the establishment of the deficiencies and obstacles within DingLi's learning process we were able to detect possible facilitators and what is further required of a Dragon MNE in order to fully utilize acquired knowledge, and thereby answer our research question. We found that a Dragon MNE first of all has to possess established means and control mechanisms within all aspects of the learning process, i.e. a certain way of how to use implemented means, as simply the availability of means are not sufficient. In addition to this, a Dragon MNE has to possess: ambidexterity; collaboration, connectedness and trust; awareness of potential obstacles; absorptive capacity; and, the ability to go from awareness to action. DingLi possess some of these mentioned aspects, however, in regards to the learning process and the fully utilization of knowledge, DingLi has to implement non-existing means and further develop existing yet deficient aspects. Hence, it was found that Dragon MNEs have to possess elaborated means and processes in order to be able to ease the learning process and in turn fully utilize acquired knowledge.

The above reasoning indicates DingLi and other Dragon MNEs necessity to be aware of the efforts needed, in order to fully utilize the acquired knowledge as it will not automatically be utilized within the organization after knowledge has been acquired. Mathews (2006) argue learning to be accomplished through the continuously repetition of the processes of linkage and leveraging, however we argue the learning aspect and thus the full utilization of knowledge to comprise of an additional process in terms of the learning process, including the acquisition, distribution and integration of knowledge. In addition, the fact of Dragon MNEs considering learning to be a long-term process has to be taken into consideration, i.e. it is a continuous process.

Dragon MNEs thus have to be aware of the additional process in order to be able to utilize knowledge; the availability of knowledge within the organization, as established through linkage and leverage, does not entail the full utilization of knowledge. This additional process thenceforth serve as a contribution to the LLL framework as we shed light on the importance of being aware of knowledge not being utilized automatically within a Dragon MNE after

knowledge has been acquired, as well as the acknowledgement of additional factors within the learning process being of essence. In the case of DingLi, the top management are well aware of what needs to be done in order to accomplish a successful learning process, however, in this case it all comes down to taking the step from awareness to action.

In sum, this case study enabled us to achieve the purpose of this thesis. Hence, we have extended the LLL framework (Mathews, 2002, 2006) by means of including the learning process. Through this extension we have also contributed to the framework by shedding light on important aspects Dragon MNEs have to be aware of in regards to their learning process, i.e. aspects affecting the acquisition, distribution and integration of knowledge. We have therefore contributed to the Dragon MNE literature as well as the literature concerning organizational learning in terms of an enhanced understanding of learning process.

### **6.1. Managerial Implications**

The findings of this thesis suggest some implications for management. However, the basic implication suggest managers to be well aware of the effort needed in order to utilize acquired knowledge and what is required to establish a well functioning learning process. The notion of the existence of obstacles are also of importance for managers to be aware of, especially as Dragon MNEs operate within an international context, in which obstacles often occur. In other words, managers need to possess the ability to go from awareness to action, as noted in this thesis by means of the empirical findings.

### **6.2. Limitations**

Although this study sheds some light on factors Dragon MNEs have to be aware of, in regards to the learning process and the utilization of acquired knowledge, some additional studies are still needed in order to validate these factors as being of most importance. An additional limitation is the fact of the thesis being based on one single case, as this thesis is based on an in-depth investigation of the learning process of one specific Dragon MNE, this will in turn lead to the possible issue of the findings not being generalized beyond the particular case being studied.

### **6.3. Future Research**

As established, this thesis is based on an in-depth investigation of a specific case, where the learning process was found to not be particularly established. Additional future case studies

examining this research field are therefore requested, since more established learning processes among Dragon MNEs might be found, hence more accurate conclusions can be drawn. In other words, additional case studies will enhance the generalizability (Eisenhardt, 1989) in regards to the learning process of a Dragon MNE. Future research in regards to why the step from awareness to action is disregarded is also argued to be of interest, as voiced by Pfeffer and Sutton (1999) being a common issue within organizations. Research studying this phenomenon in connection to Dragon MNEs would answer the question of whether this is a common feature among Dragon MNEs or not, as this was found in the case of DingLi. Furthermore, the perception of knowledge may differ among individuals, with a special difference between an Eastern and Western perspective (Jelavic & Ogilvie, 2010), which in turn may have impacted the findings in this study. Future research covering this aspect when examining the learning process of a Dragon MNE could therefore be of interest as the findings may be more credible as this is taken into account.

## References

- Agar, M. (1986). *Speaking of Ethnography*. London: SAGE.
- Ahuja, G. & Katila, R. (2001). Technological Acquisitions and the Innovation Performance of Acquiring Firms: A Longitudinal Study. *Strategic Management Journal*, vol. 22, no. 3, pp. 197-220.
- Allen, R. (1983). Collective Innovation. *Journal of Economic Behavior and Organization*, vol. 4, pp. 1-24.
- Alon, I., Fetscherin, M. & Gugler, P. (2012). *Chinese International Investments*. New York: Palgrave Macmillan
- Amabile, T. M. (1988). A Model of Creativity and Innovation in Organizations. In B. M. Staw & L. L. Cummings (Eds.). *Research in Organizational Behavior*, vol. 10, pp. 123-167.
- Ambos, T. C., Ambos, B. & Schlegelmilch, B. B. (2006). Learning From Foreign Subsidiaries: An Empirical Investigation of Headquarters' Benefits From Reverse Knowledge Transfer. *International Business Review*, vol. 15, no. 3, pp. 294-312.
- Anand, G., Ward, P. T. & Tatikonda, M. V. (2010). Role of Explicit and Tacit Knowledge in Six Sigma Projects: An Empirical Examination of Differential Project Success. *Journal Of Operations Management*, vol. 28, no. 4, pp. 303-315.
- Andrews, J. & Smith, D. C. (1996). In Search of the Marketing Imagination: Factors Affecting the Creativity of Marketing Programs for Mature Products. *Journal of Marketing Research*, vol. 33, pp. 174-187.
- Appelbaum, S. H. & Gallagher, J. (2000). The Competitive Advantage of Organizational Learning. *Journal of Workplace*, vol. 12, no. 2, pp. 40-56.
- Argote, L. & Ingram, P. (2000). Knowledge Transfer: A Basis for Competitive Advantage in Firms. *Organizational Behavior and Human Decision Processes*, vol. 82, no. 1, pp. 150-169.
- Argyris, C. & Schön, D. (1978). *Organizational Learning: A Theory of Action Perspective*. Reading: Addison-Wesley.
- Bhagat, R. S., Kedia, B. L., Harveston, P. D. & Triandis, H. C. (2002). Cultural Variation in the Cross-border Transfer of Organizational Knowledge: An Integrative Framework. *The Academy of Management Review*, vol. 27, no. 2, pp. 204-221.
- Birkinshaw, J., Brannen, M. K. & Tung, R. L. (2011). From a Distance and Generalizable to up Close and Grounded: Reclaiming the Place for Qualitative Methods in International Business Research. *Journal of International Business Studies*, vol. 42, no. 5, pp. 573-581.
- Blomkvist, K. (2012). Knowledge Management in MNCs: The Importance of Subsidiary Transfer Performance. *Journal of Knowledge Management*, vol. 16, no. 6, pp. 904-918.
- Boh, W. F., Nguyen, T. T. & Xu, Y. (2012). Knowledge Transfer Across Dissimilar Cultures. *Journal of Knowledge Management*, vol. 17, no. 1, pp. 29-46.
- Bryman, A. & Bell, E. (2011). *Business Research Methods*. 3rd Edition. Oxford: Oxford University Press.
- Cao, L. (2011). Dynamic Capabilities in a Turbulent Market Environment: Empirical Evidence from International Retailers in China. *Journal of Strategic Marketing*, vol. 19, no. 5, pp. 455-469.
- Carillo, J. & Gaimon, C. (2004). Managing Knowledge-Based Resource Capabilities Under Uncertainty. *Management Science*, vol. 50, pp. 1504-1518.
- China Daily (2012). Dongfeng Looks Overseas for R&D. *China Daily*, (online), 22 October. Available at:

- <[http://www.china.org.cn/business/2012-10/22/content\\_26867401\\_2.htm](http://www.china.org.cn/business/2012-10/22/content_26867401_2.htm)> (Accessed May 7, 2015).
- Choi, B. & Lee, H. (2002). Knowledge Management Strategy and Its Link to Knowledge Creation Process. *Expert Systems with Applications*, vol. 23, pp. 173-187.
- Clegg, J. & Voss, H. (2012). *Chinese overseas direct investment in the European Union*. ECRAN Europe China Research and Advice Network. Available at: <[http://eeas.europa.eu/china/docs/division\\_ecran/ecran\\_chinese\\_investment\\_in\\_the\\_european\\_union\\_jeremy\\_clegg\\_and\\_hinrich\\_voss\\_en.pdf](http://eeas.europa.eu/china/docs/division_ecran/ecran_chinese_investment_in_the_european_union_jeremy_clegg_and_hinrich_voss_en.pdf)> (Accessed March 12, 2015).
- Cohen, W. & Levinthal, D. (1989). Innovation and Learning: The Two Faces of R&D. *Economic Journal*, vol. 99, no. 397, pp. 569-596.
- Cole, J. (1998). Interview Jeffrey Pfeffer: Putting People First. *HR Focus*, vol. 75, no. 4, pp. 11-12.
- Collins, H. (2010). *Tacit & Explicit Knowledge*. Chicago: The University of Chicago Press.
- Cseh, M. (2003). Facilitating Learning in Multinational Teams. *Advances in Developing Human Resources*, vol. 5, no. 1, pp. 26-40.
- Cummings, J. L. & Teng, B-S. (2003). Transferring R&D Knowledge: The Key Factors Affecting Knowledge Transfer Success. *Journal of Engineering and Technology Management*, vol. 20, no. 1, pp. 39-68.
- Daft, R.L. & Weick, K.E. (1984). Toward a Model of Organizations as Interpretation Systems. *Academic Management Review*. vol. 9, no. 2, pp. 284-295.
- Dahlander, L. & Gann, D. M. (2010). How Open is Innovation? *Research Policy*, vol. 39, no. 6, pp. 699-709.
- D'Aveni, R. A. & Gunther, R. E. (1994). *Hypercompetition: Managing the Dynamics of Strategic Maneuvering*. New York: The Free Press.
- Davenport, T. H, De Long, D. W. & Beers, M.C. (1997). Successful Knowledge Management Projects, *Sloan Management Review*. pp. 43-57.
- Deng, P. (2009). Why do Chinese Firms Tend to Acquire Strategic Assets in International Expansion? *Journal of World Business*, vol. 44, no. 1, pp. 74-84.
- Deng, P. (2010). What Determines Performance of Cross-Border M&As by Chinese Companies? An Absorptive Capacity Perspective. *Thunderbird International Business Review*. vol. 52, no. 6, pp. 509-524.
- Deng, P. (2012). The Internationalization of Chinese Firms: A Critical Review and Future Research\*. *International Journal of Management Reviews*, vol. 14, no. 4, pp. 408-427.
- DingLi (2015). About Us. Available at: <[www.dingli.com/?view=aboutus](http://www.dingli.com/?view=aboutus)> (Accessed April 9, 2015)
- Dixon, N. M. (1992). Organizational Learning: A Review of the Literature with Implications for HRD professionals. *Human Resource Development Quarterly*, vol. 3, no.1, pp. 29-49.
- Donley, A. M. (2012). *Research Methods*. New York: Infobase Publishing.
- Duncan, R. & Weiss, A. (1979). Organizational Learning: Implications for Organizational Design. *Research in Organizational Behavior*, vol. 1, pp. 75-123.
- Dunning, J. H. (1988). The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions. *Journal of International Business Studies*, vol. 19, no. 1, pp. 1-31.
- Dunning, J. H. (1993). *The Globalization of Business: The Challenge of the 1990s*. London and New York: Routledge.
- Dunning, J. H. (2001). The Eclectic (OLI) Paradigm of International Production: Past, Present and Future. *International Journal of the Economics of Business*, vol. 8, no. 2,

- pp. 173-190.
- Dunning, J. H. (2006). Comment on Dragon Multinationals: New Players in 21st Century Globalization. *Asia Pacific Journal Management*, vol. 23, no. 2, pp. 139-141.
- Dyer, W. Jr & Wilkins, A. (1991). Better Stories, Not Better Constructs, to Generate Better Theory: A Rejoinder to Eisenhardt. *Academy of Management Review*, vol. 16, no. 3, pp. 613-619.
- Easterby-Smith, M., Thorpe, R. & Lowe, A. (2004). *Management Research: An Introduction*. London: SAGE Publications.
- Eisenhardt, K. (1989). Building Theories from Case Study Research. *Academy of Management Review*, vol. 14, no. 4, pp. 532-550.
- Elango, B. & Pattnaik, C. (2011). Learning Before Making the Big Leap – Acquisition Strategies of Emerging Firms. *Management International Review*, vol. 51, no. 4, pp. 461-481.
- Eriksson, P. & Kovalainen, A. (2008). *Qualitative Methods in Business Research*. London: SAGE Publications.
- European Chamber (2013) *Chinese Outbound Investment in the European Union*. Available at: <<http://www.europeanchamber.com.cn/en/publications-chinese-outbound-investment-eu-european-union>> (Accessed March 10, 2015).
- Evenson, R. & Kislav, Y. (1975). Investment in Agricultural Research and Extension: A Survey of International Data. *Economic Development & Cultural Change*, vol. 23, no. 3, pp. 507-521.
- Farquhar, S. & Fitzsimons, P. (2011). Lost in Translation: The Power of Language. *Educational Philosophy and Theory*, vol. 43, no. 6, pp. 652-662.
- Fiol, C. M. & Lyles, M. A. (1985). Organizational Learning. *Academy of Management Review*, vol. 10, no. 4, pp. 803-813.
- Flatten T.C., Engelen A., Zahra S.A. & Brettel M.A. (2011). A Measure of Absorptive Capacity: Scale Development and Validation. *European Management Journal*, vol. 29, no. 2, pp. 98-116.
- Fleming, L. (2001). Recombinant Uncertainty in Technological Search. *Management Science*, vol. 7, no. 1, pp. 117-132.
- Foss, N. J. & Michailova, S. (2009). *Knowledge Governance: Processes and Perspectives*. New York: Oxford University Press Inc.
- Galbraith, C.S. (1990). Transferring Core Manufacturing Technologies in High Technology Firms. *California Management Review*, vol. 32, no. 4, pp. 56–70.
- Garratt, B. (1987). *The Learning Organization*. London: Fontana
- Grant, R. M. (1996). Toward a Knowledge-Based Theory of the Firm. *Strategic Management Journal*, vol. 17, no. 2, pp. 109-122.
- Gupta, A. K. & Govindarajan, V. (2000). Knowledge Flows Within Multinational Corporations. *Strategic Management Journal*, vol. 21, no. 4, pp. 473-496.
- Hamel, J., Dufour, S. & Fortin, D. (1993). *Case Study Methods*. Newbury Park: SAGE Publications.
- Hanneman, T. & Rosen, D. H. (2012) *China Invests in Europe - Patterns, Impacts and Policy Implications*. Rhodium Group. Available at: <[uploads/2012/06/RHG\\_ChinaInvestsInEurope\\_June2012.pdf](http://www.rhodiumgroup.com/uploads/2012/06/RHG_ChinaInvestsInEurope_June2012.pdf)> (Accessed May 3, 2015).
- He, Z-L. & Wong, P-K. (2004). Exploration vs. Exploitation: An Empirical Test of the Ambidexterity Hypothesis. *Organizational Science*, vol. 15, no. 4, pp. 481-494.
- Hedberg, B. (1981). *How Organizations Learn and Unlearn: A Handbook of Organizational Design*. Oxford: Oxford University Press.
- Hobday, D. (1998). Latecomer Catch-up Strategies in Electronics: Samsung of Korea and

- ACER of Taiwan. *Asia Pacific Business Review*, vol. 4, no. 2, pp. 48-83.
- Hofstede, G. (n.d.). Cultural Tools - Country Comparison. Available at: <http://geert-hofstede.com/countries.html> (Accessed May 2, 2015).
- Huang, X. & Bond, M. H. (2012) *Handbook for Chinese Organizational Behaviour: Integrating Theory, Research and Practice*. Edward Elgar Publishing.
- Huber, G. P. (1991). Organizational Learning: The Contributing Processes and the Literatures. *Organizational Science*, vol. 2, no. 1, pp. 88-115.
- Jansen J., Van den Bosch F. & Volberda H. (2005). Managing Potential and Realized Absorptive Capacity: How do Organizational Antecedents Matters? *Academy of Management Journal*, vol. 48, no. 6, pp. 999-1015.
- Jelavic, M. & Ogilvie, K. (2010) Knowledge Management Views in Eastern and Western Cultures: An Integrative Analysis. *Journal of Knowledge Globalization*, vol. 3, no. 2, pp. 51-69.
- Jonsson, A. (2012). *Kunskapsöverföring & Knowledge Management*. Malmö: Liber AB.
- Kanter, R.M. (1989) The New Managerial Work. *Harvard Business Review*, vol. 67, pp. 85-92.
- Keen, C. & Wu, Y. (2011). An Ambidextrous Learning Model for the Internationalization of Firms from Emerging Economies. *Journal of International Entrepreneurship*, vol. 9, no. 4, pp. 316-339.
- Kim, D. H. (1993). The Link Between Individual and Organizational Learning. *Sloan Management Review*, vol. 35, no. 1, pp. 37-50.
- Kogut, B. & Zander, U. (1992). Knowledge of the Firm, Combinative Capabilities, and the Replication of Technology. *Organization Science*, vol. 3, no. 3 pp. 383-397.
- Lane, P.J. & Lubatkin, M. (1998). Relative Absorptive Capacity and Interorganizational Learning. *Strategic Management Journal*, vol. 19, pp. 461-477.
- Lee, H. & Choi, B. (2003). Knowledge Management Enablers, Processes, and Organizational Performance: An Integrative View and Empirical Examination, *Journal of Management Information System*, vol. 20, pp. 179-228.
- Lee, C-Y. & Huang, Y-C. (2012). Knowledge Stock, Ambidextrous Learning, and Firm Performance: Evidence from Technologically Intensive Industries. *Management Decision*, vol. 50, no. 6, pp. 1096-1116.
- Lee, R. P., Qimei, C., Daekwan, K. & Johnson, J. L. (2008). Knowledge Transfer Between Multinational Corporations' Headquarters and Their Subsidiaries: Influences on and Implications for New Product Outcomes. *Journal of International Marketing*, vol. 16, no. 2, pp. 1-31.
- Levinthal, D.A. & March, J.G. (1993). The Myopia of Learning. *Strategic Management Journal*, vol. 14, no. S2, pp. 95-112.
- Levitt, B. & March, J. G. (1988). Organizational Learning. *Annual Review of Sociology*, vol. 14, no. 1, pp. 319-340.
- Li, P. P. (2003). Toward a Geocentric Theory of Multinational Evolution: The Implications from the Asian MNEs as Latecomers. *Asia Pacific Journal of Management*, vol. 20, no. 2, pp. 217-242.
- Li, J. & Kozhikode, K. (2011). Organizational Learning of Emerging Economy Firms: The Case of China's TCL Group. *Organizational Dynamics*, vol. 40, no. 3, pp. 214-221.
- Lincoln, Y.S & Guba, E. G. (1985). *Naturalistic Inquiry*. SAGE Publications.
- Liu, Y. & Woywode, M. (2013). Light-Touch Integration of Chinese Cross-border M&A: The Influences of Culture and Absorptive Capacity. *Thunderbird International Business Review*, vol. 55, no. 4, pp. 469-483.
- Malhotra, A., Gosain, S. & El Sawy, O. A. (2005). Absorptive Capacity Configurations In Supply Chains: Gearing for Partner Enabled Market Knowledge Creation. *MIS*

- Quarterly*, vol. 29, no. 1, pp. 145–187.
- March, J. G. (1991). Exploration and Exploitation in Organizational Learning. *Organization Science*, vol. 2, no. 1, pp. 71-87.
- Marschan, R., Welch, D. & Welch, L. (1996). Control in Less-hierarchical Multinationals: The Role of Personal Network and Informal Communication. *International Business Review*, vol. 5, no. 2, pp. 137-150.
- Martinez, J. I. & Jarillo, J. C. (1989). The Evolution of Research on Coordination Mechanism in Multinational Corporations. *Journal of International Business Studies*, vol. 20, no. 2, pp. 489-514.
- Mathews, J. A. (2002). *Dragon Multinationals: A New Model for Global Growth*. New York: Oxford University Press.
- Mathews, J. A. (2003). Competitive Dynamics and Economic Learning: An Extended Resource-based View. *Industrial and Corporate Change*, vol. 12, no. 1, pp. 115–145.
- Mathews, J. A. (2006). Dragon Multinationals: New Players in 21st Century Globalization. *Asia Pacific Journal of Management*, vol. 23, no. 1, pp. 5-27.
- Miles, R. E., Miles, G., & Snow, C. C. (1998) *Good for Practice: An Integrated Theory of the Value of Alternative Organizational Forms*, in G. Hamel, C. K. Prahalad, H. Thomas, and D. O’Neal (eds) *Strategic Flexibility: Managing in a Turbulent Environment*, pp. 93–113. New York: Wiley.
- Miner, A., Bassoff, P. & Moorman, C. (2001). Organizational Improvisation and Learning: A Field Study. *Administrative Science Quarterly*, vol. 46, no. 2, pp. 304-37.
- Moisander, J. & Voltanen, A. (2006). *Qualitative Marketing Research: A Cultural Approach*. London: SAGE Publication.
- Moon, H-C. & Rohel, T. W. (2001). Unconventional Foreign Direct Investment and the Imbalance Theory. *International Business Review*, vol. 10, no. 2, pp. 197-215.
- Nonaka, I. (1991). The Knowledge-creating Company. *Harvard Business Review*, vol. 69, no 6, pp. 96–104.
- Nonaka, I. (1994). A Dynamic Theory of Organizational Knowledge Creation. *Organization Science*, vol. 5, no. 1, pp. 14-37.
- Nonaka, I. & Takeuchi, H. (1995). *The Knowledge-creating Company: How Japanese Companies Create the Dynamics of Innovation*. New York: Oxford University Press.
- Nonaka, I. & Teece, D. J. (2001). *Managing Industrial Knowledge: Creation, Transfer and Utilization*. London: SAGE Publications.
- Nonaka, I. (2005). *Knowledge Management: Critical Perspectives on Business and Management*. New York: Routledge.
- North, K. & Kumta, G. (2014). *Knowledge Management: Value Creation Through Organizational Learning*. London: Springer.
- Pedler, M., Boydell, T. & Burgoyne, J. (1989). Towards the Learning Company. *Management Education and Development*, vol. 20, no. 1, pp. 1-8.
- Peters, T. J., & Waterman, R. H. (1982). *In Search of Excellence - Lessons from America’s Best-Run Companies*. London: Harper Collins Publishers.
- Pfeffer, J. & Sutton, R.I. (1999) Knowing “What” to Do Is Not Enough: Turning Knowledge into Action. *California Management Review*, vol. 42, no. 1, pp. 83-108.
- Prieto, I.M., Revilla, E. & Rodríguez-Prado, B. (2009). Managing the Knowledge Paradox in Product Development. *Journal of Knowledge Management*, vol. 13, no. 3, pp. 157-70.
- Qin, C., Ramburuth, P. & Wang, Y. (2008). Cultural Distance and Subsidiary Roles in Knowledge Transfer in MNCs in China. *Chinese Management Studies*, vol. 2, no. 4, pp. 260-280.
- Rabbiosi, L., Elia, S. & Bertoni, F. (2012). Acquisitions by EMNCs in Developed Markets: An Organisational Learning Perspective. *Management international Review*, vol. 52,



- no. 2, pp. 193-212.
- Redding, J. C. & Catalanello, R. F. (1994). *Strategic Readiness: The Making of the Learning Organization*. San Francisco: Jossey Bass.
- Reissman, C. K. (2008). *Narrative Methods for the Human Sciences*. Thousand Oaks: SAGE Publication.
- Rosso, B. D. (2014). Creativity and Constraints: Exploring the Role of Constraints in the Creative Processes of Research and Development Teams. *Organizational Studies*, vol. 35, no 4, pp. 551-585.
- Rugman, A. M. (2010). Reconciling Internationalization Theory and the Eclectic Paradigm. *Multinational Business Review*, vol. 18, no. 2, pp. 1-12.
- Saunders, M., Lewis, P. & Thornhill, A. (2007). *Research Methods for Business Students*. 4th edition. Harlow: Pearson Education Limited.
- Scott, B. B. (2011). *Organizational Learning: A Literature Review*. Queen's University IRC.
- Senge, P. M. (1990). The Leaders New Work: Building Learning Organizations. *Sloan Management Reviews*, vol. 32, no. 1, pp. 7-23.
- Shalley, C. E., Zhou, J., & Oldham, G. R. (2004). Effects of Personal and Contextual Characteristics on Creativity: Where Should We Go from Here? *Journal of Management*, vol. 30, pp. 933-958.
- Shan, J. & Jolly, D. R. (2011). Patterns of Technological Learning and Catch-up Strategies in Latecomer Firms: Case Study in China's Telecom-equipment Industry. *Journal of Technological Management in China*, vol. 6, no. 2, pp. 153-170.
- Silverman, D. (2006) *Interpreting Qualitative Data - Methods for Analyzing Talk, Text and Interaction*. Third edition. London: SAGE Publications.
- Simon, H. (1991). Bounded Rationality and Organizational Learning. *Organization Science*, vol. 1, no. 2, pp. 125-134.
- Sims, R. R. (2002). *Managing Organizational Behaviour*. USA: Greenwood Publishing Group Inc.
- Skoba, L. (2014) *Chinese Investment in the EU*. European Parliamentary Research Service. Available at: [http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2014/140512/LDM\\_BRI%282014%29140512\\_REV1\\_EN.pdf](http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2014/140512/LDM_BRI%282014%29140512_REV1_EN.pdf) (Accessed March 2, 2015).
- Srikantia, P., & Pasmore, W. (1996) Conviction and Doubt in Organizational Learning. *Journal of organizational change management*, vol. 9, no. 1, pp. 42-53.
- Stahl, G. K. & Voigt, A. (2008) Do Cultural Differences Matter in Mergers and Acquisitions? A Tentative Model and Examination. *Organization Science*, vol. 19, no. 1, pp. 160-176.
- Stata, R. (1989) Organizational Learning: The Key to Management Innovation. *Sloan Management Review*, vol. 30, no. 3, pp. 63-74.
- Sydsvenskan, 2011. Kina köper makt. *Sydsvenskan* (online), 31 December. Available at: <http://www.sydsvenskan.se/varlden/kina-koper-makt/> (Accessed March 3, 2015).
- Szulanski, G. (1996). Exploring Internal Stickiness: Impediments to the Transfer of Best Practice Within the Firm. *Strategic Management Journal*, vol. 17, no. S2, pp. 27-43.
- Teece, D. J. (1977). Technology Transfer by Multinational Firms: The Resource Cost of Transferring Technological Know-how. *The Economic Journal*, vol. 87, no. 346, pp. 242-261.
- Tilton, J. (1971). *International Diffusion of Technology: The Case of Semiconductors*. Washington D.C.: The Brookings Institution.
- Tsai, W. (2001). Knowledge Transfer in Interorganizational Networks: Effect of Network Position and Absorptive Capacity on Business Unit Innovation and Performance.

- Academy of Management Journal*, vol. 44, no. 5, pp. 996-1004.
- Tsui, A. S. (2007). From Homogenization to Pluralism: International Management Research in the Academy and Beyond. *Academy of Management Journal*, vol. 50, no. 6, pp. 1353-1364.
- Tushman, M. L. & O'Reilly III, C. A. (1996). Ambidextrous Organizations: Managing Evolutionary and Revolutionary Change. *California Management Review*, vol. 38, no. 4, pp. 8-30.
- Tushman, M. L. & O'Reilly III, C. A. (2008). Ambidexterity as a Dynamic Capability: Resolving the Innovator's Dilemma. *Research in Organizational Behaviour*, vol. 28, pp.185-206.
- Van den Bosch, F. A. J., Volberda, H.W., & De Boer, M. (1999). Coevolution of firm Absorptive Capacity and Knowledge Environment: Organizational Forms and Combinative Capabilities. *Organization Science*, vol. 10, pp. 551-568.
- Van Nes, F. Amba, T., Jonsson, H. & Deeg, D. (2011). Language Differences in Qualitative Research: Is Meaning Lost in Translation? *European Journal of Ageing*, vol. 7, no. 4, pp. 313-316.
- Von Hippel, E. (1994). "Sticky Information" and the Locus of Problem Solving: Implications for Innovation. *Management Science*, vol. 40, no. 4, pp. 429-439.
- Wang, Y-L., & Ellinger, A. D. (2011). Organizational Learning Perception of External Environment and Innovation Performance. *International Journal of Manpower*, vol. 32, no. 5/6, pp. 512-536.
- Wessman, J. (2008). Läkemedelsjätte Satsar i Limhamn. *Sydsvenskan*, (online), 5 April. Available at: <http://www.sydsvenskan.se/ekonomi/lakemedelsjatte-satsar-i-limhamn/> (Accessed May 7, 2015).
- Willis, J. W. (2007). *Foundations of Qualitative Research: Interpretive and Critical Approaches*. Thousand Oaks, CA: SAGE Publications.
- Wingren, T. (2012). More Chinese Investors are Drawn to Skåne. *Invest in Skåne* (online), 7 November. Available at: <http://www.investinskane.com/more-chinese-investors-are-drawn-sk> (Accessed May 7, 2015).
- World Economic Forum (2015). *The Global Information Technology Report 2015: ICTs for Inclusive Growth*. World Economic Forum. Available at: [http://www3.weforum.org/docs/WEF\\_Global\\_IT\\_Report\\_2015.pdf](http://www3.weforum.org/docs/WEF_Global_IT_Report_2015.pdf) (Accessed April 17, 2015).
- Yeung, A.K., Ulrich, D. O., Nason, S. W. & Von Glinow. M. (1999). *Organizational Learning Capability*. New York: Oxford University Press, Inc.
- Yuefang, S., Ingo, L., & Wang T. (2013). Foreign Direct Investment With Chinese Characteristics: A Middle Path Between Ownership-Location-Internalization model and Linkage-Leverage-Learning model. *Chinese Geographical Science*, vol. 23, no. 5, pp. 594-606.
- Zahra, S. & George, G. (2002). Absorptive Capacity: A Review, Reconceptualization, and Extension. *Academy of Management Review*, vol. 27, no. 2, pp. 185-203.
- Zahra, S., Sapienza, H. & Davidsson P. (2006). Entrepreneurship and Dynamic Capabilities: A Review Model and Research Agenda. *Journal of Management Studies*, vol. 43, no. 4, pp. 917-955.
- Zander, U. & Kogut, B. (1993). Knowledge of the Firm and the Evolutionary Theory of the Multinational Corporation. *Journal of International Business Studies*, vol. 24, no. 4, pp. 625-645.
- Zander, U. & Kogut, B. (1995). Knowledge and the Speed of the Transfer and Imitation of

- Organizational Capabilities: An Empirical Test. *Organization Science*, vol. 6, no. 1, pp. 76–92.
- Zerwas, D. (2014). *Organizational Culture and Absorptive Capacity - The meaning for SMEs*. Springer Gabler.
- Zhang, K. H. (2009). The Rise of Chinese Multinational Firms. *The Chinese Economy*, vol. 42, no. 6, pp. 81-96.
- Zhang, W., Shi, Y. & Wu, X. (2010). Latecomer Strategy to Catch-up: The Implications from Taiwan's TFT-LCD Manufacturing Industry. *Journal of Science and Technology Policy in China*, vol. 1, no. 3, pp. 234-253.
- Zhang, Y., Duysters, G. & Filippov, S. (2011). Chinese Firms Entering Europe Internationalization Through Acquisitions and Strategic Alliances. *Journal of Science and Technology Policy in China*, vol. 3, no. 2, pp. 102-123.
- Zou, S. & Cavusgil, S. T. (1995). Global Strategy: A review and an Integrated Conceptual Framework. *European Journal of Marketing*, vol. 30, no. 1, pp. 52-69.

## Appendix 1

### Interview Schedule

Respondents (12) position	Abbreviation for respondents	Interview method	Date	Location of the interviewee	Duration of interview (445 min)
Board Member of DingLi	BM1	WebEx English Recorded	12/3/15	Europe	20 minutes
Board Member of DingLi	BM2	Face-to-face English Not recorded	24/3/15	Asia	30 minutes
Founder of AmanziTel	F1	WebEx English Recorded	17/3/15	Europe	35 minutes
Founder of AmanziTel	F2	WebEx English Recorded	11/3/15	Europe	40 minutes
Developer	D1	Skype English Recorded	12/3/15	Europe	35 minutes
Developer and team leader	D2	Skype English Recorded	11/3/15	Europe	55 minutes
Developer	D3	Face-to-face English Recorded Translator present	23/3/15	Asia	35 minutes
Developer	D4	Face-to-face English Recorded Translator present	24/3/15	Asia	40 minutes
Team leader and senior architect	TL	WebEx English Recorded	17/3/15	Europe	40 minutes
Product engineer and project manager	PE	Face-to-face English Recorded	23/3/15	Asia	35 minutes
Service delivery director	SDD	Skype English Recorded	17/3/15	Asia	45 minutes
Testing engineer	TE	Face-to-face English Recorded Translator present	23/3/15	Asia	35 minutes

## Appendix 2

### Questions to Employees

#### Introductory Questions

1. Can you please shortly introduce yourself and your career within the organization?
2. What is your position and current responsibility within the organization?
3. Have you been within the organization since before the acquisition of AmanziTel? If yes, what is your experience of the acquisition? Any differences in working procedures?
4. How would you describe the learning process (the knowledge exchange) within the organization?
5. What would you say creates obstacles for a successful learning process?
6. What do you consider facilitate the learning process of the organization?

#### Acquisition of Knowledge

7. Do you consider it being important to cooperate and learn from each other (the cooperation between DingLi and AmanziTel)? Why?
  - a. Who do you consider acquire new knowledge within the organization?
  - b. How would you describe that process? Who is doing what? And how?
  - c. Where in the organization is new knowledge developed?
8. What sort of knowledge is acquired and shared within the organization?
9. In regard to the organizations learning process (the acquisition of knowledge), how would you describe your role? Are you actively involved in the acquiring/development of knowledge?
10. Does the organization encourage new knowledge being acquired and existing knowledge being further developed?
11. Do you consider the organization to provide means to identify relevant knowledge as well as which knowledge that should be acquired and/or further developed?
12. Do you consider new knowledge being acquired or existing knowledge being further developed (in regards to e.g. product development) to be of most importance? Why?

## Distribution of Knowledge

13. How would you describe the knowledge being distributed within the organization?
14. Does the organization provide any means of facilitating the process of transferring knowledge? What and how?
15. In regard to the organizations learning process (the transfer of knowledge), how would you describe your role? Are you actively involved in the transferring of knowledge?
16. What motivates you and your colleagues to share knowledge within the organization?
17. Which factors do you consider impede or facilitate the distribution of knowledge?
  - a. Any particular hindrance that you have experienced?
  - b. Any particular facilitator that you have experienced?
18. Do you consider the specific type of knowledge that the organization possesses being particularly difficult or easy to transfer between units? Why?
19. Does the organization encourage the distribution of knowledge? In what way?
20. When new and improved ways of working is established, how is this distributed within the organization?

## Integration of Knowledge

21. Do you consider the organization to provide means to integrate knowledge?
  - a. If yes, how and in what way?
22. When you are faced with new knowledge, do you consider it being difficult or easy to understand the knowledge?
  - a. Any hindrances?
  - b. Any facilitators?
  - c. Does the source of the knowledge affect the ease of understand the knowledge?
23. Do you consider the organization to provide means of facilitating the integration of knowledge?
  - a. If yes, what are the means and in what manner does it facilitate?
  - b. If no, do you have any suggestions of how the organization can improve the facilitation of the integration of knowledge?
24. Do you consider the fact of the organization being multi-cultural influencing the integration of knowledge? In what way?

## Additional (Learning Process) Questions

25. Does the organization have a corporate culture (e.g. cultural language, common views and beliefs)?
26. In regards to the distribution and integration of knowledge, how is the cooperation within the organization?

## Questions to Board Members

- Can you please shortly introduce yourself and your career within the organization?
  - a. How long have you worked within the organization?
- Have you been within the organization since before the acquisition of AmanziTel? If yes, what is your experience of the acquisition? Any differences in working procedures?
- How would you describe the learning process (the knowledge exchange) within the organization?
- What would you say creates obstacles for a successful learning process?
- What do you consider facilitate the learning process of the organization?
- Do you consider it being important for AmanziTel and DingLi to cooperate and exchange knowledge? Why?
- Where in the organization are decisions taken in regards to what will be developed? Management level? Projects within R&D? other?
- Do you from a higher management level voice the demand of building the organizations knowledge stock?
- How would you describe the knowledge being distributed and integrated within the organization? Does the higher management level provide means to facilitate this process? Do you encourage the distribution of knowledge?
- Do you consider the fact of the organization being multi-cultural influencing the cooperation within the organization? In what way?
- Does the organization have a common corporate culture (e.g. common language, common views and beliefs)?
- How do you motivate the employees to share knowledge within the organization?
- All in all, what components do you consider a successful learning process to possess?