



UNIVERSITY OF GOTHENBURG  
SCHOOL OF BUSINESS, ECONOMICS AND LAW

# **EMNC knowledge transfer**

- A case study on knowledge transfer between an Indian  
EMNC and an acquired developed country firm

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## **Foreword**

We want to take this opportunity to thank those who have assisted or otherwise enabled us in the creation of this research thesis. A special thank you is reserved for our supervisor Roger Schweizer, who patiently and throughout the entire process has served us with his wise insights and constructive criticism. We also want to thank those who chose to take time out of their busy work days to participate in our interview sessions, without your contributions this project would not even have been possible. For this we are endlessly grateful.

Thank you!

## **Abstract**

The way in which organizations capture and transfer knowledge has been a rather extensively covered area within the IB research field in the past two decades. What has been a focal point within the area of knowledge transfer is how multinational corporations manage to facilitate knowledge transfer between individuals within the organization, but also how knowledge is transferred between organizational units, often within a cross-cultural or international context. What to a large extent has not been covered in the knowledge transfer research is how EMNCs from India manage the transfer of knowledge, and especially how they manage knowledge transfer between themselves and a developed country subsidiary. In order to explore this gap in knowledge a single case study analysis has been conducted, within the context where an Indian EMNC is managing knowledge transfer between itself and a Swedish subsidiary.

The findings from this study show that relative to the traditional view held within the research area, where EMNCs act as strategic *seekers* of knowledge from a developed country subsidiary, they also act as strategic transmitters of knowledge. In the context of this case study this means specifically that the EMNC has tried to impose its established business processes and documentation systems into the developed country firm, which in turn has resulted in a number of setbacks for the organization as a whole. In the context of the developed country firm it has suffered diminishing profitability due to an excessive administrative burden, and in the context of the EMNC it has not been able to receive business critical knowledge from the subsidiary.

**Keywords:** knowledge transfer, knowledge management, EMNC, international business, strategic asset

## **Abbreviations**

EMNC: Emerging Market Multinational Corporation

KT: Knowledge transfer

MNC: Multinational Corporation

SME: Small-Medium size Enterprise

VP: Vice President

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# 1. Introduction

## 1.1 Background

Nowadays it is not uncommon for multinational corporations from emerging markets to internationalize and start operations in developed countries, there are today in fact many firms from emerging markets that are operating in countries in the west (Economist, 2018a). As firms from these emerging markets are internationalizing and entering foreign markets, they have several ways of doing so (Nayar, 2008). A common method is by acquisition which means that a firm can acquire another firm and take on the acquired firm as their subsidiary (Nonaka, 1991: Nayar, 2008). What has been shown in past acquisitions is that many times after an acquisition takes place, another process starts which is the process of integration (Week, 2016). The integration process is where the acquiring firm wants to integrate their ideas and policies into the acquired firm, which sometimes can work as intended, and other times the process can face a set of obstacles (Week, 2016). Some ideas and working methods that worked well in one country, may not work well in another country (Forza, 2004).

Studies that focus on EMNC acquisitions in the developed world include for example Deng's (2012) paper on determinants and implications of the accelerated internationalization by EMNCs, states that EMNCs internationalize mainly through M&As with developed country firms where they tend to seek synergies and strategic assets, such as knowledge in the form of technological know-how and innovations (Piekkari, 2005; Prusak, 1998). They do also, however, aim to gain generally useful knowledge to improve their firm as a whole (Matthews, 2006).

An increase of knowledge in an organization will according to Nonaka (1991), give opportunity for growth and economical profits (Hockers, 2002). By Teece (1997), knowledge is described as the most important intangible asset in an organization, therefore it is of very high importance to efficiently manage knowledge to ensure long-term validity (Madsen, 1997). Managing knowledge is an aspect that is closely related to capturing and storing knowledge. When knowledge is transferred between units in an organization, it can develop the organization and improve its performance (Madsen, 1997).

Studies show that MNCs internationalization processes and knowledge sharing are not always working as they are intended. There are in fact potential hindrances and obstacles firms will

face when sharing knowledge between each other, which often is in form of aspects that will harm the knowledge sharing and collaboration such as for instance, cultural differences, lack of ability to capture relevant knowledge and an unwillingness to share knowledge (Piekkari, 2005); Hofstede, 2010).

The traditional viewpoint when it comes to globalization has been that it is something that has enabled MNCs from developed countries to acquire resources or to find new markets overseas (Madsen, 1997). It has usually taken place in developing markets, where MNCs have aimed to acquire specific inputs, such as for instance cheap labor (Madsen, 1997; Nayar, 2008). The contrasting view point to this is that globalization is not only working as an enabler to established firms in the developed world, but that it is also enabling a relatively rapid expansion of new-commer firms from developing countries. John A. Mathews (2006) describes a selection of these new-commer firms emerging specifically from the Asia-Pacific region as *dragon multinationals*, as they are firms that typically have started behind the curve but have succeeded to become industry leaders even though they have lacked all the advantages of the incumbent industry leaders (i. e. developed country MNCs). Mathews (2006) paints a picture whereas globalization increases, it can be expected that it is these so-called peripheral firms that most clearly articulate the global approach needed to exploit new opportunities (i. e. to internationalize). This is evident from data that shows that EMNCs are increasing their pace of internationalization, as outward FDI from the top twelve emerging economies increased from 6 percent of world outflows in 2005 to 15 percent in 2010 (Deng, 2012).

## **1.2 Problem background**

There is a body of existing theories about MNC internationalization. There is literature that is focused on MNCs from developed countries but equally there is literature about MNCs from developing countries (which often are referred to as EMNCs, since they originate in developing countries).

In order for developing country EMNCs to fulfil their purpose when acquiring a firm in a developed country, they must have a well working knowledge sharing process between the two firms (Teece, 1997).

During recent years there have been a large number of firms from emerging markets that have through merger and acquisition began operations in developed countries (Shangquan, 2000).



Firms that have been involved have mostly been from Asia and from south America, where firms from the eastern part of Asia (Mostly from China) has been the majority (Shangquan, 2000).

However, in the literature, there is not much information about Indian EMNCs.

According to Gammeltoft & Hobdari (2017), Indian firms have as of recent joined the trend of acquiring firms that are based in developed countries. Gammeltoft & Hobdari (2017) do also emphasize that research about India is at the moment a very under researched field, since the trend of merger and acquisitions by Indian firms into developed markets is a relative new trend Gammeltoft & Hobdari (2017). Chinese firms on the other hand started this trend a lot earlier and have been very successful in doing so, and as a result there are many studies about EMNCs internationalization that are based on Chinese firms (Gammeltoft & Hobdari, 2017). India is today a country on the rise (Rui, Zhang & Shipman, 2016). Being a country that offers low cost labor, it has been very attractive for foreign firms to enter the Indian market and start operations with the use of the low-cost labor inputs offered there (Stahel, 2016). But during recent decades things have changed, India has developed their economy and nowadays their market is emerging at a rapid pace (Stahel, 2016). Firms from India have started to go abroad and internationalize with an increased pace.

When assessing the relevant knowledge sharing literature, a research gap has been identified. There is a possible gap in knowledge sharing from Indian firms to firms in developed countries. It is in this context that we see the need of a case study being made on EMNCs from India entering a developed country through acquisition. It is here that we see that our case study can make a contribution, as it will seek new knowledge in the context where an EMNC from India acts as a seeker and a sender of knowledge to and from a developed country firm, contrary to just being a seeker of strategic assets.

Since firms from India that chose to internationalize will likely only increase further in the future, we see a need to create a study based on Indian firm's knowledge sharing with firms based in a developed country. Since the studies that are available about EMNCs internationalization are mainly based on Chinese firms, we consider that studies about India are of importance since India and China differ in many aspects such as culture, traditions, mentality, working methods etc. With this in mind, (Gammeltoft & Hobdari (2017) suggest that Indian firms internationalization process will probably differ from Chinese firms or other firms from other countries, this due to that India as a country differ in these various aspects from other countries. Since India as a country differ from other countries, this can lead to

different outcomes. More clearly this means that the internationalization process of Indian firms might work in different ways than firms from other countries. Indian firms might have different purposes and aims with their internationalization than firms from other countries might have, which will lead to that they are facing different challenges than firms from other countries would face and receive different types of benefits from their internationalization.

Since India is a large country with a culture that does differ from many other countries, we as authors of this thesis with support from (Gammeltoft & Hobdari (2017) consider that studies about Indian EMNCs will give us new and previously undiscovered information that will complement the extant theories about EMNC internationalization. The extant theories about EMNCs from developing countries is so far based on other countries than India. Therefore an investigation about EMNC from the Indian perspective may differ from the extant EMNC literature, with our research we will then create new knowledge which will be added to the literature.

According to Fortune (2018), there are several Indian EMNCs within their list of largest firms in the world. These firms are operating in many places around the world, including in developed countries. Still there is a lack of studies conducted about their internationalization process and knowledge transfer. There is at the moment no existent theory about how Indian EMNCs are handling knowledge transfer and their internationalization. Since there is a lack of information about this topic, we are then not able to use the existing theories about how other firms from other developing countries are conducting their internationalization process. As has been stated there are big chances that Indian firms act differently than firms from other developing countries.

### **1.3 Purpose**

The purpose of this research is to seek a deeper understanding of which aspects that motivates Indian EMNCs to acquire firms on developed markets, and which challenges they face during the process of knowledge transfer with their acquisitions. We do this by looking into how the firms are sharing knowledge, which hinders and obstacles that can occur, and also which aspects that motivate the Indian EMNC to internationalize through acquisition of developed country firms. Our main intention is to gain new insights that will complement and contribute to the existing literature on knowledge sharing.

## **1.4 Research question**

Based on the perceived gap in knowledge, the following research question has been formulated. The intention is to achieve the presented purpose.

*What motivates Indian EMNCs to internationalize through acquisitions in to developed countries, and which challenges do they face during the knowledge sharing process with acquisitions in developed markets?*

## **1.5 Research outline**

The thesis is divided in to six parts, which we will elaborate further on below.

### *Introduction*

In this part of the thesis, we are giving a brief overview of the content which the study will be based on. We do this, by giving some background information about our topic, followed by an overview of what the literature contains and where we found gaps in the literature. Lastly, we will present our research question and explain the aim of our research

### *Theoretical*

In this part of the thesis, we will compile relevant theories that have been explored within our research area. As our area is based on knowledge transfer processes between EMNCs and acquired developed country firms, this is where our theoretical focus lies, and which will form our theoretical framework.

### *Methodology*

In the third part of the thesis, we will present the choice of method. We will also be explaining our steps during the creation of the thesis.

### *Empirical*

In the fourth part of the thesis, we will present our empirical data that we have obtained during our chosen interviews. We have included some summaries of quotes from the interviews which are also commented by us in order to make it easy and more understandable for the reader of the thesis.

### *Analysis*

In the fifth part of the thesis, we are connecting the theoretical review with our empirical data. We present our results by analyzing our outcomes from combining and comparing the theoretical review and empirical data.

### *Conclusion*

In the sixth part of the thesis, we are presenting our final outcomes and simultaneously we are discussing our own thoughts and understandings from the results. Further, we are also answering the research question of the study.

### *Appendix*

In the seventh and last part of the thesis, we are presenting our interview guide which is the questions that we used for the interviews that we conducted for the study.

## **2. Theoretical framework**

Considering the purpose to study knowledge transfers and acquisition from an under studied area such as between India and Sweden, we see a need for a relatively wide theoretical approach, simply because the existing literature is inadequate on the chosen area.

In order to obtain an overview of the existing literature, we have chosen to first divide it into two main categories; factors that facilitate knowledge transfer between the MNC and the acquired firm, and motivational factors behind the acquisition itself. Further, we are also looking at how MNCs usually according to the literature are handling the knowledge management and the knowledge transfer, which will give us an understanding of MNCs knowledge sharing, which we later can compare with the Indian EMNC that we have chosen to investigate. However, the reasoning behind studying motivational factors is that we believe that in order to be able to study facilitation, or indeed any success in knowledge transfer, the motives behind the actual acquisition need to be taken into account.

From the two theory categories, a theoretical framework model has then been developed. The model further divides the two categories into the actual facilitating and motivating factors. This model will provide an easy overview of where we believe the literature field stands in regard to why firms from emerging markets are internationalizing to developed countries, and which factors facilitate their knowledge transfers. The existing literature, and the theoretical framework model that has been derived from it, will then serve as an analytical tool to highlight any gap in knowledge in regard to the existing view held on MNCs knowledge transfer process in an acquisition of a developed country firm.

### **2.1 Validity of extant theories**

Before introducing the theoretical framework of this thesis, the authors of the thesis wish to clarify one aspect. As there is a lack of literature at the moment that focus specifically on the knowledge transfer process for Indian firms, we are in this theoretical chapter using theories that usually has been received from studies based on firms from other markets, rather than from the Indian market. As there is a lack of information about Indian MNCs, we are to a certain extent forced to use these theories about MNCs from other countries, which have been more researched and investigated. The theoretical model can be perceived as general to a certain extent, this due to that it has been created based on the general theories that have been available. What the authors strive to do in the analytical part is to compare the extant theory

with the new findings that come from this investigation. Hypothetically the authors believe that there surely will be some differences from Indian knowledge sharing in comparison to the extant knowledge theories that have been created from previous studies. The reason the authors believe this is that with inspiration from (Gammeltoft & Hobdari (2017) statement, as they claim that India is a country that is very unique in many aspects from other countries and an investigation of Indian MNCs could bring a lot of new undiscovered information. This could lead to that new understandings can be found and created from this investigation.

## **2.2 MNCs knowledge management**

Knowledge is according to the literature defined in two ways, tacit and explicit, (Grant,1994). Tacit knowledge is uncodified, which means that it is not possible to send the knowledge by any ordinary means. Explicit knowledge on the other hand, is a codified knowledge that is possible to transfer. It is pretty obvious that tacit knowledge is more difficult to share and transfer as it is more complicated to teach individuals how to do something, rather than teach individuals about something. With this statement, it follows that tacit knowledge is to a certain extent very important and useful knowledge to have within organizations (Roos, 1997). In organizations, this knowledge is defined as human capital, which means that the resource lies within the individual (Roos, 1997). As knowledge residing within individuals it is a very important factor for organizations, it is therefore important that the knowledge is constantly managed, which in this case means that knowledge should be captured, stored and new knowledge should be generated (Roos, 1997). Heiman (2008) is discussing the importance of extracting knowledge from the individuals within the organization. The more knowledge that exists within an organization, the higher competence advantage the organization will theoretically have (Heiman, 2008).

The importance of storing and capturing knowledge is further elaborated by Teece (1997), where it is explained that knowledge is basically the most important resource within organizations. If organizations seek success and competitive advantages, it is of high importance that within organizations, knowledge should constantly be generated and combined with other knowledge in order to create new knowledge. According to Teece (1997), managers in firms should work constantly with integrating knowledge within the organization and involve all individuals. This will then lead to the creation and capture of new knowledge.

### **2.3 Knowledge sharing in MNCs**

According to the literature, MNCs have certain types of benefits compared to smaller firms when sharing and transferring knowledge between their units and subsidiaries (Birkinshaw, 2010). As MNCs are globally scattered, they have a benefit that is based on that they can collect knowledge and information from several locations. By accessing and exploring knowledge from several locations, the knowledge can be combined, and new knowledge will be created, which will give the MNCs strong competitive advantages and it making them becoming more competitive (Zander, 1992). According to Teece (1997), the HQ in the MNC will gain useful knowledge and have control over it. It is then depending on the HQ how much of the knowledge that should be integrated in other parts of the organization, as they can decide how much and what knowledge is necessary to transfer to respective subsidiary (Teece, 1997); Zander, 1992).

Further, according to Martinez and Jarillo (1997) there have been common ways for MNCs to communicate within their organization in order to share and transfer knowledge. Martinez and Jarillo (1997) are discussing the topics of performance control and personal control. These two topics are important, due to that it will help the MNC to increase its competitive advantage and becoming a stronger organization. Performance control refers to evaluations of the knowledge made by subsidiaries. The HQ aims to increase the performance from their subsidiaries. Further, the personal control is a more individual measurement, that focus on the employees within the organization. Managers at for example departments in the firm will observe and guide the employees in order to make them perform better (Martinez & Jarillo, 1997).

Martinez & Jarillo (1997) are also discussing ways of making the individuals in the organization interact with each other in order to spread and share knowledge. The importance of building relationships is discussed, it is based on that the employees can solve problems together, or just work with tasks together. It will give opportunity to build relationships and create trust between the employees (Martinez & Jarillo, 1997). Another way of creating trust and willingness to share and learn between the employees is to arrange meetings and visits (Teece, 1997). As the employees can visit other parts of the organization, they will broaden their contact network and learn from other departments, which will lead to new and useful experiences (Martinez & Jarillo, 1997).

Gupta and Govindarajan (2000) are also stressing the importance to strengthen the relationships and create a familiar environment in the firm, where individuals have trust and faith in each other. As they collaborate and work with each other while they are working with tasks, they will strengthen their quality of communication and it will lead to higher knowledge flows within the organization (Gupta & Govindarajan, 2000). Further, Gupta and Govindarajan (2000) are also stressing the importance of socialization and to give opportunities for the employees to be sent to other parts of the organization in order to learn and work with other individuals. It will lead to greater communication as the individuals interact with each other and create bonds between each other.

## **2.4 Summary of MNCs Knowledge management and sharing**

The main take away from the literature is that the most suitable way of transferring knowledge within the organization is to communicate. Communication leads to trust and relationship building, which leads to sharing of knowledge between individuals within the organization. Further it seems like the literature is in agreement about that the way of improving communication is by letting individuals collaborate as much as possible together by working together. In order to transfer knowledge from HQ to subsidiaries and back from subsidiaries to HQ, the best way of doing it is by sending employees around the subsidiaries within the MNC, so they interact and learn from each other.



## **2.5 Facilitating factors for MNCs knowledge transfer**

The factors that can facilitate knowledge transfer between a firm in a developing country and its acquired developed country firms are:

- *Cultural differences,*
- *Capturing and sharing knowledge*
- *Willingness to share knowledge*

### **2.5.1 Cultural differences**

There are a number of ways that a firm from a developing country can face obstacles when they acquire a firm in a developed country and intend to integrate the acquired firm into their organization. One of the factors that can facilitate or hinder the transfer of knowledge is cultural aspects. For instance, when a firm acquires a firm abroad it can lead to difficulties for the individuals in the firm if there are differences in culture between the two entities (Piekkari, 2005). More clearly this means that cultural differences could complicate the knowledge transfer process in international acquisitions (Hofstede, 2010). Therefore the cultural aspect is surely an important factor when determining if an acquisition is success or failure. The difficulties with the knowledge transfer process is partly based on the fact that two groups with different cultures must adopt to each other. The adaptation to each other's culture is sometimes very complicated and difficult (Hofstede, 2010). According to Piekkari (2005), there are several types of complications that can occur when two different groups must adopt to each other's culture. Firstly, (Piekkari (2005) mentions the language barriers. Language is one of the most vital aspects in communication. Differences in language will affect communication and it may lead to that correct messages are not always delivered because of a lack in translation (Piekkari, 2005). Secondly, Piekkari (2005) mentions the importance of similar organizational structures. When two firms have similar organizational structures, it will make it easier for employees to adopt and the integration of the two firms will tend to be easier than if there were big differences between the organizational structures. In the case of international acquisitions, it can be less likely for the two firms to have similarities in structure due to that the two firms are from different countries and the chances are large that their structures are different. For instance, when both firms are from the same country, it is more likely that the firms' structures are to a certain extent more similar to one another, (Hofstede, 2010).

When there are big differences between cultures in a firm it could lead to tensions within employees. These tensions could negatively affect the cooperation between employees, which can lead to lower work commitment by the employees (Heiman, 2008). Further, one of the most important aspects of acquisitions is that knowledge is shared between the firms. When there are differences in routines and norms between the firms, and the employees have limited understanding of each other's culture, there are then risks for misunderstanding and the sharing of knowledge will be hindered (Heiman, 2008). Another issue in the case of firms with employees that have different cultural backgrounds is that it could lead to conflicts in the day to-day operations (Hofstede, 2010), which more clearly means that the employees will have difficulties to work with each other in the firm's daily operations (Heiman, 2008).

Worth noting is that cultural differences are not always only negative, as they also can have positive effects (Piekkari, 2005). For instance, as a multinational corporation acquires a firm abroad, it can get access to valuable information in learning from the acquired firm's native culture (Piekkari, 2005). For the acquired firm there can also be advantages, they will learn the culture of the acquirer (Heiman, 2008). The learning process is likely to increase if managers of the firms will pay attention to learning about each other's culture (Heiman, 2008). Further cultural differences can also have positive effects on an individual and organizational level. For instance, in a firm with people with different background and culture, there tends to be a large absorptive capacity. The available knowledge and expertise are much differentiated between them, which increase the opportunity for higher level of innovation and creativity in solving problems (Heiman, 2008).

### **2.5.2 Capturing and sharing Knowledge**

Within organizations there is certain knowledge that is possessed by actors in the organization. Every individual possesses some knowledge which is unique to them (Prusak, 1998). If the firm aims to create a strong and unified organization, it is of importance that all necessary knowledge is scattered through the organization. This means that in order to increase knowledge in the organization, it is important that employees share their knowledge with other employees (Piekkari, 2005; Hofstede, 2010). As employees can learn from each other, it is also important that there are managers that to some extent focus on the sharing of knowledge within the organization (Prusak, 1998). The managers that are focusing on sharing knowledge will have some responsibility in making sure that they are designing and developing connections between employees, in order to facilitate knowledge exchange

between them (Prusak, 1998). According to Gururajan (2006), managers that are responsible for the integration of knowledge in an organization should use the two types of methods. The first method is the use of technology, which means that for instance using databases or other types of information storing systems, that can aid employees in learning and receiving knowledge. The second method is by using trust and relationships building. When employees have close relationships with each other it will be easier for them to interact and collaborate with each other (Nayar, 2008).

Further, according to Gururajan (2006), when creating trust and relationships within organizations, it will lead to a stronger corporate culture. When firms have a strong corporate culture, it will be easier for the organization to reach their goals. A strong corporate culture will lead to well-functioning collaboration between the employees, which will make it easier for the employees to share and transfer knowledge between each other.

### **2.5.3 Willingness to share knowledge**

For an organization to be able to capture knowledge, it is important that all parties that are involved in the organization are willing to share their knowledge (Szulanski, 1996). Nayar (2008), describes knowledge sharing as a way of sharing and exchanging intangible assets. According to Szulanski (1996), in groups and in units there are often individuals that are interacting with each other, these individuals often hold some form of intangible assets, which Szulanski (1996), refers to as knowledge. In order to create an exchange of these intangible assets between individuals, there are some aspects that need to be fulfilled. Szulanski (1996) explains that in groups or in units, there must be individuals that are willing to share their knowledge with their co-workers. Organizations need to extract as much knowledge as possible from their employees, with which they can combine and create new knowledge that will be useful for both the firm but also for the employees as they will increase their individual knowledge (Szulanski, 1996). This can to a certain extent be a bit problematic. As employees in the organizations are asked to share their knowledge, they can fear that they might lose power as they let other employees learn what they know. More clearly it means that as more individuals will receive the knowledge, then the individual that had the knowledge from the beginning might lose position as that individual is no longer unique within the organization (Szulanski, 1996).

Gururajan (2006) suggest that in order to avoid a fear of losing position when sharing knowledge, managers should create some reward systems for the employees. The reward

system should include that when someone shares important intangible assets, they should be rewarded. With these types of methods employees will receive benefits when they are sharing their knowledge (Szulanski, 1996). The managers must also motivate the employees to constantly share their knowledge as soon as they have received or created some new knowledge. When the sharing of knowledge is functioning well, it will also lead to that the fear of losing position will be dampened because employees will know that when they share their knowledge with their coworkers, they will eventually also receive some knowledge back (Szulanski, 1996), (Gururajan, 2006). Lastly as managers in MNC attempt to capture knowledge from their organization they must have a well working communication with managers in the acquired organization so that those managers can share the captured knowledge with each other and between the two organizational units (Szulanski, 1996).

## **2.6 Motivating factors behind acquisition**

The factors that motivate a firm from a developing country to acquire a developed country firm are

*-Increased profitability*

*-Acquisition of assets and knowledge*

*-Learning about markets*

*-Acquisition of synergies and networks*

### **2.6.1 Increased profitability**

According to Hockers (2002), organizations from emerging markets are trying increasingly to reach new markets, where they are mostly interested in reaching markets in developed countries. During the past decades there has been encouragement for firms from emerging markets to internationalize and operate abroad, this encouragement is mostly based on that firms from emerging markets should start operations on markets in developed countries, rather than starting operations in other emerging markets Nayyar (2008). One of the main reasons for this encouragement is that it has been shown that firms from emerging markets that internationalize to markets in developed countries will generate a higher profitability (Hockers, 2002).

### **2.6.2 Acquisition of assets and knowledge**

One of the most influential motivational forces behind a firm from a developing country acquiring a developed country firm is in the literature often described as knowledge seeking. Brennan & Bakir (2016) argue that MNCs from developing markets have lacked both the technological know-how, and managerial experience to become leaders in their industries. The way for them to acquire these skills is through M&A with developed country firms who already possess them. Others such as Deng (2012) and Mathews (2006) have put forth that EMNCs have traditionally been motivated into M&As with developed country firms based on the seeking of strategic assets, similarly to what Brennan & Bakir (2016) describe as being knowledge seeking. More specifically it can be said that an argument for MNCs from developing markets to acquire developed country firms, is that in order to create sustained competitive advantages it is necessary for the MNC to take part in higher value-added activities, which today are found at the up and downstream ends of the value chain. For the EMNC to catch up with their developed country counterparts it is crucial to acquire the capabilities necessary in the higher value added up and downstream activities. Without acquiring these knowledge intense capabilities, EMNCs lack the *intellectual capital* that is needed in a globalized, technologically advanced and competitive world (Brennan & Bakir, 2016). As the firms start to operate in a developed market, they will receive complementary assets such as knowledge, experience, access to natural resources as well as easier access to the specific business (Nayyar, 2008).

### **2.6.3 learning about markets**

According to Forza (2004), there are various types of differences between emerging markets and developed markets. These differences do often lead to difficulties when starting business in markets that are very different from the market that the firm is used to. There are some ways to reduce these obstacles that are affecting the internationalization process. One example is the importance of studying and analyzing the market that the firm has chosen to start operating in (Forza, 2004). Even though firms are tempted to go abroad, it is important to conduct the process in a timely manner. The pace of internationalization issue has been an important aspect during the past decades, as it has complicated the internationalization process for firms that have tried to internationalize quickly.

According to Nayyar (2008), during the past decades it has become very common that firms from emerging markets begin to go abroad from their domestic markets and internationalize. This phenomenon contradicts the traditional view on a gradual, step-wise, internationalization process as depicted by for example Johanson & Vahlne's Uppsala model, (1997, 2009), which is based on that market commitment increases over time as experience and knowledge about that business environment evolve.

As the internationalization process is going much faster than it traditionally used to do, the MNCs internationalization process does sometimes skip some of the steps that western firms normally used in their internationalization process (Fey, 2016). For instance, MNCs are nowadays going from low market commitment to high market commitment in a much faster way than before. One of the most common ways of internationalizing is through all out acquisition, which among other things serve as a way to make up the distances between the acquiring firm and more experienced international actors (Fey, 2016).

During the past decades, another pattern has been created that is more and more common. The pattern that has been observed is that firms have increased their pace of internationalization. The increased level of firms from emerging markets that start operating in developed countries has led to increased competition in the markets of developed countries (Nayyar, 2008). Nowadays MNCs from developed markets struggle with the competition in their domestic markets as the number of EMNCs entering those markets have increased.

#### **2.6.4 Acquisition of synergies and networks**

A further motivating factor is the pursuit of synergies, as one of the most important benefits with an acquisition is the synergies that can follow. According to Hunt (2009) there are various types of synergies that can occur with a merger or acquisition between firms. Operational and financial synergies lead to increased revenues and an increased range of products offered, which apart from economic gains also can lead to other benefits such as better position in negotiation with suppliers etc. Further the firms will also reduce their capital cost as they will increase their opportunities in getting better terms from lenders when their organization is larger (Hunt, 2009). Another synergy that can lead to increased revenue is that the two firms could for example use cross-marketing which will help to market each other's products. Further the sales can increase as they can benefit from each other's brands, if one of the firms has a brand with strong reputation, the other firm will receive benefits from this and increase its sales (Nayyar, 2008). Besides reputation, if one of the firms has a well-established

network, the other firm will have increased opportunity to be invited into the network and get in touch with firms within the network (Hunt, 2009).

As the economic growth in emerging markets has exceeded growth in developed markets, it has enabled firms from emerging markets to accumulate important financial resources. These resources are then being invested as developing country firms are acquiring complementary resources in developed markets (Nayyar, 2008). During the past years, the growth of emerging markets and firms from emerging markets have been evident, countries that before were left out in the dust due to lack of resources and experience, are now becoming markets to focus on and firms from these markets are now active participants in the global competitive landscape (Sheth, 2008). These financial resources, as an enabler for the acquisition of established firms in the developed world, facilitate EMNC knowledge transfer in the way that they provide an actual access to new knowledge through the acquisition of a developed country firm (Sheth, 2008).

## 2.7 Theoretical model

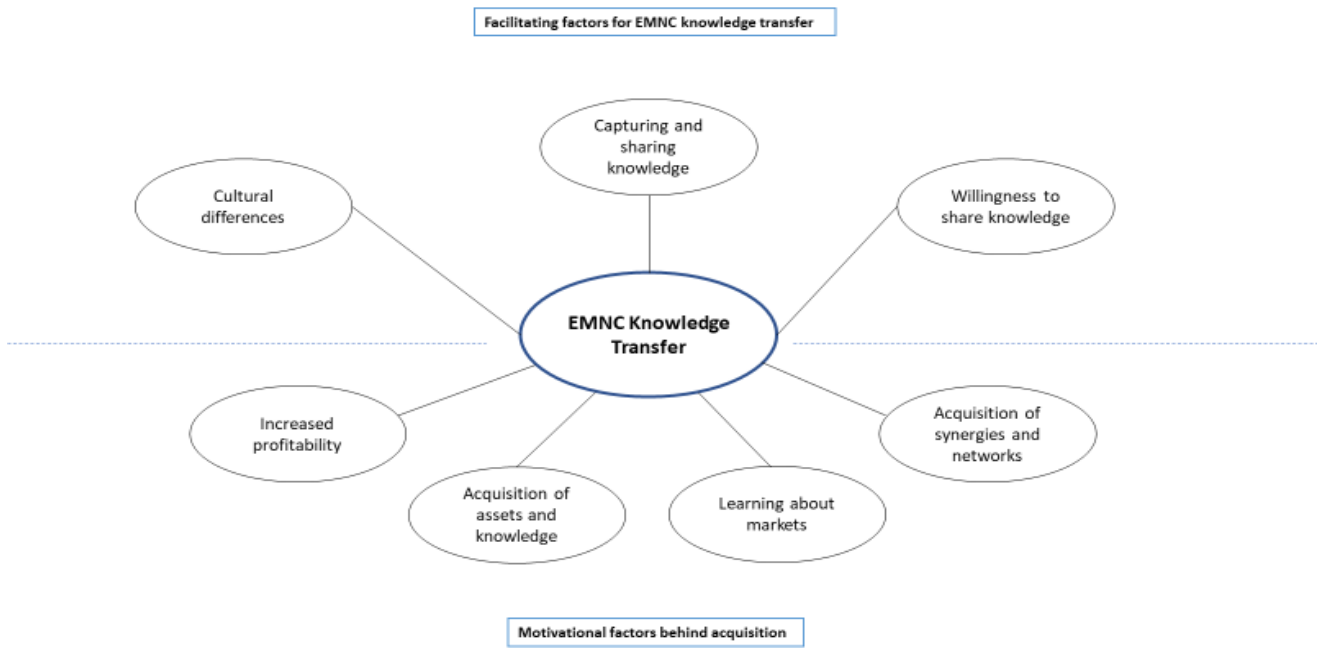


Figure 1. Theoretical model.

The theoretical model is based on the facilitating and motivating factors that have been extracted from the existing MNC/EMNC literature. The dividing line between the two types of factors runs straight through the model. The factors themselves are to all intent and purposes independent of each other and should be viewed as each facilitating factor being a key for successful knowledge transfer from the subsidiary to the EMNC to take place, while each motivating factor serves as an explanation to why EMNCs chosen to acquire a developed country subsidiary in the first place. An understanding of the motivating forces behind an acquisition is essential in order to gauge to what extent knowledge transfer is successful or not. The fulfillment of the facilitating factors, coupled with an understanding of the motivating forces behind the acquisition, will in turn help to explain whether integration of the acquired firm into the EMNC organization has been successful or not.

## 2.8 Summary of theory

EMNCs can capture various types of benefits from entering developed markets by acquisition, benefits in terms of the capture of knowledge embedded in the acquired firm as well as knowledge of the local market conditions, synergy effects and increased profitability when



they enter the higher value-added end of the value chain. What is specifically brought up in the existing EMNC literature, is the fact that in terms of knowledge transfers, the main motive of the typical EMNC is to acquire a developed country firm in order to be able to transfer valuable knowledge from the acquired firm to the EMNC, knowledge that it itself cannot in a reasonable time or to a reasonable cost build internally.

For successful knowledge transfer between the acquired firm and the EMNC to take place a number of facilitating factors have been described in the existing literature, factors such as cultural differences, abilities to capture and sharing knowledge, and creating a willingness for the individual to share their knowledge within the organization.

Unfortunately, the literature also shows that EMNCs internationalization processes does not always work as it is intended, in fact it has been shown that there are various types of hindrances and challenges that can occur during the integration process of an acquisition. The challenges can lead to difficulties in the integration process which can in turn harm the knowledge transfer. In this respect, the findings show that firms must be aware of the obstacles they can face in the form of for example cultural differences that can have adverse effects on the transfer of knowledge.

Based on this study of the existing literature about MNCs knowledge sharing, our expectations are that these theories will hold true to some extent in our case study as well. We believe this because the extant theories about knowledge sharing are extracted from a large amount of conducted studies about MNCs from different countries, it will then be pretty obvious that the theories will also to some extent hold true in our case, but we do also believe that there could be some differences from the extant theories and the findings we will get from investigating an Indian firm.

### **3. Method**

*In this part of the thesis, the methodological approach is motivated, and the reader will receive a full overview of the research process that the authors have used during the creation of the thesis. Readers will also obtain an understanding of which hindrances and challenges the authors have faced during the making of the study and how the authors have tackled these hindrances and challenges.*

#### **3.1 Research approach**

After a time period of consideration, the authors decided to use a case study approach for this investigation as their conviction was that a case study would be suitable for the study. A case study is according to Yin (1994) defined as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when boundaries between phenomenon and context are not clearly evident. Since we as the authors of this thesis faced time limits and distance issues, we decided that a single case study could be enough to conduct this investigation.

Further according to Merriam (1998), when conducting a case study, it is important that the case is based on for instance, a person, a group, or an organization etc. In our case, our study will be based on an organization, as we will conduct the study by using thoughts and opinions from several individuals in the organization.

When considering whether to use a case study approach or not, it is important that the research is suitable to a case study approach. According to Ghauri (2004), a case study is a useful method when the area of research is relatively less known, and the researcher is engaged in theory-building types of research. In our case, the area is relatively less known and not much researched. This is something that we noticed during the literature review. We had difficulties in finding theories that suited our research area. We did find theories that were based on MNCs from developing countries that operate on developed markets with the purpose of acquiring and transferring knowledge between the units. But in our case, which is specifically about Indian MNCs, previous studies were relatively inadequate.

Further, Ghauri (2004) suggest that in order to collect data, it is important to use multiple sources such as for instance, verbal information, personal interviews, observations, and written information. This is something that we have done in accordance to guidelines

suggested by Ghauri (2004). In order to collect data, we have conducted primary interviews with suitable employees at the organization and we have also used written documentation and information from the organization.

As our study area is relatively under-researched, we believe that this thesis will contribute to a better understanding and more knowledge within our area as we strive to create new knowledge. This is something that is highlighted by Eisenhardt (1989), as she is highlighting that case studies are well suited to new research areas or research areas for which existing theory building seems inadequate. Eisenhardt (1989) is also highlighting that this type of work is highly complementary to incremental theory building from normal science research. A qualitative approach is also suitable when using it in a deductive way where the emphasis is placed on testing theories in order to investigate if the theories is in line with the findings or if new findings is discovered which will generate new theories (Bryman & Bell, 2011). The statement from Bryman & Bell (2011) is in line with the purpose of this thesis, since there are already conducted studies available about MNCs from developing countries, that operates in developed countries. Since the topic of these studies are in many ways close to our topic, we can gather a selection of theories that we then will test with our finding and investigate if our outcome is different to the available theories. We will then receive the knowledge if Indian MNCs internationalization process is different or similar to other MNCs from developing countries.

According to Ghauri (2004), when choosing which research approach to use, it ultimately depends upon the type of research question being posed. Ghauri (2004), explains that if 'how' or 'what' questions are asked, a case study method as a research strategy is recommended. This statement is in line with our research question, as our research question is based on 'what' questions.

As our study has an international research aspect, we are again in line with the aspects Ghauri (2004) argues for that is suitable for a case study. Making case studies with interviews is according to Ghauri (2004) the most suitable method in these kinds of cases. Ghauri (2004) explains that when conducting an international business study, it can to a certain extent be difficult to use methods like surveys. Ghauri (2004) argues for two reasons, firstly it can be difficult to come in touch with respondents that are located far away from the researchers. Survey methods are more suitable for native research as it is easier to get in touch with

respondents (Ghauri, 2004). Secondly, concepts and variables under study are often difficult to quantify since there are too many variables to be considered, which makes the use of survey methods inappropriate (Ghauri, 2004).

Ghauri (2004) is also stressing that the case study method provides excellent opportunities for respondents and researchers to check their understanding and keep on asking questions until they obtain sufficient answers and interpretation. This is something that we as authors of this thesis fully agree with. When we were conducting interviews, it was a relief to be able to ask supplementary questions in order to obtain full understanding and reduce the risks of misinterpretation of the respondent's answers. We did notice during the interviews that some of our questions required more detailed clarifications as the respondents didn't directly fully understand the questions, in those cases we had the opportunity to clarify the questions and making sure the respondents really understood what it was that we were asking.

As we conduct this thesis, we aim to contribute with knowledge in a field where knowledge is lacking. Ghauri (2004) explains that case studies allow for theory building and creating new theories when testing and comparing existing theories. In order to create new knowledge, researchers must be able to view the investigated area from different viewpoints. When conducting this thesis, we interviewed employees from several parts of the organization, in the native market but also in the foreign operational market in order to collect information from different views. We interviewed respondents from the headquarter in India, the subsidiary in Sweden, and also from the one of their middle offices in UK. We knew that by interviewing several parts of this firm, we will receive information from a broader viewpoint. This is something that is in line with Ghauri (2004), as he explains that case studies permit investigation of a phenomenon from a variety of viewpoints.

### **3.2 Choice of case**

We have in this thesis chosen to investigate the knowledge sharing and internationalization process of an Indian firm that has acquired a firm in a developed country. This is a topic that interested us as it is linked to our education area and it is also a topic that we have during our study period studied a lot. As we noticed that there were gaps in knowledge, we thought that we can help fill these gaps by contributing with new researches.

To be able to conduct a research like this, we were in need of coming in touch with the two selected firms. Fortunately, we had a bit luck, as one of the authors of this thesis works for the acquired firm here in Sweden. So, with that help, we already had a foot inside the firm and was able to gather information and data. Further, we could relatively easily connect with employees in the firm that we believed was suitable for our research, even though a few planned interviews never materialized in the end. Through the access we received at the firm in Sweden, we also received necessary access to interview respondents within the organization in India and also at the regional HQ in the U. K.

We decided to conduct a case study based on these two firms mainly due to the fact that both did match with our case area, but also because of the access we already had to them. As one of the authors of this thesis is working in the organization, we knew that we will have some advantages if we choose to conduct a case study on these two firms. Firstly, we knew that it will be time effective as we don't have to search for firms because we are already familiar with these firms. We will also have a reasonable understanding of which individuals in the firm we should interview and how to come in contact with them. Secondly, we knew it will be cost effective as we don't have to spend money on traveling to other locations to conduct our interviews. We already have our respondents close to us and those of our respondents that are located in the developing country, we knew that we can interview them by phone or through communication aids such as Skype as we will have their contact information.

We decided to conduct a case study with the method of convenience techniques, we knew that this method will have some disadvantages. We knew that for instance, it will be easy to recruit suitable people for our case study but there could be some misleading result in our finished thesis. As our investigation is based on one single case study it cannot be generalized and it does not represent a whole population. This means that our result could differ from another study that is similar to ours but that based on different firms. This is a big issue when conducting case studies, as it sometimes gives misleading result and has also low external validity. In our case, these two firms may work in one way but if we analyze two other firms, the risk is large that those two firms do work in a totally different way, and that the outcome of such a study would be vastly different.

### **3.3 Data collection**

The collection of empirical material for analysis has mainly been conducted through first hand interviews with a selection of respondents. In addition to this we have also received access to a limited amount of firm internal information, which we have intended to use as a means of triangulating the views and opinions of our interview respondents.

The primary data was collected from a total of six interviews. Two interviews were conducted with respondents within the acquired Swedish firm, three with respondents based at the EMNC in India and one with a respondent at the regional HQ in the U. K. The interview with the respondent in the U. K. is thought of as a means of giving us a broader empirical material, and as a means of giving us a possibility to triangulate the accounts of respondents in Sweden and India, as the U. K. regional HQ in many ways is involved in business processes with both locations. All of the respondents are to a varying degree familiar to the one of us who works at the acquired firm, which is also how we knew of their involvement in certain processes in the other location (Sweden-India). All interviews were recorded on one cell phone device, and were later transcribed as accurately as possible, so that no nuances or details were left out of the material.

The interviews with the respondents in Sweden were conducted at the acquired firm's office premises in Gothenburg. A small meeting room was booked and used for these interviews, where the respondent and both authors were present. The interview environment was as such calm, quiet and free of distractions, apart from a few phone calls received by Line Manager 2 during that particular interview. The interviews were conducted in the way that one of us was the main interviewer which asked the questions, while the other one was observing and taking notes of anything that could be of interest. Occasionally the person observing would also add a question to the interview, depending on the particular circumstances. The reasoning behind using the two-line managers in Sweden as respondents is that they both have an ongoing working relationship with the EMNC in India, and as such should be able to provide us insight into knowledge transfers and their view of the ongoing firm integration

The interviews with the respondents in India and the U. K. were conducted through the use of a laptop computer and the Voice-over-IP and video calling software Skype and recorded with a cell phone device that picked up audio from the interview. In all interviews but one

(Manager, Legal Office) the video option was used to be able to see the reactions and mannerisms of the respondent, as well as for them to be able to see us as interviewers. The manager at the legal office in India had technical difficulties with his computer, which led to that the use of video was not available during the interview. All of the Skype interviews were conducted with us as interviewers sitting in a private meeting room at the acquired firm's office premises in Gothenburg, and most of the respondents sitting in private meeting rooms at their location of work. In one case (Manager, Operations) the respondent participated in the Skype interview from her home, where she was seated in her secluded home office environment, with no visible or audible distractions during the interview itself. The reasoning behind using the selected respondents in the India location was that they had all in one way or another been involved with business processes in the acquired firm, and that we had the necessary access to them.

Role	Location	Interview method	Motive for interview
Line Manager 1	Sweden	Face-to-face	Has working relationship with the EMNC
Line Manager 2	Sweden	Face-to-face	Has working relationship with the EMNC
Manager, Delivery Office	India	Skype	Has been involved in processes with the acquired firm
Manager, Legal Office	India	Skype	Has been involved in processes with the acquired firm
Financial Administrator	India	Skype	Has been involved in processes with the acquired firm
Manager, Operations	U. K.	Skype	Triangulation/Enrichen the empirical material

Table 1. Description of interview respondents.

Our ambition was to collect as much secondary data as possible, to be able to conduct a thorough triangulation of the accounts given by the interview respondents. The amount of firm data that in one way or another covers new business processes set in place after the acquisition is relatively high, with the issue being exactly what firm data we were allowed to describe in this thesis. Confidentiality concerns have, understandably, been a high priority for the organization from the beginning of our research process. The industry in which the firms are active, engineering solutions, is a field that is in general surrounded by a high level of corporate secrecy, something that is reflected in the secondary data that we were able to publish in this research. As all interviews were recorded by the cell phone that we used, it helped us to later listen to the recorded tape and transcribe the material to text, which we later then used in the empirical part of the thesis.

### 3.4 Research Design

In order to create this study, we used an abductive approach. Abductive approach within research is a method where a combination of theory, method, and empirical data is used in

order to create and develop new theories (Alvesson & Skoldberg, 2007). Abductive approach is according to Alvesson & Skoldberg (2007) a process where the empirical part successively is developing. The theoretical part will during the process get adjusted and refined in order to suit the empirical part of the thesis better. As we used the abductive approach, we collected available theories about our topic and constantly alternated between the theories and the new information that we received through the empirical data. The abductive approach was very useful for the creation of this study. It gave the author of the thesis good opportunities in working unbiased and prevent to get stuck in predetermined theories. We did notice during the creation of the study that there were similarities between the new received empirical material and the original theories, but there are also dissimilarities which gave us the opportunity to add new theories. Further, the material that we collected will be used in our empirical part.

### **3.4.1 Role of theory**

In order to conduct this research, we started to go through other studies that were based on internationalization, which was an area we had decided to focus upon. We studied several studies about MNCs internalizations, both for MNCs from developing countries but also from developed countries. The reason that we also study the reverse scenarios as well, which was studies about MNCs from developed countries even though we were more interested in MNCs from developing countries is because we felt that we were in need to learn deeper about internalization. A good way to do it was to learn from both directions. From studying theories about MNCs internationalization we noticed that there was lack of studies about Indian MNCs, which led us to the decision that a research about Indian MNCs was necessary. After a certain time period, we felt that we received the sufficient amount of knowledge about the topic, which helped us to structure the interview guide. As we studied extant theories, we got insights in which parts of the theories that we should investigate further in order to answer our chosen research question. In order to create a suitable interview guide, we structured it with questions that were suitable for our study based on the theories we had collected.

Further, as we finished the interviews and collected enough amount of data, it was time to present and analyze the collected data. As our interview guide was created from questions that we found important from the theories and previous studies, we started to compare the theories with our findings. When analyzing our data, we compared it with the theories and highlighted all similar and dissimilar aspects that we found. After the comparison, we were able to more clearly answer our research question and present all new outcomes that we have found in this research, which will complement the extant theories about EMNCs internationalization.



### **3.5 Data analysis method**

The authors of this thesis strive to make the thesis as consistent and reliable as possible. In order to do this, there is a need to make the case study of as high quality as possible, which is possible if certain guidelines are followed. Bryman & Bell (2011) are stressing that when making interviews it is important that the right individuals are interviewed which leads to right information is being collected. Further the method of triangulation should also be taken into account (Bryman & bell, 2011). This is something we have put high effort in doing.

Firstly, as one of the authors works for the acquired firm, we receive insights and information that to a certain extent is unique. More clearly, what we mean is that as the author works for the firm, the respondents have higher trust to be honest during the interviews as they rely on the relationship they have with the author. The authors of this research believe that this has had positive effects on the research since the respondents due to their relationship with the author don't feel any types of fear of being honest in their answers. Sometimes respondents can feel some extent of fear of sharing their honestly thoughts in their answers when being interviewed (Bryman & Bell, 2001), therefor it could be positive to have a relationship with the respondents in order to get honest answers, which will make the research more correct and reliable.

Further, the authors of this research have also investigated if there possibly could exist any disadvantages by the fact that one of the authors is employed in the company, and if this could have any effect on the research. The authors were aware of that by interviewing respondents that the employed author has selected, could give the research misleading outcomes. There were some risks that the employed author would select some respondents which the author has best relationship with, it might be respondents that the author has similar thoughts and opinions with. This will lead to the fact that the author before the interview will already have knowledge about what the respondents will answer in the interviews, since the author knows that the respondents has similar thoughts as the author.

In order to prevent this from happening, the authors together decided that the one author that was not employed at the company, and which was not familiar with the staff at the company should select respondents. By doing this way, the employed author had no influence in selecting respondents. Further, the other author could unbiased do some analysis and then select relevant respondents based on their position and knowledge in the company.

However, when collecting the material, the author was carefully cross-checking the material in order to check for its consistency and align it to match the topic of the study. Further, as the theoretical framework of this thesis is divided in to two categories (facilitation & motivational

factors), it became much clearer for the author to ask the correct questions connected to the two categories. The authors were creating questions from previous statements made by other researchers. For instance, if a previous researcher has some statements about MNCs from developing countries, then the author tried to ask questions that makes the respondent to verify the statements or to decline it. The author did this as the main strategy of this research is to compare previous studies and existent research with this research.

However, as mentioned earlier the recorded tapes from the interviews was transcribed and later the author was focusing on using relevant parts of the transcribed material in the empirical part. The empirical data was later summarized according to objective criteria of relevance and compliance with the research question, and the key points of the research were identified based on the theoretical framework. Subsequently, after comparing the theories with the presented empirical material the authors were focusing on finding gaps, which in this case means that the authors focused on the fact that finding statements from the empirical data that were not in alignment with statements from previous theories. These findings from the empirical data that were not in alignment with the theories was something the authors put high focus on in the analytical part since those aspects are important in order to complement and contribute to new theories, which then are presented in more detail in the conclusion part of the thesis.

### **3.6 Quality of research**

According to Merriam (1998), when conducting a study, it is of high importance that the research questions are answered in a scientifically rigorous manner. All threats to the study's validity should be outlined. There are several ways of determining whether a research study is valid and reliable. When it comes to the validity aspects, there are two types of validity, internal and external validity (Merriam, 1998).

Internal validity means whether changes in the outcome could be attributed to alternative explanations, which are not explored in the study (Merriam, 1998). If the study doesn't rule out an alternative explanation, then the result of the outcome can be to a certain extent misleading and the internal validity will be low (Merriam, 1998). In our case, we are conducting a study that is based on one specific case. In cases like this when the result is based on one single case study, it is of high importance that the internal validity is high in order to prevent misleading outcomes. In order to enhance and increase the internal validity there are several types of methods to use. Merriam (1998) suggest the method of

Triangulation, which means using multiple investigators, multiple sources of data, or multiple methods to confirm the emerging findings (Merriam, 1998).

As we the authors of this thesis created this study, we knew that the triangulation method is a good method for us to use in order to increase the internal validity. We knew that we were able to analyze our topic from several perspectives. We started by visiting the firm's website, in order to collect as much as public data as possible. On their websites we were seeking for useful documents such as annual reports etc. Having done this, we started our last step, which was conducting interviews. We knew that in order to correctly use the triangulation method, it was not enough to conduct interviews with only one part of the firm, which for instance means that we are conducting interviews with employees at only one department of the firm. As we followed the triangulation method, we conducted interviews with managers at the Indian, the Swedish and also at their location in the U. K. By interviewing employees at all three locations, we collected data from several sources and views which gave us the opportunity to analyze the material much broader and be able to have a more reliable result in our outcomes.

External validity is the other type of validity, which means whether the findings can be generalized. Merriam (1998) interpret external validity as it is concerned with the extent to which the findings in one study can be applied to other situations or other cases. Often in case studies, the result is based on the specific case study and it may be difficult to generalize the findings onto other cases. According to Merriam (1998), in qualitative research, a single case sample is selected precisely because the researcher wishes to understand the particular phenomenon in depth, not to find out what generally is true. The statement from Merriam (1998) is truly in line with our purpose of this study, which is based on the creation of a deeper understanding in one particular case. Merriam (1998) is also suggesting strategies to increase the external validity. For instance, she suggests a thick description so that others can compare their situation with yours. This is something we have kept in mind when we created the study as we tried to describe in as much depth as possible so that other researchers who in the future will conduct research about similar topics, can understand our situation and environment more fully.

Another important aspect when conducting research is the reliability factor. Reliability refers to the extent to which research findings can be replicated (Merriam, 1998). More clearly it

means that if a similar investigation is conducted later on, the result should be the same or at least similar. If the result is similar it means that the reliability is high. In qualitative studies it can be difficult to meet the criterion because in social sciences human behavior/observation are not static (Merriam, 1998). However, there are some strategies to use in order to reduce the deviation in the result. For instance, when a similar investigation is created later on, it is important that the researcher is conducting the investigation under same conditions as the previous researcher did (Bryman & Bell, 2011). Another aspect that should be taken into account is the prevailing environment, as the researcher should adapt the interpretation based on the previous researchers prevailing environment (Bryman & Bell, 2011).

According to Merriam (1998), the researcher can increase the reliability by explaining particular details in the investigation process. The investigator must describe in detail how data was collected, how categories were derived, and how decisions were made throughout the inquiry in order for an audit to take place (Merriam, 1998).

When we created this study, we knew that the reliability could be classified as low reliability. As our study is based on one case study only and in cases like this, there are considerable risks that if similar investigations are created, then results may deviate from our results. In order to take Merriam's (1998) statement into account, we have tried to clearly present in detail how our investigation process has taken place stepwise.

## 4. Empirical data

*In this section the empirical data will be presented. For ease of reading, the data has been categorized using the structure from the theoretical model, which means that it is first divided into facilitating factors for a successful knowledge transfer and motivating factors behind an acquisition, and then further divided into the actual factors from the theoretical model. The empirical part will start with a brief presentation of the firms that we have used for this thesis.*

### 4.1 The EMNC

To be able to conduct this study on the factors involved in MNCs from developing countries and its knowledge sharing, we have chosen to focus our research on one EMNC that has recently all-out acquired a developed country firm. The acquiring organization is founded and headquartered in India, while the acquired firm is itself founded and was before the acquisition headquartered in Sweden. In addition to this it is also important to note that the Indian organization has a regional head quarter in the U. K., from where certain parts of its European operations are coordinated. For the purpose of this study however, that fact does not change the relationship between the global head quarter in India and the acquired firm in Sweden, as they have an ongoing relationship on multiple levels. The integration process and the knowledge transfer process are often important aspects in the context of an acquisition, therefore it is of interest to us to investigate the underlying factors in this specific case.

The EMNC is part of a global Indian conglomerate and was itself founded in the 1990's as an independent subsidiary. The firm is active in the product development and IT infrastructure sectors and can largely be classified as a professional business services provider in terms of engineer services. It is independent from the rest of the conglomerate and from its headquarter in the sense that it competes for any business from the conglomerate on equal terms with external suppliers, meaning that no business is afforded to it based merely on common ownership.

The EMNC has internationalized broadly in the past decade, and it now has subsidiaries in several parts of Europe as well as in North America. The entry into Sweden took place in 2016, before which they already had established subsidiaries in Italy, France, Romania, Germany and the U. K. The entry into Sweden was however only their second market entry by acquisition (all the rest have been green field FDI). The subsidiary in the U. K. functions as

a regional headquarter for the European operations, where certain (but not all) higher level decisions and approvals are made. The first step of the firm's internationalization to Sweden was through the establishment of a regional sales office in 2016, which it kept in operation until the acquisition of the Swedish firm in 2017.

As the EMNC acquired the Swedish firm, they claim that their intentions are to enhance the firm's scale and service offering in Sweden and across Europe.

Further, they also emphasize that by acquiring the Swedish firm, it will help them to develop their expertise, facilities and capabilities with key partners in Sweden.

The EMNC had noticed the strong growth in Sweden in the automotive and industrial machinery sectors, which are areas that the EMNCs see's opportunity to be involved in. Moreover, the automotive industry is for instance, an industry in Sweden where approximately half million people are employed in and 12% of total export is derived from.

The EMNC also stated that it is of high importance to receive knowledge from the acquired firm, which is possible to do since they have decided that the acquired firm will maintain the same management team and full workforce under the new ownership.

From previous interviews with the chief operating officer of the EMNC, it was determined that the EMNC is always looking to evolve, innovate and grow their value proposition. Further it is also stated that the acquisition is a transformational development in an important growing European market. In order to take part in this expansion, they have recently invested in several parts of Europe, and with this acquisition they see big chances to boost their capacity in the Nordic countries and the automotive sector by offering customers the added breadth, depth and local footprint that the combined entities will provide.

## **4.2 The history of the EMNC's entry into Sweden**

The EMNC started operations in Sweden for the first time in the fall of 2016, when it opened its regional sales office in Gothenburg. The ambition was to be able to sell the EMNC's product development services offering to the automotive industry that is largely centered in Gothenburg and the neighboring city of Trollhättan in Sweden. The sales office functioned from the beginning also as a small-scale delivery office, where project management functions where coordinating overseas engineering services for delivery to the customers in the Gothenburg region.

In order to grow its operations in Sweden the EMNC relatively quickly decided that acquiring an established local player in the Swedish market would be a viable option. After screening for suitable acquisition candidates, it had in January-February of 2017 found a suitable Swedish SME with already established business within the Swedish automotive sector. This is the firm that the EMNC eventually acquired, in the Spring of 2017.

In the fall of 2017 an integration plan was set in to place by the EMNC, where the ambition was to integrate the business processes at the acquired firm with the processes since long in place at the EMNC. These processes are wide in scope, as they cover for example finance, sales and delivery functions in the acquired firm. Relatively shortly after this integration process was initiated, it was apparent to management within the acquired firm that the amount of administrative burden required to conduct day-to-day business in the way that the EMNC wanted it to, was becoming too cumbersome, and that it was stifling business growth. The EMNC decided in December of 2017 to roll back its integration efforts, in order to lend the acquired firm time to recoup and focus on business growth for the time being. In May 2018 the EMNC has initiated a plan to move a manager from its Indian offices to the acquired firm in Sweden. The role of this manager will be that of an Integration Manager, meaning that there from this point onward will be one individual working exclusively with issues emanating from the renewed integration process, and to try to facilitate a renewed effort to integrate the two firms. The ambition is to during the remainder of 2018 have fully integrated the acquired firm's business processes with that of the EMNC, which more specifically means that the Swedish subsidiary will share the customer relationship management system and financial systems with the EMNC. The outcome of this renewed integration effort is at the writing of this case study yet unknown.

### **4.3 The acquired firm**

The Swedish firm that was acquired by the Indian EMNC is vastly smaller in size (SME category), based in Gothenburg and has been operating for around one decade. Their service offering overlaps that of the EMNC to a large extent, they do offer a few additional services that are not at all offered by the EMNC at the time of acquisition. Their main services and products are based upon product development and designing for the automotive industry. The firm has grown rapidly in the past years, mainly due to recurring successful business with one major client in the automotive sector. The fast growth is measured to be approximately 230% across the last four years, which surely indicates that this is a firm on the rise.

When it comes to the history of the acquired firm, the firm was as previously mentioned founded a decade ago. The firm has in a fast pace grown and at the time of the acquisition, they had around 120 engineers employed in the firm and was collaborating with several local clients. As the firm has grown at a high pace, it was a matter of time that a large actor would become interested in the firm. When the Indian EMNC offered to acquire the firm, it became then a big opportunity for the acquired firm to develop and grow further as they would be backed up by a large MNC both organizationally and financially. The acquisition would lead to the fact that the acquired firm could strengthen their position in the market and become more competitive. Further, as the EMNC had decided to keep the current management and workforce, the employees were then not worried when the acquisition took place. This is verified by the author of the thesis that was working there during the time of the acquisition.

#### 4.4 Time line over acquisition/the EMNC’s market presence in Sweden

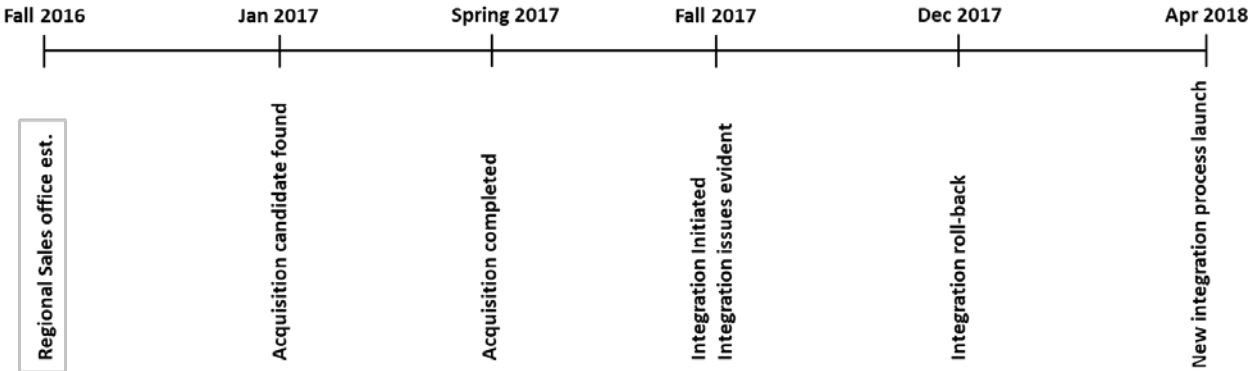


Figure 2. Time line over the EMNC’s market presence in Sweden

#### 4.5 Facilitating factors for knowledge transfer

In this section of the thesis, we will present the first part of the empirical data that focus on facilitating factors for EMNC knowledge transfer. The factors identified are *Cultural differences, Abilities to capturing and sharing knowledge and Willingness to share knowledge*. In presentation, we will authenticate our statements by using summaries of quotes from the interviews.



#### 4.5.1 Cultural differences

There are some cases when cultural aspects can affect the work processes within an organization, and between international units. Theoretically it would be a fair assumption that cultural differences between the EMNC and the acquired firm are if not high, at least present. From interviews with respondents in the EMNC it was evident that there was a focus on the value of knowledge exchange between employees. The legal manager in India states:

*-We know that everybody that are involved in the organization have some types of knowledge that should be shared within the employees in order to create more valuable knowledge. We try to have regular meetings and discussions about how to develop and make things better. In this way, we believe that we reduce the risks of missing knowledge within the employees.*

- Legal manager, India

When it comes to knowledge transfer in the specific context of employees from different cultural settings, many of the respondents in both the EMNC and the acquired firm re-iterated that it tends to lead to learning and sharing of knowledge. But it can also lead to hindrance as it might lead to conflicts in thoughts and opinion between the employees, which sometimes can lead to difficulties in the collaboration between the entities. This is shown from the response by Manager 1 in India:

*- It is pretty obvious that when you have people in your organization with different background and with different traditions, it will lead to more ideas and more knowledge within the organization. There will be more opportunities for the employees to learn from each other. There might sometimes also be some difficulties in collaboration between employees if their basic ideas about how things are to be done differ too much. When there occurs situation when the collaboration is too affected by the differentiation in opinions and thought, we always want to solve the problem by doing it the Indian way. Which means that if we have opinions and the Swedes have other opinions, they must then adapt to us even though they might think our way is not the right way. We believe that this is a good method, since we have not noticed any cultural issues since we have implemented this method of solving problems.*

- Manager 1, India

A similar view was held by the delivery manager at the EMNC, who on the question if there are advantages and/or disadvantages of having people from different cultural backgrounds working together, the manager stated that they believed so, but that it also can bring with it difficulties if they have much of a different view point.

*The main advantage is that people from different backgrounds are always like, they think in different ways, so when we work together we learn a lot from each other, so in this process we can learn a lot of and get new knowledge...and the disadvantages...they are not so many disadvantages, that I have noticed, but sometimes it can also be difficult to work with people from different backgrounds, because when two people think in different ways It can be good, but sometimes it can be hard for them to collaborate with each other if their ideas are way too different, but I can't say that that is an issue for us here at my department -Delivery manager, India*

From the interview data it was also evident that many respondents thought that differences in how business is conducted in India and in Sweden affected the integration process specifically. One aspect in this context is the way in which decisions are made, which can differ greatly between the two firms. It appears that decisions at the EMNC are made in a clearly hierarchical manner, where a few people within management are involved in the process. The legal manager in India states it in the following way:

*-There are situations when the integration process doesn't work so well. For instance, in Sweden when they are making a decision, they like that many people are involved in the decision making. In India it is the opposite, we like to involve few persons in the decisions making, only those that are very suitable. The issue is that we also would like that Sweden did that as well, but we recognized that it is not that way they like to work.*

-Legal manager, India

It is evident that there is at the EMNC at least a perceived difference in decision making that is affecting the integration process. From the interviews it is also evident that this view is to a large extent held by employees at the acquired firm as well. When talking about the differences in organizational structure between the EMNC and the firm in Sweden line manager 1 in Sweden states:

*-For me in my opinion a lot of unnecessary work, it's very difficult to get answers and get instructions, sometimes because people are not allowed to take their own decision, they need to always go to the superior for approval, at times for trivial things. To be honest, this can be a bit annoying, since it sometimes feels that we don't have rights to make our own decisions*

-Line manager 1, Sweden

#### **4.5.2 Capturing and sharing Knowledge**

The use of various technological aids to facilitate the capture, transfer and exchange of knowledge between the EMNC and the acquired firm was evident from the interview data. One example of this is the new process set in place after the acquisition, where managers in Sweden are expected to enter data on won business into the EMNC's customer relationship management system. The process itself is new to the personnel at the acquired firm, and at times has caused a lot of administrative burden, at the same time as it serves the EMNC with detailed information on business that is conducted at the Swedish subsidiary. When interviewing the manager of operations in the U. K. they expressed that one way for the EMNC to gather specific knowledge from the acquired firm was through its customer relationship management system, which initially was supposed to be used by all managers handling sales in Sweden but has since then been rolled back due to it becoming too much of an administrative burden for the managers in Sweden. Specifically, the operations manager in the U. K., when asked about any technological aids for knowledge (information) exchange that are in place between Sweden, U.K and India, says:

*-Well in my case again it would be this computer system that I use daily, this what we call the CRM system...this is a global standardized system, that we also try to implement in Sweden, but we have been back and forth between what type of business should be included in it in Sweden, and here I know we have initially said that all business should be included in the CRM system, but as of now only parts are included, larger projects, but smaller ones are left out...and this was due to an executive decision by top management in India*

When it comes to the second method of capturing knowledge, which Nayar (2008) elaborates as the importance of having ways of creating strong relationships between entities, which further will lead to the creation of stronger trust and faith between the employees in the entities. Nayar (2008) explains that strong relationships will assist the exchange of knowledge. This is something we could not notice were present from the interviews, when asked about relationships, the manager in Sweden replied:

*To be honest, we constantly get strictly instructions from the HQ, and they are very demanding all the time. I have not noticed any efforts the HQ has made to make our relationship becoming stronger.*

- Line Manager 2 Sweden

From the primary data it is evident that many of the respondents held the opinion that one of the issues that affect successful integration is the lack of co-operation between employees at the EMNC and the acquired firm. This is also something that hinders the transfer of knowledge, as if people in the two firms are not willing to co-operate with each other, there can reasonably not either be any knowledge exchange between the two. When asked specifically about challenges with the integration process, line manager 2 in Sweden says:

*-I think that it's just people should be prepared to cooperate in this process, in trying to get these two firms to become one. The hindrance would be I guess that people don't understand each other, and especially maybe, not so much for me, I think I understand the other part relatively well, but I think the Indian organization needs to have a better understanding of how we have been working here and what has been successful here, and that we need to keep that and that we don't try to change it too much, I don't think that would be in their interests either. So, I think that would be a hindrance. They should care about making us satisfied also, not only satisfying themselves.*

-Line manager 2, Sweden

#### **4.5.3 Willingness to share knowledge**

In the case of employees within the two firms being unwilling to share knowledge between each other the empirical data does not seem to support the notion that there would be perceived cases where someone has been unwilling to share knowledge with colleagues in the other firm (the EMNC or the acquired firm in Sweden). The delivery manager in India says the following when asked if they ever experienced that someone in Sweden withheld information from them:

*-I can't say that I would ever have noticed such a thing, whatever information I have asked for from Sweden I have usually received, sooner or later.*

-Delivery manager, India

That you don't know if someone else is not sharing information with you, can be seen as natural, as you cannot know what you don't know.

From conducting interviews at the Swedish firm on the other hand, we received some insights from their perspective, which was totally different when we asked about their willingness of sharing knowledge.

*-We always have to adapt to the way the Indian firm want us to work. This has been a very big dilemma for us, it has frustrated us that the Indian firm never listen at how we would like to do things. To be honest, nowadays we feel that it is useless to tell the Indian firm about our ideas, so we have decreased doing that. If they don't need our knowledge, then it's their lost. Then of course some good knowledge may be wasted since the Indians are not especially interested in listening to our thoughts.*

*-Line Manager, Sweden*

Szulanski (1996), has highlighted that sometimes an individual can fear losing position when sharing unique knowledge, which can lead to that they avoid the sharing of knowledge. This statement seems not be present in our interviews, when asked the Swedish manager about fearing of losing position.

*-I can't say that such thing as fearing position has been present in our firm. We always giving the HQ all information that are available. I can't imagine that we would ever think about hiding anything from them. I don't really know why we do not fear any losing of position, it might be because we are still a small firm that develops, and we are constantly learning things. I don't think we have any unique knowledge that we would like to keep in secret.*

*-Line Manager 1 Sweden*

#### **4.5.4 Empirical observations outside of the theoretical model: Communication**

The interview data showed that many of the respondents highlighted the importance of communication between the two firms on an organizational level, as well as a well-functioning communication between employees. The argument for this would be that communication is important in order for successful knowledge exchange to take place, as well as being an aid in the hitherto stalled integration process. From the respondents that

mentioned communication as being important, it was also evident that they thought that well-functioning communication would enable employees in the two firms to understand each other better, and that it would in some ways help to brake common ground between them, and as such help the integration process. However, besides of the communication aspect, another aspect that is highlighted is the dissatisfaction from the Swedish firm when India gives them certain orders. When asked about what they thought about the integration process line manager 2 in Sweden said:

*-Regarding how things should be and how the work should be here in Sweden..it's almost like they (India) had one idea about it and our Swedish firm, or our owners had a different idea, so I would say that big challenge for integration would be communication, a lack of communication and understanding between each other. To be honest, sometimes there are big difficulties in how things should be done. We get instructions from the Indian firm about things, and our opinions differs a lot from how they want things to be. This is a big issue as we already know that our way of doing something is much better and more efficient way than the way they propose. This is a constantly occurring issue, because we feel that they want us to learn somethings that we already have much knowledge about, sometimes even more than themselves.*

-Line manager 2, Sweden

## **4.6 Motivating factors behind acquisition**

In this section we will present all empirical data that pertain to the motivating factors behind the EMNCs acquisition of the Swedish firm. The factors presented here, then, are *Increased profitability, acquisition of assets and knowledge, learning about the local market, and acquisition of synergies and networks.*

### **4.6.1 Increased profitability**

From the interview data we can see that a profitability motive can reasonably have been present when the EMNC decided to acquire the Swedish firm. From some of the respondents we could pick out what they believed to be the motives for the EMNCs internationalization to Sweden. It is important to note that even though these are firsthand accounts, they are made by respondents with a varying degree of insight into the decision-making process when the decision to go through with an acquisition in Sweden was actually made. A number of

observations regarding profitability and the importance it appears to play for the EMNC were however made in the interviews. That profit margins are centrally controlled from the EMNC is shown by Line Manager 1 in Sweden in the following quote:

*-With these delivery codes it has been a matter of me needing to receive approval from delivery in India, ehm...where they need to manually approve something like profit margin on a deal that I have made...I understand the idea behind this for example, but it becomes a burden when you need to do this, and it takes a lot of time, sometimes weeks, to get this approval for a deal that has already been done here in Sweden. Before when we were doing things on our own, there was usually not any strong focus on details like that...like today we have a pretty strict profit margin target that needs to be either met or approved by Finance in India if it is lower than expected.*

Line Manager 2 in Sweden also mentions that the measurement of profit margins has become a new and additional administrative burden in their daily work as a line manager in the acquired firm:

*-For sure there is a larger burden in administration, with our workforce, profit measures on each deal and information of that nature, that we didn't really need to process the same way, or to the same extent before.*

What further high-lights the EMNC's motivation to increase its profitability by internationalization is a statement made by the CEO during a town hall meeting at the acquired firm's offices in October 2017, where he stated that an overall goal for the global organization is to increase its profitability through growth (CEO, 2017).

That profitability has played some part in the decision by the EMNC to acquire the Swedish firm seem from these accounts likely.

From secondary data gathered from the EMNC's annual report it is evident that the firm has for the past five years made considerable profits, ranging between 42 (2014) and 59 (2016) million USD annually. The cash flow trend since 2014 shows in part evidence of the offensive internationalization strategy set in place by the EMNC, as it has been on a steady decline from around 60 to below 20 million USD in 2017. Part of this decline in cash flow can be explained

by acquisitions made by the EMNC, acquisitions such as the one in Sweden in 2017. Following this logic, it is then evident that the access to financial resources, built up by the EMNC's cost advantage derived from its home operations in India, has facilitated the all-out acquisition of the firm in Sweden, and as such enabled it to transfer knowledge to and from it. The increase of profits and the sudden decrease of cash flow is something that was verified by one of the respondents as they claimed:

*-I'm surely not the one that are responsible for the firm's financial aspects, but I'm very sure that our profits have increased during the latest decades since we have expanded. It is then also pretty obvious that our cashflow are being affected since we are using money to invest.*

-Legal manager, India

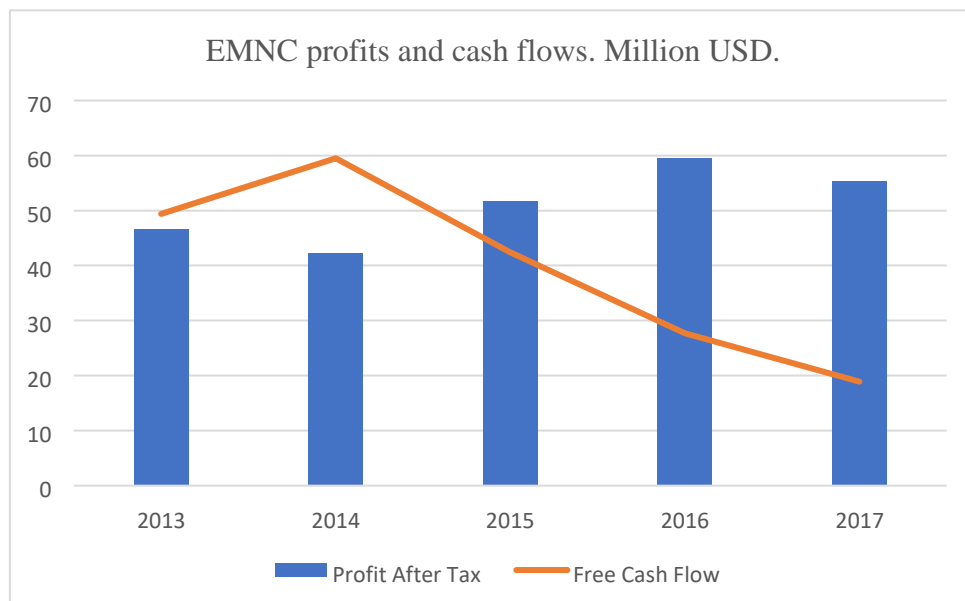


Figure 3. EMNC profit and cash flow figures.

#### 4.6.2 Acquisition of assets and knowledge

A motivation for the EMNC to acquire knowledge through the acquisition of the Swedish firm (to be *strategic asset seeking* as the knowledge transfer literature phrases it), is a motivation



that has been shown from the interview material to be not as clear-cut as the literature would initially lead us to believe. The topic of knowledge transfer and sharing has been a topic that was extensively covered by the interview questions, as it is a substantial part of our research question.

When asked about what they believe to be the main motives for the EMNC's internationalization to Sweden (and the acquisition of the Swedish firm), the delivery manager in India is to some point in line with the strategic asset seeking motive for acquisition, but at the same time he is not fully in line with the seeking motive, as he states:

*-Of course, we knew that...like I said before that the technological competence is very high in Sweden, so that was part of it I think...and I have seen in some areas we have learnt in managing certain projects for the key customers in Gothenburg...ehm, so I think that it has been both about learning about technological knowledge, as well as learning about a new market. But to be honest, we do not really feel that we have learnt very much from the Swedish firm so far. We do have a high amount of knowledge and expertise already present about our area, and so far, I have not seen much from the Swedes that has helped us growing our knowledge.*

When the Indian manager was talking about reasons for entering the Swedish market, one of his points did catch our attention. The Indian manager mentioned that entering a European developed market will strengthen the EMNC's reputation, which he described as follows:

*-One of our main reason entering a country like Sweden is that we are aware of that if our brand becomes popular in a such a developed country as Sweden, it will make more people believe in our firm and brand. We know that if our brand is respected on a developed market, the rumors will spread out even more, into other countries. Even in our home country, people will respect our firm even more. The attitude is like: "if a developed country respects you, then everybody will respect you".*

When asked specifically about how he has perceived the internationalization process of the EMNC he reiterates what he believes to be the value of gathering technological knowledge when the EMNC has expanded to developed countries, he says:

*For me there is a value that we are in these markets as well, since the technological development is in many ways very high, we can gather much experience from being in these countries you know, so I think that the path has been like that, that we have first grown in our own market and we have then established a presence in the western countries where certain type of expertise is very high. Like Sweden for example.*

-Delivery Manager, India

Apart from the accounts that to one extent or another confirm a strategic asset seeking motive of the EMNC, there are also respondents who indicate the contrary. That knowledge flows particularly in the form of new processes and routines originate in the EMNC and are pushed to the Swedish subsidiary is evident from some of the interviews. Answering the question on how they perceive the exchange of knowledge and information between the EMNC and the acquired firm, Line Manager 1 in Sweden says the following:

*-I think that we have received a lot of information from the Indian firm...ehm, in the way that they expect us to do tasks that we haven't done before...that are new to us, tasks that they also put a lot of demand on us with, and expectations.*

When asked to confirm whether they perceive the exchange of knowledge to take place in both directions (From and to the acquired firm), Line Manager 1 states that:

*From my point of view as a manager for my group I have not been involved in sending any knowledge, or much anyway, it is more that I have received instructions that I need to do..if knowledge would be counted as giving or getting instructions, it is more from India to me, than from me to them. So, in that way it would be more in one direction in my case.*

The instructions that Line Manager 1 is referring to are mainly the use of documentation and approval of new business opportunities (where the aforementioned profit margins are monitored, for example), which is handled by the finance function in India, and the documentation of certain codes that are specific to the service delivery in Sweden, without which the firm can collect payment from the customer. Line Manager 2 specifically mentions the delivery codes that they since the acquisition have to use:

*For example, when I sell a consultant to a customer here in Sweden, I need to have what the Indian firm calls a EDGS identification number for every project, for every consultant that I sell, so that finance here in Sweden can bill, so that we can collect payment from the customer...this is the kind of information they have started to ask since the information goes into the SAP\* system that the Indian organization uses, that we do not currently use.*

-Line Manager 2 Sweden

That knowledge in the form of new processes and instructions emanate from the EMNC is echoed by many of the respondents. In order to discover whether there are any differences in viewpoint in this regard between respondents in the EMNC and respondents in the acquired firm, the same questions were asked to all respondents. The delivery manager in India states that in their view it is not often that they need knowledge or information from the Swedish subsidiary, but that when they do the colleagues in Sweden are good at providing it:

*-To be honest I can't say that it's that often that we need information from them, but there are certain things that we do need to know, that we ask them, and they are good in informing us and telling us what we need to know, so I feel that we have pretty good control over that. -*

Delivery Manager India

When asked about the implementation of new processes and routines at the Swedish subsidiary, the delivery manager at the EMNC expresses that this has happened, and that according to them the ambition is to have a standardized way of conducting business throughout the global organization, at the same time as being attentive to how the colleagues in Sweden like to do things:

*-We have some, of course we want all our operations to be similar and work in the same way, and have some standardized ways of doing things, but of course we are also to some extent interested in learning from them in how they like to do things.*

The principle of trying to standardize the way to conduct business and push out new processes and routines from the EMNC to the Swedish subsidiary is also echoed by the Manager of Operations at the European HQ in the U. K., who talks about them receiving certain business and sales related information from Sweden, that is used to follow up sales performance indicators for all of the European operations. Additionally, the manager in the U. K. maintains that they have held training seminars with personnel in Sweden, where the ambition was that personnel in Sweden would use the same software system as in the rest of the global organization. As a result of the integration issues that have happened, and the roll-back of the

integration process, the use of this software in Sweden has been halted. The U. K. manager explains it as follows:

*-Well I receive certain information from them (Sweden), that I use in my job as head of sales operations...I also had training seminars with certain key personnel in Sweden, where I tried to teach them some of the computer systems that we use here..eh, so that would be one thing that we have invested in them, and try to teach them how these systems work. Now this process has been halted for the time being.*

-Manager Sales Operations, U. K.

When asked the Indian manager about how they receive information abroad, he explains:

*-Of course, it is easier to receive information in our own firm (India), because I have good control over our own activities, than from Sweden, the distance is large, so the communication is maybe not always perfect, so it can be situations where we miss out on knowledge and valuable learning and those things, but so far, I cannot mention anything specific*

-Delivery Manager India

#### **4.6.3 Learning about markets**

One of the motives behind the acquisition could from the interview data be seen as the EMNC wanting to acquire more knowledge about the local market conditions in Sweden. The EMNC had before the acquisition succeeded with establishing business with a major automotive customer in Gothenburg, but the VP in charge of setting up the first Swedish sales office felt that the organization lacked knowledge in how to successfully deliver to the new Swedish automotive customer, and how to secure additional and larger projects with them. When asked about what they believed to be motives for the acquisition of the Swedish firm, the operations manager in the U. K. replied as follows:

*- As the organization is relatively large in India and has been established there for a long time, we have historically expanded to other countries. Today, the firm have operation in several parts of the world such as for instance, Europe and North America. We knew that*

*getting a foot into Sweden can be a good next step due to many types of advantages the firm could gather, one of them being specific knowledge about the Swedish location itself*

-Operations manager, U. K.

Nayar (2008) explains that firms internationalize at a much faster pace than before. The Uppsala-model created by Johansson & Vahlne (1997, 2009), which is based on a gradual, step-wise, internationalization is not reflective of the empirical data, since it appears that the EMNC has gone to a high market commitment at a relatively rapid pace. When we asked the Indian delivery manager about the speed of internationalization into Sweden, the manager did not agree with the statement from Nayar (2008).

*-Well, I can't say that we just internationalize into countries before studying the market carefully. We have already established operations and partners in Sweden, we already have much information about the Swedish market. An acquisition of a Swedish SME that deals with engineering services is something we have planned carefully for a long time before making the deal.*

- Indian Delivery Manager

#### **4.6.4 Acquisition of synergies and networks**

Trying to acquire certain synergy benefits and networks with the acquisition of the Swedish firm, the Indian Delivery Manager was to some extent in line with the statement made by Hunt (2009), when Hunt (2009) explained that synergies that can be acquired when an acquisition takes place is based on that the firms can use each other's network and reputation. The Indian Delivery Manager agreed that the acquisition will broaden their contact network, but when it comes to reputation the manager felt that it's not because of the acquired firm that the EMNC will strengthen their reputation, its more thanks to the market where the acquired firm is based in.

*-of course, this is a great opportunity for us to make new contacts and broaden our network by becoming friends with the friends of the firm that we acquired. But I don't feel that the acquired firm will have the power to strength our reputation, since the acquired firm is still a relatively new established SME. They are not really a strong brand that everybody knows about, but they are a good firm with useful contacts and they are also based in Sweden, which is a country that have good reputation, and this will then strength our reputation and brand.*

- Indian Delivery Manager

# 5. Analysis and discussion

## 5.1 Analysis

Putting the empirical data into the context of the theoretical model we can deduct a number of observations.

That the Indian MNC has faced issues with its attempts to integrate the acquired firm into its global organization is clear. One explanation to these issues seems to be the fact that the firm has strived to put in place its standardized processes within the acquired firm, to send knowledge, in an initially rather firm way.

Our study has given us a deeper understanding of which factors that motivates and challenges Indian MNCs knowledge transfers from HQ to developed country subsidiary. The observed results do to a certain extent differ from the information that we got from the theories, but there are as well aspects in our results that are in line with the researched theories. As the researched area is so far inadequate in describing our specific topic, we believe that our results can contribute to a richer field of theory.

We will further in this chapter create an analysis of the collected empirical data, compare it to the topics from our theoretical model and discuss our outcomes. Below we have inserted the theoretical model from the theoretical part of this thesis.

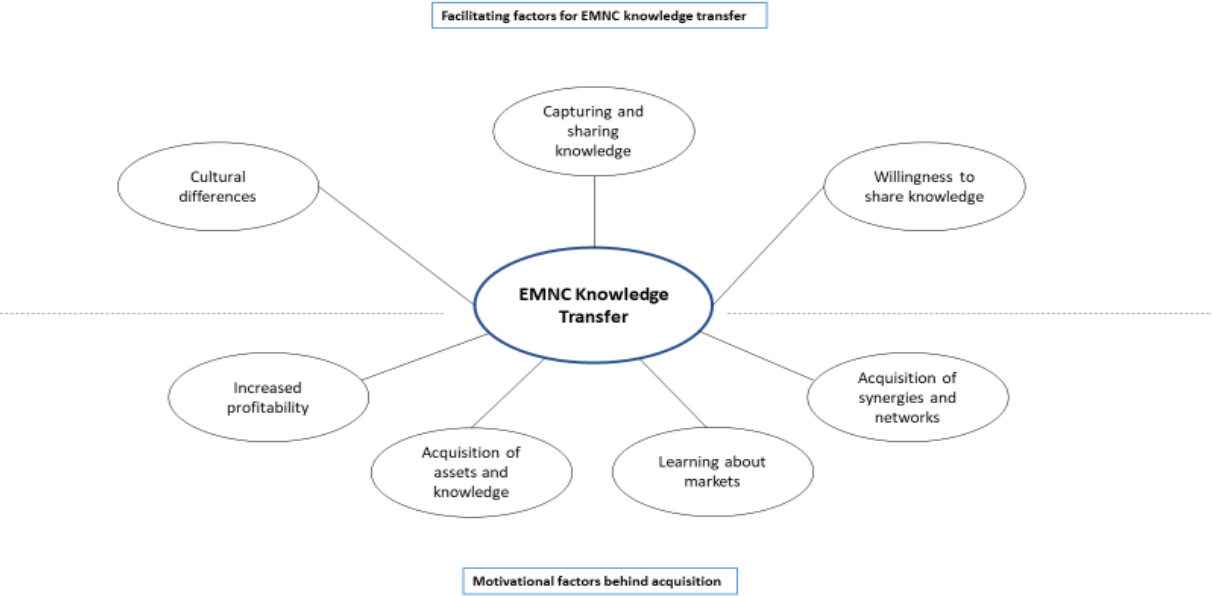


Figure 1. Theoretical model.

### **5.1.1 Cultural differences**

When it comes to the integration process, we can determine that our interviews gave some new insights about there being difficulties in the integration process. We noticed that the Indian firm is often giving instructions in how the acquired firm has to conduct their tasks, while actors in the acquired firm were not always satisfied with getting these instructions from the EMNC. The interviewed respondents in the acquired firm preferred that they should have a more flexible way of working in their day to day operations.

The respondents within the acquired firm were in general opposed to the standardized processes centrally set in place by the EMNC. The acquired firm had on an organizational level difficulty with following all the instructions they received from the EMNC HQ. It became clear that the acquired firm was struggling as these standardized processes were not suitable for them in the Swedish context, as it had been for the HQ.

It was evident that differences in organizational structures between the two firms also played a part. The Indian firm worked in a very hierarchical manner, which the respondents in the Swedish firm were not used to. Further the Indian firm demanded that certain decisions had to be taken by the HQ, given the subsidiary not much influence over local decisions making. This was something that to a certain extent harmed the collaboration between the two entities, since the employees of the Swedish firm felt that they were given less responsibility and autonomy as they preferred more freedom in decision making.

According to Hofstede (2010) and Piekkari (2005), the cultural differences in an organization can lead to difficulties in form of language barriers that leads to misunderstanding etc. The cultural differences could also harm the collaboration between the employees in the organization as communication and collaboration between two individuals can be complicated if there are big differences in their opinions, traditions, beliefs etc. But in the case of our study, we could not find any of these obstacles. From our interviews, we instead received the understanding that so far, the cultural differences have led to benefits for the organization. The benefits they have received is described as learning from each other, which in this case means that as two individuals from different background work together, it may lead to that they will learn from each other, which will lead to benefits for them individually but also on a corporate level. However, there were no signs of difficulties in language barriers and there were also no signs of any types of difficulties from having people with different culture working together in the organization. The only types of difficulties we found were those based

upon some prejudices both firms held against each other's knowledge. Which we mean as situations when the EMNC considered that there is not much they can learn from the swedes, while the swedes on the other hand were not satisfied with taking central orders from the EMNC, as they felt that the way in which the EMNC wanted certain tasks to be done was not suitable in their Swedish context.

However (Heiman, 2008) stresses both the positive side and the negative side of having people with different backgrounds in an organization. To begin with, what Heiman (2008) considers as the main issue is that cultural differences will lead to difficulties in the day to day operations. Heiman (2008), explains that there will be tension between the employees if their thoughts and opinions do differ to a large extent, which will affect their collaboration and will eventually have an adverse effect on the organization.

What the interviews showed us that the previous literature did not are the issues that followed with the differences in organizational structure and the fact that the two firms have a type of prejudice against each other. This was something that we could not find in previous literature about employees in subsidiaries complaining about the demands from HQ, while the HQ strictly control their subsidiary to an extent where the subsidiary feels limited in their operational freedom. This issue created some prejudice between the entities as their faith in each other became affected. The main problem seems to be based in disagreement about organizational structure and the way of steering the organization. Any cultural differences between the employees that would hamper their day to day work as stated in the previous literature was not present.

### **5.1.2 Capturing and sharing knowledge**

According to Collins (1993), as firms start to collaborate with each other, an important aspect is that they learn from each other and that no knowledge is spilled or not captured. Gururajan (2006) suggest the two-way method of capturing and spreading knowledge. The first method is based on spreading knowledge with technical tools, while the second method is based on spreading knowledge by creating strong relationships between the entities.

Our results confirm the first method while it deviates from the second method. Firstly, the EMNC showed that they were to some point interested in learning from the acquired firm even though it felt that they put most focus on other aspects such as the use of the acquired firm's contact networks etc. We interpreted that they had a high level of communication with



their acquired firm and that they have managers that work with capturing knowledge within the organization, so it later can continue be transferred within the organization. In order to do this, they use several types of technical tools such as their customer relationship management system and other technical tools for communications. The customer relationship management system contains all relevant information about sales and is used by all managers with a sales responsibility within the organization. According to the respondents, it is a good tool that they would like to use, but they also noted that it has become an administrative burden for some of their units, which has led to that they overall avoid using the system. They did also underline that this is an issue, when the use of this system is not aligned between the two entities.

Another system that has been frequently used is the SAP system. The program is a good aid for managing invoicing and to collect information about payments. The system is mainly used by managers in the finance departments and so far, there has not been any problems with using the program that would lead to disruptions in the organizational operations.

Further, what does differ from the second method suggested by Gururajan (2006), about creating strong relationships, is that our result is not in line with his statement, as we found no substantial evidence that being something that the EMNC has so far focused on. The Indian firm states that they put high focus on a well working circulation of knowledge, which means that they also want to learn from their subsidiary in the developed market. Still according to the acquired firm, the Indian firm does not seem to put any significant effort in strengthening their relationship with the acquired firm, which according to Gururajan (2006) is important and would make it easier to capture knowledge and learning from each other.

Further, the Indian firm seemingly has not put any effort in the methods presented by Martinez & Carillo (1997), about performance and personal control, which is a way of extracting even more knowledge from the individuals in the organization.

From our interviews, we sometimes felt that even though managers from the Indian firm emphasized the importance of having a well working circulation of learning from each other, we still didn't perceive it that way. The Indian managers put much focus on the importance of making the acquired firm conduct specific tasks in same way as they did. This gave us the impression that the Indian firm wasn't that interested in the acquired firm's opinions and thoughts in how things are to be done. Which led us to the conclusion that the Indian firm was not so interested in learning or seeking knowledge from their acquired firm. The only seeking of knowledge we perceived was that they did want to know, whenever deviations had occurred, or whether their working methods were properly implemented or not in the acquired firm. These types of statements are for us to a certain extent unexpected. From our

understanding of the existant literature, we had the knowledge that firms from developing countries were lacking in know-how to a large extent, and that they would be very interested in learning from a firm in a developed country. In this case, it shows that it is not necessarily like that. This showed us that there are EMNCs that are not putting much effort into learning from the acquisition even though it is based in a developed market. This is something that is also important from the view of the acquired firm, as we received the understanding that the acquired firm was not fully satisfied with being forced to implement centralized working methods from the Indian firm. From interviewing our respondents in the acquired firm, it was apparent that they sometimes have held a negative attitude toward the Indian firm as they don't like to execute the orders they received. We received the understanding that the Swedish firm considers that they already know the most efficient ways of doing things and they are not always likely to take centralized orders from the Indian firm. This negative attitude has its root in the way some actors within the Swedish firm view the Indian firm. As the Indian firm is from a developing country, it appears like some actors within the Swedish firm don't have enough faith in them, believing that their working methods may lack in certain respects, and that they are not suitable in the Swedish context.

This way of viewing the parent EMNC, is a unique finding for us. It clearly shows that the Swedish firm lack faith in the EMNC, because of reasons that the Indian firm is from a developing country and usually would lack in know-how. It would therefore be interesting to measure if the Swedish firm would have a more positive attitude if they were acquired by a firm based in a developed country with high level of skills and know-how. This statement would mean that the way the Swedish firm views the Indian firm is based on the country's origin rather than from their skills and knowledge.

As our studied EMNC don't seem to be interested in learning from its subsidiary, they contradict the statement from Birkinshaw (2010), that MNCs usually collect knowledge from several views as they have subsidiaries in several places. This EMNC will have access to knowledge from their acquisition, but they don't seem to be interested in using the access they have in our case study.

### **5.1.3 Willingness to share knowledge**

When it comes to capturing internal knowledge and spreading it within the organization, it is mainly managers task to extract all relevant knowledge from the employees in the

organization. One main difficulty is according to Szulanski (1996), the lack of willingness to share knowledge between individuals. Szulanski (1996) refers to the fear of losing position when sharing knowledge. Some knowledge may be unique and when shared with others, the uniqueness will disappear. Szulanski (1996), suggests that creating a strong relationship between the entities will make the individuals feel more comfortable in sharing information and it will lead to that they feel a reduced fear of losing power. Another suggestion by Szulanski (1996) is to implement reward systems and rewarding those that share important knowledge.

The fear of losing position and the implementation of reward systems was something that was not found from our interviews. The respondents indicated that they did not have any problem with sharing knowledge, any fear of losing position did not exist from our collected material. Neither did any reward system exist.

The reasons that the respondents within the acquired firm did not feel any fear of losing position can be many. From this research it indicates that the acquired firm is still a small firm that has not captured any unique knowledge that they fear will affect their position if it shared. At the moment as they are a small firm and the acquisition is newly established, they are carefully listening and taking orders from the HQ. This aspect is obviously pretty interesting, if the acquired firm instead was a large firm, that had some types of unique knowledge. It would then be interesting whether the outcome would be different as the acquired firm could feel some certain degree of competition feelings toward the HQ, then they would maybe avoid sharing all their unique knowledge.

Further, from our interviews the respondents did make it clear that they so far had not noticed any hindrances from capturing knowledge from their employees. They felt that all relevant knowledge has been shared within the organization without any notable obstacles. Worth noting is that, from the interviews we did we also receive the understanding that even though the respondent felt that all relevant knowledge is captured, they do at the same time not know if knowledge still may be unknown to them. As such we cannot conclude if this has had any effect on the organization. In general, these two firms can never know if the other party is withholding valuable knowledge. For instance, the Swedish firm considers that they sometimes have more knowledge about certain things than the Indian firm has, but the Indian firm has not expressed any significant attempts at internalizing this knowledge, which can lead to the fact that some of the Swedish firm's useful knowledge is not fully captured and shared within the organization. This is a very important aspect. If the Swedish firm feels that the Indian firm doesn't pay adherence to their ideas, as most of the knowledge transfer is in

the form of centralized processes dictated by the EMNC, it can harm the circulation of knowledge. It may lead to actors within the Swedish firm withholding knowledge, without the EMNC knowing about it.

#### **5.1.4 increased profitability**

According to Hockers (2002) one of the main motivations for firms from developing countries to expand into developed countries is because this type of internationalization generates profits. Hockers (2002) means that operation in developed markets usually generate higher profits than operation in developing markets, therefore it is common that firms strive to enter a developed market. This statement is in line with our research as from the interviews we found that part of the motivation for entering Sweden for the EMNC was that of increased profits. This is also something that we found to be confirmed in the secondary data that we collected for our research (EMNC annual report).

However, we also found that the EMNCs focus on profit has led to other types of issues in the context of the acquired firm. For instance, our interviews indicate that the acquired firm is to some extent struggling with the strict measurement of profit margins from the Indian HQ. This has become a new and additional administrative burden in their daily work as it needs to be either met or approved by Finance in India if it is lower than expected.

#### **5.1.5 Acquisition of assets and knowledge**

According to Brennan & Bakir (2016), one of the main purposes for firms from developing countries to acquire a firm in a developed market is because of strategic knowledge seeking. Brennan & Bakir (2016) explains that firms from developing markets lack in know-how, and managerial experience to become leaders in their industries, and they therefore acquire developed country firms to fill these shortcomings. This statement doesn't seem to be in line with our results. Our results show that the EMNC indeed has all these assets within its reach in the Swedish firm, but in this case, the problem is that even though the EMNC has this opportunity we have not found anything in neither primary nor secondary data that shows that it has indeed seek to transfer this knowledge to itself. Considering this, we believe that the EMNC has so far missed the opportunity to utilize and transfer knowledge from its Swedish operations that it could use throughout the global organization. Instead we did notice sometimes during the interviews with the Indian delivery manager, how he repeatedly highlighted the fact that they consider themselves pleased with their current level of knowledge, and that they didn't believe that the Swedish firm with their knowledge could

fulfill any gap of knowledge that the Indian firm might have. The Indian firm considered themselves as a firm with very few shortcomings in knowledge. This statement is furthermore contrary to what Brennan & Bakir (2016) describes about EMNCs, where they claim that EMNCs traditionally are very interested in knowledge seeking from firms in developed countries.

### **5.1.6 Learning about markets**

According to Nayyar (2008), it has become very common that firms from developing countries have begun to put a high level of interest in internationalization into developed countries. According to Forza (2004), many firms in general are doing one very usual mistake when entering a new market. The firms have not studied the particular market sufficiently, and it often seems like they have entered new markets without necessary foresight. Forza refers to that these firms instead of studying the market well, just believes it is an attractive market because it is a market in a developed country. It seems obvious that even though the market is in a developed country, a thorough market research should be conducted. The firm needs to know what advantages they can gain if they are seeking for benefits, or what advantages they can send to the market if they are interested in sending benefits to their acquisition.

We can see from our results that the Indian firm knew that in Sweden, there are lots of skills and technology. Further it seems like they also had knowledge about that as entering the Swedish market, it will give them access to resources in the market and a broader network as they will begin collaborating with partners to the acquired firm. From this information, we can understand a bit of the Indian firm's intention with the acquisition. They likely saw that in Sweden, they will broaden their business and that the suitable tools are present in the market in form of technology and skills. So, in this case, it seems like the Indian firm has studied the Swedish market pretty well which they also claim, this contradicts with the statement by Forza (2004), about firms that inadequately study the host market they are entering. The Indian firm clearly show that they knew which benefits were present in the Swedish market. With this information in mind, it is for the authors of this thesis quite clear that the Indian firm did not rush into the new market, they had studied the pros/cons before entering. It gave the authors the impression that the Indian firm was mostly interested in using the networks that was present in the Swedish firm. Further their method of entering via acquisition is to a certain extent classified as a safer way of entering into a new market. It is a type of risk

reduced entry mode as the acquired firm has already access to useful information about the market, which the acquiring firm in a way buys access to.

### **5.1.7 Acquisition of synergies and networks**

Deng (2012) and Mathews (2006) explain that EMNCs have traditionally been motivated into M&A with developed country firms based on the seeking of strategic assets. More specifically it can be interpreted as an argument that EMNCs acquire a developed country firm in order to create a sustained competitive advantage, through acquisition of a firm operating in a higher value-added position of the value chain.

Besides the seeking of resources, it also appears like the Indian firm wants to broaden their network as they acquire a firm in a new market and getting access to the acquired firm's business networks. This is in line with what Hunt (2009) is discussing, that if one of the firms has a well-established network, the other firm will have increased opportunity to be invited into the network and get in touch with firms within the network. Hunt (2009) is putting high focus on the broadening of networks, meaning that firms can choose to enter new markets through M&A in order to use the already established networks of the firm that they are acquiring. This statement is very consistent with our empirical material, as we noticed from the interviews that the Indian delivery manager stated that they are very willing to increase their contact network and make new connections.

Another aspect that we noticed from the interviews was that the Indian delivery manager claimed that one reason to enter a developed market, especially in Europe, is that it will according to them automatically make their brand stronger. The manager meant that as the firm enter a European market and succeed to make their products and services popular in Europe it will lead to higher trust for the firm also in their home market.

This is a very interesting aspect, that we have not seen been mentioned in the literature review, saying that EMNCs can strengthen their firm's reputation by making their products and services popular in European (developed) markets.

## 6. Conclusion

*In this section of the thesis, our final conclusions will be presented. After connecting the literature to our empirical data, we conducted an analysis which will now be used to formulate a set of conclusions and to answer our research question. After answering the research question, we are moving to a discussion of managerial implications that has been found. Lastly, we present suggestions for future research.*

In this study, motivations and challenges for Indian EMNC when internationalizing into developed countries has been investigated. Literature within the field states that *motivations* for an EMNC to internationalize via acquisition into developed markets are from the view of for instance, Hockers (2002) that this is a viable way to increase profitability. Others such as, Brennan & Bakir (2016) explains that firms from developing countries usually lack in know-how, skills and technical expertise. These firms are presented with good opportunity to reduce these shortcomings when acquiring firms in developed countries (Brennan & Bakir, 2016). Hunt (2009) on the other hand has another view, which is that firms from developing countries aim to broaden their networks, which will be possible as they gain access to the acquired firm's network.

When it comes to the *challenges* that EMNCs face, according to previous literature there are issues that occur when there exists vastly different cultures in an organization, which can lead to obstacles in collaboration. Another challenge is the difficulty of making individuals in organizations willing to share their knowledge with other individuals in the organization. According to for instance, Gururajan (2006) The EMNC must make efforts to reduce these issues that can follow in the wake of an acquisition.

Throughout this study we have seen that research about EMNCs from India is at the moment lacking. This research and its findings, that have been based on literature reviews in combination with the findings received from a case study based on an Indian EMNC acquiring a Swedish firm will help to present new insights in the research area and fill the research gaps in literature about EMNC knowledge transfer.

Our research question is defined as follows:

*What motivates Indian EMNCs to internationalize through acquisitions in to developed countries, and which challenges do they face during the knowledge sharing process with acquisitions in developed markets?*

From our research, we found that the three statements from previous literature about motivational factor for EMNCs to internationalize were to some extent present but still very vague. What we found was that this EMNC unlike the statement from Brennan & Bakir did not put much interest into learning from their acquired firm. The EMNC clearly showed that they prefer and dictate to their acquisition a standardized way of working within the organization. It meant that their policies and structure was preferred to be set in place in the Swedish acquisition as well. In order to make that happen, they implemented their processes and policies in the Swedish subsidiary. The EMNC showed that even though their new acquisition is based in a developed market, they still want to implement their own processes and policies which usually is very uncommon to the Swedish firm's context. The EMNC did underline that they are aware of that subsidiaries that are based in developed markets are often equipped with a high level of knowledge, resources and technologies etc. The EMNC was aware of the capabilities and strengths of their subsidiary, they did underline that they are to some extent interested in learning from their acquisition as they knew that their acquisition might hold knowledge or resources that the HQ is missing. But this was only relevant when the subsidiary held knowledge that the EMNC viewed themselves as lacking, which in the context of our empirical findings they did not.

When it comes to the two other motivational factors from the existent literature about EMNCs wanting to broaden their networks and increase their profitability, these two factors were present but appeared not to be their main purpose with the acquisition.

From the author of this thesis' view, the main advantage the Indian MNC will receive and their main aim based on this investigation is something not mentioned by previous researchers. In the previous literature we did not find anything about the most unexpected finding we did in this thesis. That finding is that one big motivation for the EMNC to enter Sweden is that the attitude in developing countries is that when a firm establish their business in a developed market and their business succeeds in that market, it will strengthen their brand



and reputation. This can to some extent explain why the Indian firm entered Sweden and that they don't put much focus on learning from the Swedish firm. The Indian firm appears to want their business to operate successfully in Sweden, so that their brand can become popular in the Swedish market, which in the extension will make their firm more respected also in their home market. Learning anything from the acquired firm will then be unnecessary since they are only interested in operating on the Swedish market and not seeking knowledge from the acquired firm.

Further, when it comes to challenges, we found an important aspect, which is about creating a strong relationship between business entities in order to create well working day to day operations, we saw that the EMNC in this case did not put noticeable efforts into strengthening their relationship with their acquisition.

The acquired firm doesn't seem to be totally satisfied by the directions they receive from the EMNC. We noticed some dissatisfaction from the Swedish respondents that some of the directions they had to follow were complicating their day to day work, which they viewed as a burden. This kind of aspect did harm the relationship between the entities as the HQ strictly wanted their subsidiary to implement their tools and processes, while the subsidiary tried to avoid it as they felt it was unsuitable for their firm and hampering their local business.

An implication that will follow is that the EMNC will miss out on knowledge from their subsidiaries as they don't put effort in learning from their subsidiaries or listening to their ideas and opinions. Useful knowledge might be wasted as it isn't captured. This is further something that leads to another issue. The acquired firm can feel inferior, which can harm knowledge sharing and also affect the motivation for collaboration between the two entities.

Other important aspects that we found in this study is the attitude these two entities seem to have toward each other. The EMNC doesn't appear to view their acquisition as a firm they will learn from, as the EMNC feels that they already have a satisfying level of knowledge. In the acquired firm on the other hand, some actors appear to hold a sort of negative prejudice toward the Indian MNC. As the MNC is from a developing country, the acquired firm does to some extent appear to view its own processes and routines as superior due to its developed country heritage. This is an interesting aspect since the acquired firm might possibly have viewed their acquirer differently if the acquirer was from a developed country.

The analysis of the Indian firm clearly showed us their main intentions with the acquisition. Further, it seems like there are some challenges that might occur later on, which is not present at this early stage of the integration. It is pretty clear that the Indian firm does put too much

focus on their main aim, which will lead to future issues that they might at the moment not have noticed.

Existent literature emphasizes awareness of identifying ways to reduce issues that follow from cultural differences. Further, the literature does also emphasize the importance of enabling individuals to be willing to share knowledge.

But in this research, we noticed very clearly another type of issue which came from the lack of strong relationship. The EMNC doesn't put effort at strengthening their relationship with their acquisition, they also haven't noticed the dissatisfaction of the acquired firm. We noticed that there are tensions present, but it seems like the Indian firm has not paid adherence to them. As the acquisition is fairly recent and at an early stage, the tension that has occurred has not led to larger issues, but the authors of this thesis believe that this tension must be identified and reduced as soon as possible, before it will affect the organization adversely.

Our goal with this study has been to contribute to the literature and reduce the gaps that exist. We did this by analyzing one single Indian EMNC in a single case study. But as mentioned in the method section of this thesis, it is quite difficult to receive high reliability in studies where a case study is conducted. We are aware of the fact that it is difficult to receive a generalizable view when we have just analyzed one single firm. The results that we have received may not reflect reality when it comes to any other Indian MNC, as this firm may work in a unique way that differ from how other firms works. But as to be in line with Yin's (2010) theory about analytical generalizability, the authors of the thesis has clearly presented an extant theoretical framework and identified the gaps in the framework. By creating this study, the authors have investigated the gaps and with the result from the research some of the gaps have been reduced. But as the study was conducted using one single case, the research can and should be further elevated with more and new cases in different contexts.

## **6.1 Recommendations for future research**

We suggest that similar research should be conducted in the future. But future research should include more and other firms in the Indian-Swedish context, in order to broaden the specific country context that we have chosen to study. When using more firms, it will give a clearer view and the outcome will be more reliable than when only using one firm as basis for research. Future research will also give opportunity for the researcher to compare the outcome from all respective firms that they are studying, with the outcomes of our study. After

comparing the outcome, it will be very interesting to see if the results are consistent with our findings, or if the findings differ. For instance, in our case we found some aspects that we can use to contribute to the EMNC literature. We discovered these findings, by analyzing this one single Indian firm in the context of its acquisition of a Swedish firm, within the engineering solutions provider sector.

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# Appendix

## Interview guide

*To be used as a guide when conducting interviews; questions have been added or omitted depending on the interview in question*

*Respondent details:*

*Date/Time:*

*Description of the interview setting and environment:*

*Tell us about yourself and your role in the organization:*

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- 1. How do you perceive the exchange of knowledge between firm I and firm S? Follow-up question: is it a knowledge sharing process in both directions? (Delve deep into this question)*
- 2. Have you ever felt that it has been difficult to receive certain knowledge from actors in firm I/S?*
- 3. How do you view the organizational structure of the other firm? Given your answer, how do you think that this affects the successful completion of a business process/deliverable?*



4. *Can you exemplify some standardized work process that have been implemented at firm S (from firm I)?*
  
5. *Do you have managers that have responsibility over the knowledge transferring and sharing?*
  
6. *Do you utilize any methods on how to capture, transfer, sharing the knowledge? Follow-up question: Do you in any way follow up how implementation of the new processes in firm S is going?*
  
7. *Have you noticed any advantages or disadvantages from having people from different backgrounds in your firm? Specifically, Indian colleagues in Sweden and/or Swedish colleagues in India*
  
8. *How did your firm's internationalization process to Sweden look like?*
  
9. *Why did your firm choose to acquire a firm in Sweden?*
  
10. *To your knowledge, how have the firm management systems (documentation, processes etc.) been affected by the integration process?*

11. *What has according to you worked as it was intended (planned) to? Why? What has worked well?*
12. *What has according to you not worked as intended? Why not? What has worked less well?*
13. *Do you perceive any specific hindrances to the exchange of knowledge between firm I/S?*
14. *Do you perceive any specific challenges going forward with the integration process of the firms?*
15. *What do you know about the integration process?*
16. *Who do you see as being in charge of the integration process? Does I/S have equal say in the matter?*
17. *Is there any process in place as a part of the integration to transfer knowledge from S to I?*