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Transfer of organizational practices in an MNC

- A case study at SKF

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Abstract

As the business environment of the contemporary MNC is getting more complex due to changing market dynamics, the MNC have to adopt to this in order to stay competitive. Therefore, transfer of organizational practices and knowledge is an important capability for the competitiveness of an MNC. Facilitators and barriers for knowledge transfer is a well-researched topic, where multiple studies have been conducted to identify how these influences the transfer process. However, different aspects of knowledge transfer are too often explored in isolation and the lack of holistic interpretations of the results leads to limited managerial insights and understanding.

This study considers how an organization transfer organizational practices and related knowledge to its subsidiaries, which has been conducted through an extensive case study at SKF. The study identifies that creating a sense of urgency prior to transferring the practices facilitate the process, where socialization seems to be particularly useful for achieving this. However, the motivational disposition to implement the practice in the recipient unit and the characteristics of the practice seem to affect the transfer process, especially when it comes to the perception of the practice in the receiving unit.

Key words: Knowledge transfer, Practice transfer, Brand protection, MNC, Headquarter, subsidiary

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1. Introduction

This chapter will give an introduction to the study and begins with a background in section 1.1 followed by the problem discussion in section 1.2, which will identify the research gap. In section 1.3 the purpose and research question will be presented. Finally, the delimitations of this study will be outlined in section 1.4.

1.1 Background

The view of Multinational corporations (MNCs) has changed during the last decades (Minbaeva et al. 2014). These types of companies are no longer considered being repositories of information as a result of their national setting, but instead seen as instruments that facilitates flows of knowledge across subsidiaries, thereby contributing to new knowledge being developed (Holm and Pedersen, 2000). This implies that MNCs can develop knowledge in certain locations, transfer the knowledge, and exploit it in others, which indicates that the internal transfer of knowledge is important in the MNC context (Minbaeva et al. 2014). In fact, the ability to leverage the accumulated MNC knowledge by transferring organizational practices and reusing them in multiple locations, is a fundamental method of how MNCs utilizes internal resources to seek competitive advantage (Jensen & Szulanski, 2004; Minbaeva et al., 2014).

While this perspective is widely recognized by researchers as an important capability that influences the competitiveness of an MNC, transfer of knowledge has by previous studies been shown to be problematic and not always successful (Kostova, 1999). For instance, knowledge transfer itself does not provide any value for an MNC, the key element of valuable knowledge transfer is related to the extent to which the receiving party acquires knowledge that is useful and can be applied in its operations (Minbaeva et al., 2014). One way of doing this is by integrating the knowledge into practices. Practices can be viewed as the shared knowledge of an organization and they rely on acceptance among employees in order to be viewed as the taken-for-granted way of performing a specific organizational operation (Kostova, 1999). Organizational practices comprise different elements including written and unwritten rules, stipulating how specific organizational functions should be conducted and cognitive elements

that provides context to the practice (ibid). This implies that practices are closely related to knowledge, since knowledge provides context to the practices.

Transfer of knowledge between a source and recipient is more difficult for cross-unit transfer than intra-unit transfer due to limited knowledge overlap (Tortoriello, Reagan & McEvily, 2012). However, this is only one of many factors that affects knowledge transfer within an MNC. Previous research has highlighted that there are multiple barriers that hinders intra-MNC competence transfer. These barriers are related to the competency itself, the relationship between sender and receiver and the characteristics of these actors (Björkman, Barner-Rasmussen & Li, 2004). The characteristics, in turn, are influenced by national cultural values, that affect the relationship between sender and recipient, where the culture influences the way actors use information, perceive situations, make decisions and justify how they act (Hoenen & Kostova, 2015; Fidrmuc & Jacob, 2010). Employee motivation and ability could therefore be expected to be key determinants of knowledge transfer within the MNC, as they have the potential of compromising the receiving unit's absorptive capacity (Minbaeva et al., 2014).

The research in the field of international business has put a large emphasis on the relationship between headquarters and subsidiaries in MNC (Ciabuschi, Dellestrand & Holm, 2012). Simultaneously, the complexity of the contemporary MNC has increased as a result of changing market dynamics (ibid). With a growing competitive landscape for the MNC of today, the comparative strength on the market has been argued to rest on the coordination of the organization to ease for transfer of knowledge and practices among the units in the MNC (Zander & Kogut, 1995). Inkpen (1998) argues that the transfer of knowledge and practices is not a random process and MNCs has the ability through constructing various internal structures and process to facilitate the transfer. However, it has been shown that tacit or non-codified knowledge is difficult to transfer between units, since it is difficult to extract this type of knowledge from the carrier and transferring it to the recipient (Zander and Kogut, 1995; Grant, 1996; Szulanski, 1996, 2000). Since transfer of organizational practices is a complex procedure that contain elements that are partly tacit, this implies that knowledge regarding the practices and the outcomes of those practices are causally ambiguous (King, 2007). Causal ambiguity is a major driver of the stickiness experienced during the transfer of knowledge (Szulanski 1996, 2000), which also contributes to the difficulties in transferring tacit knowledge. Furthermore, another issue for knowledge transfer is the recipient's willingness and ability to absorb the

knowledge that is transferred (Cohen & Levinthal, 1990), which affects to what extent the recipient unit is susceptible to the new knowledge (ibid).

Management in regard to the relationship between headquarters and subsidiary has played a central role in the research of multinational corporations (Nohria & Ghoshal, 1994; Hoenen & Kostova, 2015). Since the MNC is acting in multiple nations, it continuously must deal with the inherited tensions between headquarters and subsidiaries due to complex organizations (Bartlett & Ghoshal, 1989; Mudambi & Navarra, 2004; Hoenen & Kostova, 2015). In light of this problem for the MNC, there are researchers connecting different aspects to the issues, one stream emphasizing on the characteristics of the practice and another to the nature of the organization and culture (Ghoshal & Bartlett, 1988; Szulanski, 1996; Zander & Kogut, 1995).

1.2 Problem discussion

Transferring intra organizational practices is a critical process for MNCs to stay competitive (Kostova, 1999). Previous research has shown that this process is a complex procedure for firms, where some factors hindering the success of intra-organizational practice transfer are related to the characteristics of the practice and others to cultural differences between sender and recipient (Ghoshal & Bartlett, 1988; Szulanski, 1996). Previous literature on practice transfer in the field of international business indicates that even though headquarters of MNCs tries to transfer standardized practices to its subsidiaries, the recipient units often do not acquire the practice as intended by headquarters (Bjerregaard, Linneberg & Luring, 2016). Extant research has focused on institutional factors influencing this transfer process, where institutional distance and internal relationships have been identified as factors influencing the transfer process between headquarters and subsidiaries (Kostova and Roth, 2002). However, an increasing amount of academic work recognizes that institutional factors do not solely explain what influences subsidiaries when adapting to new practices (Bjerregaard, Linneberg & Luring, 2016). Instead, another stream of international business research focuses on local factors shaping the practice transfer process, where the recipients themselves either accept or reject the transferred process based on their interpretations of the rational and values of the transferred practice (Quintanilla et al., 2008).

Previous studies on organizational practice transfer across regions and countries has focused on institutional conditions as a factor that facilitate or hinder the transfer and implementation

of an organizational practice (e.g. Björkman, Fey, & Parks, 2007; Geppert & Matten, 2006). However, the role of the transfer coalition in the transfer process has been largely overlooked in previous studies (Klimkeit & Reihlen, 2016). The transfer coalition bridges the gap between headquarter and subsidiaries, where they themselves can affect the transfer of a practice since they have the role of convincing local employees of the benefits of the practice (Kostova, 1999). Yet, only limited attention has been placed on how managers in the transfer coalition affect the transfer of an organizational practice through the interaction with people in the local subsidiaries (Klimkeit & Reihlen, 2016). It has often been assumed that once the transfer is initiated, the transfer itself will not be problematic. Therefore, there is a need for studies that firstly considers the entire process of transferring practices that captures a holistic perspective of knowledge transfer in accordance with Ishihara & Zolkiewski (2017), that also, in line with the statements by Klimkeit & Reihlen (2016), considers the mediating role of the transfer coalition in this process.

While the importance of transferring internal knowledge is widely recognized, it still remains an issue for many MNCs. Clearly, knowledge transfer and process transfer are complex issues that have been explored through a multitude of theoretical frameworks. However, as expressed by Ishihara & Zolkiewski (2017), different aspects of knowledge transfer are too often explored in isolation. The lack of a holistic interpretation of the results leads to limited managerial insights and understanding (ibid). Zeng, Grøgaard & Steel (2018) also indicate that there is a need for studies that also focus on the boundaries for knowledge transfer. Furthermore, since the transfer of knowledge is one of the main competitive advantages of an MNC (Jensen & Szulanski, 2004), poor or insufficient knowledge transfer can in some cases result in project failure, or in worst case, company failure (Hedlund, 1980). This fact further supports the need for more research in this area, since knowledge sharing is fundamental in the MNC context (Ishihara & Zolkiewski, 2017).

1.3 Purpose and research question

The purpose of the study is to explore how an MNC transfer organizational practices to its subsidiaries. Furthermore, the study also seek explanation to how the multiple contexts of the MNC influence the transfer process and how the individuals involved in the process affect the transfer. In line with the identified research gap in the problem discussion, the purpose of this

study is to contribute to the literature on practice and knowledge transfer in the field of international business by answering the research question:

How are strategic organizational practices transferred in an MNC and what affects this intra-organizational transfer and implementation process?

1.4 Delimitations

One delimitation of this study is that it only considers the transfer of practices in MNCs, which implies that other types of companies are thereby not considered in this research paper. Furthermore, the delimitations of this study are much related to the methodological disposition of the study, where a qualitative single case study is used for investigating the research question. The study is limited to the context of the case company, where factors that are industry and company specific could have an impact on the transferability of the result of the study. This implies that studies within the same research field but in other industries might have different results than this study. Another delimitation of the study relates to the time frame of the study. Since the time frame was limited to four months, it limited the number of respondents included in the study.

1.5 Research outline

Introduction

The first chapter presents background information for the study. This is followed by a problem discussion that identifies research gaps in the current literature. In the end of the chapter, the research question, the purpose as well as limitations of the study is presented.

Methodology

The second chapter of the thesis covers the selection of research design and methods that are used for this study. Furthermore, the chapter describes how the empirical data was collected and analyzed. The chapter ends with a discussion on the quality of the research based on the methodological choices made in this thesis.

Theoretical framework

The third chapter covers relevant theory about transnational transfer of practices and knowledge. Multiple perspectives on transfer of practices and knowledge transfer are presented and then conceptualized in the end of the chapter to serve as a guide for analyzing the empirical data.

Empirical finding

The fourth chapter presents the empirical findings of the study. The empirical data follows the process of transfer, starting from initiation and ending at implementation of the transferred practice.

Analysis

The fifth chapter analyses the empirical data, where the theoretical conceptual framework is used to frame the analysis. Interesting insights from the study are discussed and contrasted to previous studies, where the research question guides the analysis.

Conclusion

The final chapter presents the findings of the study and answers the research question: *How are strategic organizational practices transferred in an MNC and what affects this intra-organizational transfer and implementation process?* The contributions of the study are presented and some concluding remarks regarding the limitations of the study are made.

2. Methodology

The purpose of this chapter is to present the methodological choices made in this study and discuss the implications of those choices. The chapter will cover the following areas: research approach, method for data collection, data analysis approach, quality of research and ethical considerations.

2.1 Research approach

This study utilizes an abductive research approach. Abductive reasoning is the pragmatist perspective, where the researcher seeks to identify conditions that would make a phenomenon less perplexing (Mantare & Ketokivi, 2013). Abduction acknowledges the fact that researcher is affected by bounded rationality and highlights the importance of a of having a cognitive approach to theory building (Bryman & Bell, 2015). By having a back and forth engagement with empirical data that inspires theoretical ideas and literature, the researcher has the potential of making the phenomena less puzzling and through this process identify the explanation that best explains the phenomena (Mantare & Ketokivi, 2013). Therefore, an abductive research approach could be considered a combination of an inductive and deductive research approach (Bryman & Bell, 2015), where the researcher is constantly moving between theory and empirical observations (Bryman & Bell, 2015).

The research process started out with having focus on reviewing existing literature related to MNC knowledge and practice transfer in order to identify relevant concepts and frameworks for the study. In this sense, initially the study was characterized by a similar research approach as a deductive study, where the scope of research is derived from previous theories (Bryman & Bell, 2015). The existing literature was also used to guide the types of interview questions that were deemed important for the study. However, as the process of collecting and analyzing the empirical data progressed, the empirical data highlighted new factors as important for the study, which subsequently lead to a revision of the initial theoretical framework, in accordance with an abductive research approach. This process is much in line with the process described by Mantare & Ketokivi (2013), where the back and forth engagement between empirical data and theory allows the researcher to identify a more fitting model for explanation in regard to the research problem. Furthermore, Dubois & Gadde (2002) emphasizes that empirical observations cannot be understood without theory and theory cannot be understood without

empirical observations. Empirical observations, consequently, sometimes requires the theoretical framework to be modified in order to explain the phenomena highlighted by the empirical data (ibid). This implies that the research process relies on a tight but emerging framework, where theory should function as a point of reference and guideline for the empirical research. Theory frames the issue of interest but then evolves during the study, where the framework is modified by new empirical as well as theoretical findings and insights during the process (ibid). The modification of the initial theoretical framework was therefore made to improve the relationship between the empirical data and the theoretical framework.

2.1.2 Qualitative research method

Since a transfer process is very connected to the individuals involved in the transfer process, a qualitative approach was selected as a research method in order to be able to capture the social constructs that could affect the transfer of organizational practices. Qualitative research is often used as a research strategy when studying the complexity of business-related phenomena in a specific context (Eriksson & Kovalainen, 2008). Furthermore, qualitative research focuses more on words rather than quantifiable numbers (Bryman & Bell, 2015). Silverman (2001) emphasize that while qualitative research can deal with the cultural and social construction of its own variables, quantitative research cannot. This study utilizes qualitative research as a research strategy, that as a qualitative approach has an epistemological position that is interpretivist, which implies that it is focused on understanding the social world through examining how the participants interpret the social context (Bryman & Bell, 2015). The major interest of qualitative research is therefore to understand reality as a social construct that is created and interpreted by the participants of that context (Eriksson & Kovalainen, 2008). This approach is in line with the purpose of this thesis, which is to investigate how an MNC transfer organizational practices to its subsidiaries and explore what affects this process.

2.1.3 Case study

The case selection of this study was carried out through a purposive sampling approach. This sampling approach is carried out based on the purpose of the study, where the selection criterions are set out in order to secure a sample for analysis that allows for the research question to be answered (Bryman & Bell, 2015). It is a non-probability form of sampling, which implies that the results cannot be generalized to the population (ibid). When the study was initiated two clear criterions where set out for the case sampling. Since the research was

intended to answer the research question *How are strategic organizational practices transferred in an MNC and what affects this intra-organizational transfer and implementation process*, the company that the study was conducted at needed to have undergone that type of process in order to be eligible as a case company. This also implied that the company needed to be an MNC in order to be eligible for the study.

Furthermore, the study also used a convince sampling approach, where the selected case company should be based in the area of Gothenburg in order to allow for easy access. The Gothenburg area was therefore scanned for potential case companies where an add posted by SKF was found, announcing an exploratory research opportunity in the relevant research field set out for this study. This implied that the sampling criteria for the study were met and SKF was thereafter contacted.

A case study allows for an in-depth empirical study to investigate and explore a phenomenon within its true context (Yin, 2009), which are favorable aspects for qualitative studies (Bryman & Bell, 2015). This view is further strengthened by Welch et al. (2011), who argue that international business is an appropriate field for discussing the development of context sensitive theory since there has been a common aim for general theorizing, from which contextualization has suffered. The aforementioned arguments for using a case study acts in harmony with this study, since the purpose of this study is to seek explanation to how the multiple contexts of the MNC influence the transfer process and how the individuals in the process affect the transfer. We believe that the most suitable methodological choice for this thesis is a single case study approach. This reasoning is based on that a single case study approach allows for extensive investigation of an organizational phenomenon, which is suitable for a study that seeks contextualization and understanding rather than generalizability. This is because the extensive single case study has been argued to be the preferred, due to the possibility of using one richer contextual setting (Dyer & Wilkins, 1991; Langley, 1999; Siggelkow, 2007). Dyer & Wilkins (1991) emphasizes this aspect when arguing for a deep case rather than multiple surface cases.

2.1.3 Research Unit

The unit of research for this thesis is the Brand Protection function at SKF. More specifically, the thesis focuses on the transfer of a brand protection process that is transferred to the subsidiaries of the company. This process contains both knowledge elements and specific

practices which will be explored further in the empirical section of the thesis. Of note, the brand protection process is focused towards a specific purpose: ensuring that SKF customers do not end up with counterfeit SKF products and by doing so protecting the value of the SKF brand.

2.2 Interviews

Qualitative interviews were the primary collection method for accumulating the empirical material. These types of interviews are not limited to investigating what the researcher considers important but is also focused on perceptions of the interviewee (Bryman & Bell, 2015). Both authors of this thesis attended all interviews. Bechhofer, Elliot & McCrone (1984) highlights that there are advantages of having this approach, stating that multiple interviewers could contribute to a more informal setting, which promotes a more open discussion between the interviewers and the respondent. The intention was therefore to through a more informal setting be able to discuss the interview questions in a more open manner, increasing the probability for the authors of capturing more nuanced concepts and constructs from the respondent, where the respondent did not feel as restricted by the formalities of an interview.

An interview guide was used as a tool to guide the interviews, specifying the topics that should be covered. Two different types of interview guides were created, one that was developed to capture the headquarter perspective and another that was geared towards capturing the subsidiary perspectives (see Appendix A & Appendix B). Furthermore, the respondents were encouraged to elaborate freely in their replies in order to capture their point of view and enable a better conceptualization of the MNC knowledge transfer process. Interesting insights that were highlighted by the respondent were followed up on, even though they were not covered in the interview guide. The type of procedure described above is typical for a semi-structured interview, where guide ensures relevance for the discussed topics but is flexible enough to capture the perception of the interviewee (Bryman & Bell, 2015).

The interview guide was sent in advance to the respondents that requested it. However, to increase the likelihood of receiving genuine and uncensored responses, this was not something that was offered to the respondents, they had to request it themselves. Out of all respondents participating in the interviews, only two people requested the interview guide to be sent in advance. The research approach for the interviews was subjectivist and these types of approaches are considered as pathways to identifying the perceptions of the participants

(Eriksson & Kovalainen, 2008). The approach is therefore focused on identifying the authentic experience of the person being interviewed, focusing on their conceptions, understandings, viewpoints, and emotions (Eriksson & Kovalainen, 2008). This approach could increase the risk of receiving incomplete answers from the respondents since they based on the interview method do not know in advance what themes will be covered in the interview, and therefore cannot prepare for the interview. However, the risk of this was reduced due to the selection criteria used for selecting the respondents, which ensured that the respondents were involved in the transfer process.

2.2.1 Selection of respondents

A predefined set of criteria was used to select appropriate respondents for the study. Similar to how the case company was selected through purposive sampling, this approach was also used for selecting the respondents for the study. First, a criterion in the study was that the respondent should be involved in working with brand protection activities in their market. This criterion was set up to ensure that the respondent was aware of the concept of brand protection and sales recovery through brand protection and knew how these practices were used and documented in their respective market. An explanation of sales recovery will be provided in chapter 4 of the thesis. This ensured that the respondent would be able to contribute with relevant information and had sufficient knowledge about the brand protection practices in their markets.

Second, it was specified in the selection criteria that the respondents should be from countries located in different continents, not just from a single continent. Looking at how sales are reported in the financial statements of SKF, sales are reported for five main geographical areas; Europe, North America, Latin America, Asia / the Pacific's and the Middle East / Africa (SKF, 2018). When choosing among potential respondents, one requirement was that these five geographical areas should be covered by at least one respondent in each geographical region. This was done in order to capture data that reflected the multifaceted context of the SKF organization and thereby ensuring that the study considered the transfer of brand protection activities and the perception of them from a holistic perspective.

The purposive sampling of respondents was combined with a snowball sampling approach, which entails that the researchers initially contact a smaller group of people relevant to the study and then uses these to guide the sampling (Bryman & Bell, 2015). In line with these

sampling approaches, the criteria were discussed with the project supervisor at SKF, and based on this information, a shortlist of people that could be possible candidates for the study was created. The shortlist contained 16 people from 15 unique countries, who all were contacted by email. Out of the 16 candidates identified, 12 were willing to participate in the study. Furthermore, four people located at the HQ were interviewed in order to capture the perspective of Group Brand Protection at SKF, which means that in total 16 unique individuals participated in the study. In total, and accounting for the fact that some respondents located in Sweden were interviewed multiple times, the empirical data is based on 19 interviews. Crouch & McKenzie (2006) states that fewer interviews than 20 can facilitate the researcher's association with the respondent and thereby enhance the validity of fine-grained inquiry in a real setting. Furthermore, since the research is based on a single case study, generalizability will not increase with an increasing number of respondents. Since the focus is to explain a phenomenon in a specific context, it is rather the quality of the empirical data rather than quantity that is of importance, which strengthens the choice of focusing on fewer interviews when considering the thoughts of Crouch & McKenzie (2006).

2.2.2 Interview method and duration

As seen in Table 1, the interviews were conducted through two forms of methods: Skype interviews and Face-to-Face interviews. Respondents based in other countries than Sweden were interviewed by Skype, apart from the respondent from Iran which were interviewed at the HQ in Gothenburg through face-to-face interaction. The interviews were conducted in either Swedish or English, depending on which language the respondent felt most comfortable with. For the purpose of transparency, all interviews were transcribed. The interviews that were conducted in Swedish were translated into English to fit with the language of the thesis, which implies that those interviews could be subject to bias from the authors. However, it is important to note that we have acted in good faith and to the best of our ability translated the interviews to be consistent with the original message.

The respondents marked with gray in Table 1, are individuals that are located in sales organizations around the world. These individuals are also part of the brand protection community, which are people that have a mandate from Group Brand Protection at headquarter to work with brand protection activities in their local context. These respondents provide the subsidiary perspective in the empirical data. The respondents marked in white provides the

headquarter perspective in the empirical data. However, the Director of Industrial Sales Central Europe is neither located at the headquarter nor is part of the Brand protection community but provides an additional perspective of the Central Europe market. Therefore, the respondent is not marked as grey, even though the Director of Industrial Sales Central Europe fulfills the condition of being located in one of SKF's sales organizations.

The duration of the interviews ranged from 30 minutes up to 90 minutes, as seen in Table 1. The variation in duration is caused by the semi structured interview approach, which means that the respondents themselves to some extent can control the content of the interview, thereby causing variations in the duration of the interview.

Role	Based in	Date	Interview method	Duration
Brand Protection Manager SKF China	China	March 8, 2019	Skype	45 minutes
Head of India Brand Protection	India	March 8, 2019	Skype	75 minutes
Business Development Manager	UAE	March 7, 2019	Skype	60 minutes
Distributor Development Manager	Italy	March 11, 2019	Skype	30 minutes
Quality and EHS Manager Central Europe	Germany	March 5, 2019	Skype	45 minutes
Head of Business Support Department	Indonesia	March 13, 2019	Skype	30 minutes
General Manager	Iran	Februari 2, 2019	Face-to-Face	60 minutes
Quality and Brand Protection Manager	Russia	March 12, 2019	Skype	40 minutes
Territory Manager	USA	March 14, 2019	Skype	50 minutes
SKF Caribbean ID Sales Manager	Colombia	March 8, 2019	Skype	45 minutes
Industrial Market Sales Director	Mexico	March 15, 2019	Skype	30 minutes
Director Industrial Sales Central Europe	Germany	April 4, 2019	Skype	45 minutes
Director, Group Brand Protection	Sweden	February 28, 2019	Face-to-Face	80 minutes
Director, Group Brand Protection	Sweden	March 11, 2019	Face-to-Face	40 minutes
Director, Group Brand Protection	Sweden	March 20, 2019	Face-to-Face	60 minutes
Brand Protection Manager 1	Sweden	Februari 19, 2019	Face-to-Face	60 minutes
Brand Protection Manager 1	Sweden	March 20, 2019	Face-to-Face	60 minutes
Brand Protection Manager 2	Sweden	March 8, 2019	Face-to-Face	70 minutes
Director Group Marketing, Communication & Brand Protection	Sweden	Februari 25, 2019	Face-to-Face	90 minutes

Table 1. Overview of interviews

2.2.3 Secondary data

Other than primary data from the interviews, secondary data has been used in the form of internal documents and reports as well as information from the SKF official webpage. The data was primarily used for validating and contrasting the data obtained during the interviews.

2.3 Data analysis method

A computer software called NVivo 12, which is a software intended for qualitative data analysis, were then used to organize the unstructured data from the interviews, by grouping the transcribed data into different nodes. By organizing the data, it allowed for a more systematic analysis approach where multiple interviews could be analyzed and contrasted at once, based on the topics which they were organized by. Some researchers suggest that this process of grouping texts into themes which are then assembled into groups of text constructed by related fragments, risk de-contextualizing the data (Fielding and Lee 1998). However, Bryman & Bell (2015) highlights the benefit of the method in for which it allows and urges the analyst to consider potential connections between themes. In accordance to their perspective, this study acknowledges the potential benefits of the approach and considers it an important aspect that enables a more extensive analysis.

The nodes in which the data was codified covered two main themes, where each theme had two sub-categories tied to the theme. On the most general level of codification, the data was separated into headquarter perspective and subsidiary perspective in order to have a clear distinction that indicated where the input originated from. These nodes were then given two sub-categories each; knowledge transfer and process transfer, where both facilitators and hindrances of these processes were identified. Since these two concepts are the interrelated, certain aspects were coded to be included in both nodes. By making these above-mentioned distinctions, it also captured the transfer process itself, since certain aspects only were captured in the headquarter node or subsidiary node respectively. For instance, due to the fact that the transfer of practices and knowledge originated from the headquarter, the stage prior to the transfer of the practice and related knowledge is only captured from the headquarter perspective.

2.4 Quality of research

In order to ensure that the research has high quality, the reliability, generalizability and validity of the study needs to be proven (Yin, 2012). However, classic evaluation criteria for research, where the work is evaluated based on validity, reliability and generalizability can be a problematic assessment framework for doing qualitative research (Eriksson & Kovalainen, 2008), where it is debated whether these measures are applicable to qualitative studies (Bryman

& Bell, 2015). Lincoln & Guba (1985) proposed that qualitative research should be evaluated with a parallel concept to validity, reliability and generalizability, the concept of trustworthiness. Four different evaluation aspects; dependability, transferability, credibility and conformability make up the building blocks that together decides the trustworthiness of a study.

Dependability considers the responsibility of providing information to the reader, where it should be evident that the process of research is logical and transparent. This implies that the research should be traceable and well documented to ensure dependability (Eriksson & Kovalainen, 2008). In this study, the process of collecting as well as analyzing data has been well documented. For instance, all interviews were recorded and transcribed, which means that the data can be traced back to the respondent, thereby ensuring that the data is dependable.

Transferability is concerned with the authors responsibility to show a degree of similarity between previous research and the current study (Eriksson & Kovalainen, 2008). However, while transferability ensures that the context is similar to previous studies, the idea of transferability is not the same thing as replication (ibid). Similar to other studies applying a single case approach, transferability will be limited to the context of the research unit, which in this case is limited to SKF as a case company. However, Collis & Hussey (2009) indicates that the generalizability of a study can be transferred easily if the analysis has grasped the phenomena being studied through providing the context of the research. By extensively contextualizing the boundaries of the SKF case, it allows for greater understanding of the context, and thereby also gives the study some transferability.

Credibility considers how well the data reflects what has been studied how well the interpretations of the author captures the constructs of the social world (Bryman & Bell, 2015). In this study, this was upheld through comparing and confirming the interviews through the use of secondary data, thereby through triangulation providing credibility for the empirical data. Furthermore, a draft of the empirical data was provided to the respondents in the study for validation, where the findings were revised based on inputs from the respondents, thereby, ensuring that the observations correctly captured the phenomena (Bryman & Bell, 2015).

Conformability is related to the objectivity of the researcher (Guba & Lincoln 1994) and is related to the extent to which the findings are skewed due to bias of the researcher. (Bryman &

Bell, 2015). We have to the best of our ability tried to be as objective as possible and respondent validation have been used as a method of ensuring that the empirical data of this report reflects the view and perception of the respondents.

2.5 Ethical considerations

Ethical principles in business research revolves around certain issues that often recur in different forms (Bryman & Bell, 2015). Diener & Crandall (1978) have broken this down into four main categories; harm to the participants, lack of informed consent, invasion of privacy and deception.

In regard to harm to the participant, the respondents were informed about the purpose of the study prior to accepting to participate. Furthermore, the questions that was asked to the participants of the study revolved around perceptions of specific market phenomena that was not directly affected by the respondent. The respondents were also informed that the interviews, if they did not object to it, was being recorded and that the thesis would be a public document. By doing so, we ensured that there was informed consent, the respondents themselves could decide if they wanted to participate in the study and could at any point indicate if the information they shared should not be used publicly. Furthermore, by providing this information prior to the interview we also made sure that the respondents were not deceived by the purpose of the study. To limit the invasion of privacy for the respondents participating in the interviews, we did our best to not ask too personal questions that possibly could make the respondents uncomfortable.

3. Theoretical framework

This chapter of the thesis will outline the relevant literature within research related to the transfer of organizational practices and knowledge. The intent with the sections is to present different aspects of practice transfer and knowledge transfer, in order to identify what affects these processes. In the last section, a conceptual framework based on the theoretical findings is presented.

3.1 The process of transferring practices

Process studies on knowledge transfer (e.g. Szulanski 1996, 2000; Majchrzak et al., 2004) suggest that the transfer of knowledge is a complex and protracted process that consists of multiple phases which lasts longer than the time for a single transfer method to be active. Each of these phases have been shown to have their own challenges connected to them (Gersick, 1988). Despite previous research on the knowledge transfer process having differences of purposes and perspectives (Szulanski, Rignow & Jensen, 2016), they also show clear similarities. Previous studies focus on firstly, the incidents, activities and stages that take place during initiation phase, or the “logical prior” initiation phase (Hansen, 1999; Majchrzak et al. 2004 & Szulanski, 2003) and secondly, the implementation phase. Furthermore, Szulanski, Rignow & Jensen, (2016) makes a distinction between front-loading and back-loading, where front loading occurs when more affordance is placed on the tacit knowledge transfer in the initiation stage rather than the implementation stage. Back-loading, conversely, occurs when less focus is placed on the tacit knowledge exchange in the initiation phase compared to the implementation phase (ibid).

3.1.1 Initiation

The first stage in transferring a practice is according to Szulanski (1996) called initiation, includes all the events leading up to the decision to transfer a practice. The transfer begins when a need, as well as the knowledge to meet that need, simultaneously exist the organization (ibid). The identification of a need in an organization may lead to the search for a solution to that need, which could lead to superior knowledge being developed that allows the organization to implement a solution for an unsatisfactory situation (ibid). Kotter (1995) in a similar manner explains that the process leading to organizational change is initiated through creating an organizational sense of urgency. He relates the organizational sense of urgency to the

motivational disposition of the individuals, stating that in order for organizational change to take effect, there need to be enough people to cooperate to make the change effort successful. There are multiple reasons for why companies fail to create an organizational sense of urgency. Common pitfalls include an underestimate of the difficulties connected to getting people to leave their comfort zones and an overestimation of how successful the company has previously been in creating a sense of urgency (Kotter, 1995). Szulanski, Rignow & Jensen, (2016) indicates that the greater the causal ambiguity in regards to the knowledge to be transferred, the more important the development of the understanding of the practice is prior to the decision to transfer, where front loading therefore is crucial for the success of the transfer (ibid).

Furthermore, successful organizational change often relies on the extent to which the change has support from senior and upper management, since these actors control resources, authoritative power and access to an extensive internal and external network (Jacobsen, 2013). It is also through the involvement of higher management that the organization can signal that the change is worthwhile (ibid). However, while higher management is an important actor to involve in the change process, other actors that directly involved in the process are also of importance, where the team that is committed to drive the change is crucial. Although the team is of importance, successful change requires the coalition to be relatively powerful when considering aspect such as titles, information and expertise, reputation and relationships (Kotter, 1995).

Once there is sufficient support for the new practice, the feasibility of the practice transfer is evaluated. This is done to ensure that there is a fit between the proposed change and the organizational needs (Szulanski, 1996). Headquarters also have to decide to what extent the practice should be transferred to the subsidiaries (Ahlvik, Smale & Sumelius, 2016). In line with the perspective of viewing an MNC as a differentiated network (Hedlund, 1986), where subsidiaries contribute in different ways to the MNC, it also implies that headquarters intent when implementing specific practices in the subsidiaries will not be the same across all subsidiaries (Ahlvik, Smale & Sumelius, 2016). In connection to performance-related outcomes of the implementation, it is not the autonomy of the subsidiary or the degree of headquarter practice transfer that are most important for the outcome of the transfer, but the degree to which there is an alignment between the intentions of the headquarter and the subsidiary implementation (ibid). Furthermore, if there is no alignment of compensation policies that are in place that support the new desired behavior, it might create a lack of

incentive to follow the new procedure, or in worst case, create disincentives to follow it (Uhl & Gollenia, 2016). The alignment of intentions also provides a possible explanation to the gap between intended outcome and subsidiary implementation (Ahlvik, Smale & Sumelius, 2016)).

3.1.1.1 Brand Protection specific approaches

Incentives and pressures within the MNC are often created by external market pressure to meet or exceed revenue and profit targets. Failure to do so results in declining stock prices which causes stakeholders to react negatively (Chow, 2010). This also impacts how brand protection strategies are perceived in the organization. MNCs tend to adopt short term strategies that focuses on making profit in the short-term and disregarding the long-term damages that can result from counterfeiting (Trott & Hoecht, 2007). Because of these pressures, brand protection managers need to meet short-term revenue targets, which makes a long-term approach for brand protection difficult to achieve (Chow, 2010). One common approach that is intended to create internal legitimacy and be in line with the setting of the headquarter is to translate the brand protection activities to revenue, commonly through substituting seized material to revenue, thereby also indicating that the activities are adding to the bottom line (ibid).

3.1.2 Implementation and integration

Once the decision to proceed has been taken, the implementation phase starts, which implies that resources are transferred from source to recipient (Szulanski 1996). Social ties that are transfer-specific are established in this phase, and the transferred practice is often adapted to suit local needs in order to make the practice fit with the local context (ibid).

Once the recipient starts using the transferred knowledge, the implementation phase is completed. The next phase is according to Szulanski (1996) the ramp up phase. However, for the purpose of this report the implementation phase and ramp up phase will be treated as one single phase, since the ramp up phase could be considered as an extension of the implementation phase that covers the modification that is required to the transferred practice. The recipient will in this stage also be occupied with solving unexpected issues which makes it difficult for them to match the expected outcome to the transfer (ibid). This implies that the recipient initially, most likely, will use the acquired knowledge ineffectively. However, the phase provides an opportunity to correct unexpected problems of the transfer (ibid), which could be corrected before the practice is integrated in the receiving unit.

Once the recipient achieves satisfactory results, the integration stage begins. The use of the transferred knowledge gradually becomes operationalized and routinized in the receiving unit. Over time, a shared organizational context is built up through the utilization of the practice (Szulanski, 1996). In turn, this creates shared meanings and behaviors that facilitates coordination of the activities being performed, making them both understandable and predictable (March and Simon, 1958). Through this process, new practices are gradually becoming institutionalized (Szulanski, 1996), and the novelty of a new practice diminishes continuously, which enables it to become part of the objectives in the receiving unit (Zucker, 1977). However, the commitment of the receiving unit will affect this process. While it might not completely lead to a rejection of the changes, the time for implementation and subsequently integration will be extended (Jacobsen, 2013).

Kotter (1995) in a similar manner explains that until behaviors are rooted into social norms and values, in other words the company culture, the organizational practices are subject to degradation if the pressure to change is removed. Two factors are in this regard of special importance. First, there needs to be a conscious attempt to indicate the value of the new approaches, by showing how the new approach has affected the performance (Kotter, 1995). If the receiving party is left to make the connections themselves, there is a risk that they sometimes create links that are very inaccurate (ibid). Kotter (1995) further states that by helping people see the intended connections through effective communication it could lead to a more successful outcome by removing the possibilities for misinterpretations. Second, there needs to be processes in place that ensures that the change effort lasts. This implies that successors need to personify the new approach, otherwise the change process could be undermined (ibid).

3.2 Knowledge transfer

Knowledge is characterized by its tacit and explicit components, hence, a distinction between tacit and explicit knowledge can be made (Grant, 1996). The two types of knowledge can be translated to knowing how, which refers to tacit knowledge, and knowing about, which refers to explicit knowledge (ibid). The prominent aspect that distinguishes the two is the transferability (ibid). Explicit knowledge can be codified and is therefore easily communicated between individuals, while tacit knowledge is not codifiable and is acquired by the recipient

through practice (ibid), which makes it slow and costly to transfer (Kogut & Zander, 1992). Knowledge is both individualistic and collective (Weick and Roberts, 1993). This implies that knowledge cannot be understood in its entirety by a single actor (Ciabuschi, Dellestrand & Holm, 2012). Subsequently, managers will have incomplete information on the structures and processes within the MNC, which creates a high degree of uncertainty (ibid).

Knowledge transfer is facilitated by a shared organizational context and it appears to be more difficult to achieve effective transfer as the geographical distance increases (Nell, Decreton & Ambos, 2016). This could be due to the properties of tacit knowledge which is residing in individuals and does not flow to other areas unless the individuals move (Huber, 1991; Song et al., 2003; Szulanski, 1996). Knowledge transfer itself does not provide any value for an MNC, the key element of valuable knowledge transfer is related to the extent to which the receiving party acquires knowledge that is useful and can be applied in its operations (Minbaeva, Pedersen, Björkman, Fey & Park, 2014). Furthermore, the recipient needs to use the knowledge in order for the transmission to be valuable (ibid). This also implies that employee motivation and ability are key determinants of knowledge transfer within the MNC, as they have the potential of compromising the receiving unit's absorptive capacity (ibid). Absorptive capacity is achieved by an extended process of investments and the accumulation of prior related knowledge (Tsai, 2001).

Szulanski (2003) argues that there are two main categories of barriers that hinders the transfer of knowledge and practices within an MNC. Motivational barriers are related to the motivational disposition of a source to share or support the transfer knowledge (ibid), as well as the recipients' ability and motivation to absorb external knowledge (Szulanski, 2003; Cohen & Levinthal, 1990). The barrier can manifest itself through interdivisional jealousy, refusal from recipient to follow directives and resistance to change (Szulanski, 2003), which hinders the MNC from transferring knowledge effectively. Knowledge barriers includes the recipient's knowledge base prior to the transfer of knowledge, how well understood the practice is in the organization, the recipient's ability to change practices and the social ties that exists between the units exchanging knowledge (ibid).

3.2.1 The effects of control

Almeida et al (2002) presented multiple formal and informal mechanisms used by MNCs to transfer knowledge in their global networks. These include management systems and processes, structure, organizational culture and leadership, and they argue that these transfer mechanisms are to a varying degree employed by MNCs. The control mechanisms define the relationship between subsidiary and headquarter, as they represent the formal structure between them (Ahlvik, Smale & Sumelius, 2016). Formalization is viewed as a control mechanism in the organization that modifies organizational behavior (Ouchi, 1977), since it restricts discretion in the subsidiaries decision-making process (Ouchi, 1979). Formalization has, for instance, been shown to suppress individual differences (Hirst, Van Knippenberg, Chen, and Sacramento, 2011). However, the effects of formalization and centralization in regards to transfer of practices has been mixed. Some studies have indicated that the use of formalization as a control mechanism was positively related to the transfer of practices (e.g. Morris et al., 2009; Myloni et al., 2007). Other studies that are focused on social context and the role of individual actors in the MNC network have downplayed the importance of the mechanism and instead highlights the quality of the relationship between actors in the network as the crucial component for successful practice transfer (Kostova & Roth, 2002).

Despite the different views on the usefulness of formal control mechanisms, formal control can be considered a way for headquarter to communicate a behavior to the subsidiaries that is desirable. The formal control mechanisms can therefore be considered as a way for headquarter to increase the alignment between subsidiaries and headquarter (Ahlvik, Smale & Sumelius, 2016), through modifying subsidiaries behavior and action (Ouchi, 1977). Formal and informal linkages between and among units within the MNC also play an important role in knowledge transfer by promoting the creation of trust and in the MNC (Almeida & Phene, 2004). Furthermore, Almeida & Phene (2004) highlight the importance of coordination- and integration mechanisms to promote these types of linkages. Lewin, Massini & Peeters (2011) in a similar manner indicated that incentive structures for information and knowledge sharing transfer and utilization does, based on the motivation of the employee, moderate the relationship between absorptive capacity and success of the transfer.

3.2.2 Networks affect knowledge transfer

The importance of network context in relation to knowledge transfer has been established by multiple studies, where network relationships are considered a facilitator for knowledge transfer (Szulanski 1996; Reagans and McEvily, 2008; Sgourev & Zuckerman, 2011). In fact, Zeng, Grøgaard & Steel (2018) shows that socialization appears to be the mechanism that has the most positive effect on knowledge transfer. The goal with the socialization mechanism is to create interpersonal familiarity, personal affinity and to achieve convergence of the cognitive status among different subsidiaries (Gupta & Govindarajan, 2000). If done effectively, it helps to align members in the organization and facilitates the development of trust and cooperation between the subsidiaries and headquarter (Zeng, Grøgaard & Steel, 2018). Through interaction, a source for knowledge can communicate its own perspective and through the interaction reveal the implicit rules and assumptions that is connected to the shared knowledge, thereby externalizing the tacit knowledge (Szulanski, Rignow & Jensen, 2016), and allow the recipient to internalize the knowledge gradually (Nonaka, 1994).

Some sets of network features have shown to have a positive effect on successful knowledge transfer, including tie strength and network cohesion (Tortoriello, Reagans & McEvily, 2012). The willingness to transfer knowledge between sender and recipient, as well as the effort that is dedicated to knowledge transfer as an activity, is affected by the strength of the interpersonal relationship between the two individuals that take part in the knowledge transfer (ibid). The tie strength, which considers the strength of the network connection between individuals, is positively correlated to the transfer of knowledge, where increased tie strength also increases the commitment between partners and thereby also the likelihood of knowledge transfer (ibid).

However, personal ties are not the only factor that affects transfer between units. Network cohesion, which considers a shared normative context, affects knowledge transfer in a similar way as tie strength. In a closed group, trust, cooperation and motivation to assist another member are more likely to develop (Coleman, 1988), where common goals, values and sense of shared identity creates a cohesiveness among the organizational units (Grøgaard & Colman, 2016). When a group conforms by creating a shared normative context, it facilitates knowledge transfer (Tortoriello, Reagans & McEvily, 2012). It is important to highlight that contexts, cannot be shared, since contexts are affected by individual interpretations (Lupton & Beamish,

2016). However, through interactions between individuals in an MNC, these contexts can become more similar, although never identical (ibid).

3.2.2.1 Boundary Spanners facilitate the transfer of practices

People that acts as knowledge intermediaries among individuals within and outside the organization and thereby have a unique potential of transferring knowledge in the organization are often referred to as boundary spanners (Minbaeva & Santangelo, 2018). They act as critical links between the organization and its environment (Friedman & Podolny, 1992). Boundary spanners are simultaneously embedded in local contexts and the MNC as a whole (Schotter & Beamish, 2011), and therefore they are crucial for bridging relationships between different units of the MNC across multiple contexts (Mudambi & Swift, 2009). This is particularly important for transferring external knowledge (Tushman & Scanlan, 1981) as well as facilitate intra-organizational knowledge flows, that can alleviate perception gaps between units as well as information asymmetries (Schotter & Beamish, 2011). Furthermore, Zhao & Anand (2013) found that a multiple bridge structure, where multiple ties are created between source and recipient, outperforms a structure where one individual boundary spanner centralizes the information flow between sender and recipient. However, they found no significant differences between the use of one and two boundary spanners in terms of knowledge sharing potential.

Boundary spanners knowledge sharing behavior is affected by the individual's motivation to share knowledge, which relies on the organizational context in which the boundary spanner is located in (Minbaeva & Santangelo, 2018). Boundary spanners are for instance to a significantly lesser degree inclined to share knowledge when they are highly controlled motivated (ibid). Governance mechanisms that favorably influence intra-MNC knowledge sharing should decrease controlled motivation of the boundary spanners (ibid). Previous research has shown that certain governance mechanism, such as monetary compensation, could have a negative effect on knowledge sharing because it potentially could give an incentive for individuals to withhold information for future gains (Brock et al., 2005). Instead, governance mechanisms that are stimulating volunteerism and genuine drive among the individuals could also help to decrease the controlled motivation among boundary spanners (Minbaeva & Santangelo, 2018), which could benefit knowledge transfer. Furthermore, organizational structures in an MNC that create a context that highlights a need for the function, gives a meaningful setting in which the individual have a desire to belong and work in, can also decrease controlled motivation and promote knowledge sharing (ibid).

3.3 The effects of bounded rationality

In order for the organization to cope with achieving legitimacy in the social environment they have to conform to the rules and beliefs of the environment, hence, organizations acting in the same environment will adopt similar practices and strategies, which, in turn, leads to organizations becoming isomorphic with one another (DiMaggio and Powell, 1983). However, the subsidiaries of the MNC have to operate under the condition of institutional duality (Ferner, Edwards & Tempel, 2012). In this sense, institutional duality refers the duality that the subsidiary face when both trying to conform with the institutional context of the MNC as well as to the institutional context of the host country (ibid). This affects the transfer of practices between organizational units. While this view is commonly applied in the knowledge transfer literature, it is difficult to identify and isolate institutional environments as the cause for differences in subsidiary outcomes. Instead, theories on bounded rationality offers a more direct connection to the individuals in the organization, where the cognitive limitations connected to local contexts among individuals provides an explanation for the difficulties in transferring organizational practices between different units. Members in an organization could therefore be considered being boundedly rational (Szulanski, Rignow & Jensen, 2016).

Since transfer of organizational practices is a complex procedure and they contain elements that are partly tacit, this implies that knowledge regarding the practices and the outcomes of those practices are causally ambiguous (King, 2007). Causal ambiguity is a major driver of the stickiness experienced during the transfer of knowledge (Szulanski 1996, 2000). Furthermore, the causal ambiguity, which is the extent to which the members in the organization understands the relationship between the practice's inputs and outcomes (Szulanski, Rignow & Jensen, 2016), increases with the tacitness of the practice being transferred (King, 2007; Ryall 2009). The components of the practices being transferred that are not codified or non-codifiable therefore significantly exacerbate the challenges of understanding the practice and the links to the expected outcome (King, 2007). Moreover, when there are interdependencies among the knowledge elements of the practice, it makes the knowledge of the practice more difficult to understand, which makes it partially tacit, thereby increasing the causal ambiguity (Zhao & Anand, 2013).

3.4 Conceptual framework

In order to investigate how MNCs transfer organizational practices and how individuals included in the process affect the transfer, the conceptual framework used for the study will be based on key findings from the literature review. One key concept from the literature relates to the process of transfer, where each phases of the transfer have been shown to have their own challenges connected to them (Gersick, 1988). Following the two main conceptual phases in the transfer identified by Szulanski, Rignow & Jensen, (2016), building on the stages in the transfer process identified by Szulanski (1996), the conceptual framework will make a distinction between the initiation and implementation phase in order to capture the aspects that are influential in each of the different stages of the transfer process.

Previous literature indicates that boundary spanners act as facilitators for knowledge transfer and knowledge dissemination in the organization (e.g. Minbaeva & Santangelo, 2018; Schotter & Beamish, 2011) and are crucial for bridging relationships between different units of the MNC across multiple contexts (Mudambi & Swift, 2009). By looking at the boundary spanner function in connection to the transfer process it adds the dimension of also considering the limitations of the boundary spanner function in the transfer process. This has in previous literature been largely overlooked, where it often is assumed that once the members involved in the transfer process has decided to transfer the knowledge, the transfer itself will not cause any issues (Klimkeit & Reihlen, 2016). This implies that while the boundary spanner can bridge the relationship between headquarter and subsidiary, it does not imply that that this always will lead to the transfer and subsequent implementation of practices. Hence, there are other elements that needs to be taken in consideration in order to provide a holistic view of the transfer process.

In the literature review, there are a number of factors identified that are likely to influence the individuals involved in the transfer process, where Minbaeva et al. (2014) indicate that employee motivation is a key determinant of knowledge transfer within the MNC. This also implies that the recipient needs to use the knowledge in order for the transmission to be valuable (Minbaeva et al., 2014). Therefore, the motivation to acquire and use the transferred knowledge and processes is expected to affect the outcome of the transfer. This is also expected to be affected by local contexts, where bounded rationality will affect the understanding of the business process being transferred (Szulanski, Rignow & Jensen, 2016). Furthermore, the characteristics of the process being transferred is also likely to affect the transfer of knowledge

(Grant, 1996). Therefore, the framework used in the analysis will also consider the characteristics of the process being transferred between sender and recipient. In conclusion, the conceptual framework is intended to capture the process of transferring organizational practices and knowledge as well as the factors likely to affect the transfer process.

4. Empirical findings

In this chapter, the empirical findings of the study are presented. This chapter will start with a brief introduction of the case company and the organizational function which is the focus of this study. Furthermore, SKF's process of transferring an organizational practice and related knowledge will be presented, starting with the headquarter perspective followed by the subsidiary perspective along with the key findings in each section.

4.1 The case company

SKF is a Swedish industrial company that was founded in 1907 (SKF, 2019). The company quickly gained a global presence, and SKF has since the 1920s been established in five continents (SKF, 2018). SKF is a world leading bearing provider but also manufactures and supplies seals, motion technologies and services and lubrication systems (ibid). The company has customers and distribution in 130 countries worldwide, manufacturing in 24 different countries and currently employs nearly 45000 people (ibid). Furthermore, SKF provides products and services to nearly 40 different global industries through a network of over 7000 resellers (SKF, 2018).

4.1.1 Group Brand Protection organization and purpose

Group Brand Protection serve as the centralized headquarter function for coordinating the brand protection strategy. It is organized in a team of Brand protection managers that report to the Brand protection director, see Figure 1, where the Brand protection managers are located at headquarter in Sweden, as well as in China, India, Malaysia and the United States.

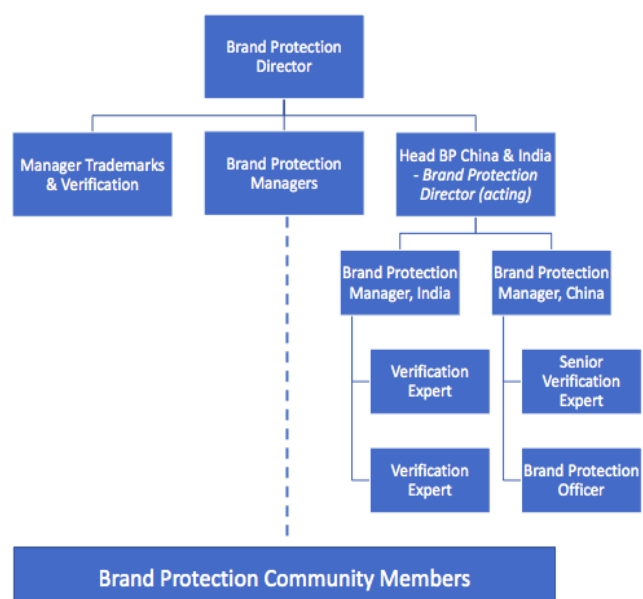


Figure 1. Group Brand Protection organization chart. (Compiled by the authors)

In order to reach out in the organization, Group Brand Protection has created a network of ambassadors within SKF, to serve as an extension of Group Brand Protection at local level, called the Brand Protection Community. Each Brand protection manager has a number of community members connected to them in regards to brand protection related matters and they are in charge of setting the agenda for the community members, in which the activities the community members are expected to perform are outlined. The central function of the community members is to create awareness of counterfeit products in their respective market and safeguard that the brand protection practices are integrated in the local context. Furthermore, they are expected to capture the value of the anti-counterfeit measures in their market and report that value back to Group Brand Protection.

Brand protection activities do not, if there is no coordination with local sale teams, directly generate revenue. However, through each activity that targets counterfeit products, there is a sales opportunity because of the removal of a counterfeit product, allowing it to be replaced with a genuine product which is why the coordination is essential for the strategy to generate revenue. Business is through these activities removed from the counterfeiters and brought back to SKF. In this sense, brand protection at SKF is business driven. It is this concept that the community members need to convey to the local sales organizations in order to clarify the intent of the brand protection process being transferred. Since the brand protection practices are connected to sales, the brand protection activities that are being transferred are intended to fit with the local context of the sales organizations. The brand protection community members are not part of the Group Brand Protection organization. Instead, the community members come from, or are in close connection to, local sales organizations. In Figure 1 this is indicated by a dashed line. Group Brand Protection is organized under the Legal, Marketing and Communication organization of SKF and is therefore the function that coordinates and deals with all legal actions related to brand protection. It also serves as the main contact point when communicating with local authorities, such as customs and police. Group Brand Protection is also the only unit that holds the mandate of issuing authentication of products.

4.2 Brand protection Strategy

Group Brand Protection uses business-driven approach as an anti-counterfeit measure. This implies that the strategic way of combating counterfeit products is not solely through raids and seizures that enables SKF to take legal measures against the parties that are involved with

counterfeit SKF products. Instead, SKF acknowledges that while counterfeit products exist in the market, it is through being aware of their existence, that customers can avoid ending up with counterfeit product. Legal measures are instead considered one way of making the customers aware of the existence of counterfeit products, rather than a solution for reducing the prevalence of counterfeit products on the market. In this sense, brand protection is closely connected to the customers, and the business itself. Of course, this logic relies on the premise of that the customer is a “true” SKF customers and that customers that end up with counterfeit product did not intend to buy a counterfeit product. The understanding of the customer behavior has therefore played an important role for selecting this approach as an anti-counterfeit strategy, where SKF realized that the customers were being deceived by the counterfeiters and had no intention of buying counterfeit product. Therefore, raising customer awareness of counterfeit SKF products is one of Group Brand Protections primary tasks.

One crucial component of SKF’s brand protection strategy is sales recovery from brand protection activities, which is a construct that captures the value that is brought back to SKF through the activities included in the brand protection strategy.

4.2.1 Coordinating anti-counterfeiting measures to capture sales recovery

The sales recovery process is initiated when it comes to SKF’s attention that there are suspected counterfeit products on a specific market. A proactive approach is used, where the market continuously is monitored in order to identify potentially counterfeit products. The identification of these products can come from a couple of different sources; through the SKF Authenticate app or email support function, the local sales unit or local customer, raids and through test purchases. The app and email pathway are customer driven, where customers themselves, or with assistance from local sales units are able to check the authenticity of the SKF products they are using. Group Brand Protection receives the authentication requests via the app or email and determines if the product is genuine or counterfeit. If a counterfeit product is identified both the requester and the community member in that market are informed by Group Brand Protection. At this stage, the identified counterfeit product will be treated as a sales lead and it is through the local community member this is communicated to the sales team that themselves can decide if the lead should be pursued. When counterfeit products are identified, and through this process results in a sale, this should be treated as sales recovery and be reported back to Group Brand Protection. There are no explicit guidelines by Group

Brand Protection on how to capture sales recovery. However, what is expected is that the sales recovery should reflect the value created by the brand protection activities. First and foremost, the Community Member should be confident that the reported number reflects the value created by brand protection activities. As a result, the community members have chosen to adopt widely different methods in order to compile and capture the value of sales recovery. These different methods will be presented more in depth in the section 4.7.1.

4.3 Initiating the transfer process by creating an organizational sense of urgency

Due to the sheer size of an MNC, transfer and implementation of a business practice on a global level is a complicated process. SKF's implementation of their Brand protection practices were no different, and to be able to transfer and integrate the brand protection strategies globally a lot of effort was directed at raising general awareness of counterfeit SKF products within the firm. From a strategic point of view, the issue was approached from two different directions. Firstly, making sure that the higher management of the SKF group was well informed and understood the business opportunities that brand protection activities could bring, and secondly, create a network of ambassadors that raised awareness on brand protection related matters in their respective organization. The intent of the two-way approach was to ensure that information was spread effectively in the organization. As explained by the Director of Group Marketing, Communication & Brand Protection when reflecting on the approach:

We hoped that we would be able to approach it from two different ways. Often it has been successful.

The purpose of initially focusing on informing before initiating the transfer and implementation of the practice was connected to making sure that the purpose of the brand protection activities was clear. By doing this, the intention was not only to build an internal understanding of brand protection, but also making sure that the understanding was translated into motivation, where individuals wanted to work with brand protection since they understood the importance of it. The transfer of information and practices were therefore not rolled out in the organization in a top-down manner. Instead, through focusing on informing key actors in the organization, the general level of awareness and understanding of brand protection was increased to a level where people saw value of working with brand protection activities. It created an organizational

sense of urgency, which meant that certain individuals through their own conviction actively sought out to be involved in working with brand protection. This was the case for both the higher management as well as the people that would become ambassadors for brand protection activities. In the first iteration of the transfer of the brand protection practices, it was directed towards people that had an already established connection with group brand protection. These individuals were the most positive towards working with brand protection in the initial transfer phase, and it was not until later iterations of the transfer process that people that did not have previous connection to Group Brand Protection were brought in as brand protection community members

4.3.1 Inform management by sharing knowledge

One of the early issues for Group Brand Protection was that in general, people in the organization did not perceive that counterfeit products were a big issue for SKF. A lot of effort was therefore put on raising the internal awareness at SKF, to make people realize that a SKF product could be counterfeit and that counterfeit products were not only a problem in specific markets. In order to convince people that working with Brand Protection activities creates business opportunities, first there needs to be an internal organizational understanding of the issues with counterfeit products, and that the counterfeit products replace the sales of genuine products.

In the beginning, we spent a lot of time on making SKF-people understand that bearings could be counterfeit. We still need to do that, but we have come further with this issue” (Director of Group Marketing, Communication & Brand Protection)

4.3.1.1 Meetings

To raise the general level of awareness, informal and sometimes spontaneous meetings were conducted with senior people at SKF. As it happened, the highest-level manager of the aftermarket sales in Europe were placed on the same floor in the office building as the current Director of Group Marketing, Communication & Brand Protection. This meant that many managers as part of their work converged there to have meetings, which also presented a good opportunity to talk to higher sales managers in the firm, in order to raise their awareness of counterfeit products. By doing this, the intent was also to create a sense of urgency that was not limited to the geographical confinements of the headquarter. This was achieved through

showing the sales managers what a counterfeit product looked like, to make them realize that visually, the counterfeit products are difficult to distinguish from a genuine product. As indicated by the Director of Group Marketing, Communication & Brand Protection:

By showing them what counterfeit products looked like and also tell them about how often they were found on the market, they realized that it was an issue.

Furthermore, through these meetings they were informed that counterfeit products were discovered in all markets. If counterfeit products had been identified in the markets where the sales manager had direct responsibilities, these were brought to their attention to further create a sense of urgency. This was also one of the more effective approaches to get the message across, by being able to show people in the organization that counterfeit products were not only a problem in China, which was a common misconception among many employees at SKF, but a problem everywhere. Many managers were surprised by the prevalence of counterfeit products, but through the meetings a sense of urgency among them emerged and many of them realized that counterfeit products were damaging their sales performance.

4.3.1.2 Intranet and web-based transfer channels

Another channel for raising awareness as well as increasing the interest of brand protection activities was the SKF intranet. Through this forum, selected brand protection efforts are presented in order to show the results of brand protection activities. The publications have one main function, to inform as many people as possible. While this was highlighted as something positive, the forum had its limitation when it came to getting a message across, as explained by the Director of Group Marketing, Communication & Brand Protection:

It is very difficult to get a message across, because you are constantly awash by information, but you do not know which information you need. It is human, you are selective in regards to which information to process.

Since this is a common occurrence in larger organizations, where people have to be selective when deciding which information to process in order to not be subject to information overload, it was noticed that these types of transfer channels were not as effective as personal encounters. To increase the chances of the information being noticed in the organization, these publications are often coordinated with brand protection community members that can discuss the actions

in their respective organization, thereby raising the interest of the brand protection action, and subsequently, make more people interested in the story. Another mode for raising awareness, that served a similar purpose as the intranet were through emails. However, raising the internal awareness of the issue with counterfeited products was only part of the process that enabled the transfer of the brand protection practices in the organization. Another key enabler was the introduction and usage of the Sales Recovery KPI, which was developed to capture the economic contribution of brand protection activities.

4.3.2 Measuring the value of the brand protection practices

Sales recovery is a key performance KPI for Group Brand Protection since it captures the value of brand protection activities, through connecting the activities to the sales generated by those activities. By measuring sales recovery Group Brand Protection can, in monetary terms, show that brand protection activities create business for SKF. By introducing the KPI, it gave internal legitimacy of working with brand protection activities, as the activities themselves created measurable value for the company, not just symbolic value. Furthermore, as explained by the Director of Group Marketing, Communication & Brand Protection:

You always need to show that there is value added for the company. The fact that the activities also creates value for the customer that has been affected is also good, it is a Win-Win situation so to speak.

Through this approach, the higher management could see that brand protection was not just the cost of protecting the SKF brand, but also presented a business opportunity. Because of this, higher management did not hesitate on providing the resources needed to support the brand protection practice. Furthermore, by having the support from higher management it signaled to the rest of the organization that brand protection was important for SKF. However, while sales recovery is important for highlighting the value of the brand protection practices, SKF's brand protection approach is in essence customer oriented, where most of the brand protection activities are geared towards protecting the customer from ending up with a counterfeit SKF product. It is through raising the awareness of counterfeit products that customers purchasing behavior can be changed and become more risk averse. It is also through redirecting customers from unauthorized to authorized distributors that sales recovery can be captured. This is also a clear directive from Group Brand Protection to the community members, they should work

with raising awareness of the issues with counterfeit products in their region, both internally in the local sales organization but also at a market level towards the customer.

4.4 Motivation affects the transfer process

The Brand Protection Community is an important part of Group Brand Protection and act as an extension of the unit. It is a global network of SKF employees that have been selected by Group Brand Protection to facilitate the implementation of the brand protection practices in their region or country. There are a few criterions that the candidate has to fulfill in order to be selected. These criterions have been derived from past experience of transferring the brand protection practices, where the transfer has been shown to be more difficult when the criterions are not met. First, the candidate needs to understand the purpose and value of working with brand protection tasks in their region and express a will to work with brand protection activities. Secondly, the candidate needs understand that the brand protection practices should be integrated with their current practices and not seen as a separate task. Thirdly, in order to be able to implement the brand protection practices, it requires the candidate to have a central role in the local sales organization that allows for access to both the customer base and the distributors. The level of authority that the role requires can be identified in mid- and top management of the local sales organization. However, it is important that there is commitment from the individual that is selected as a brand protection community member.

That's why we try to, not necessarily, recruit people in top management, because then you end up with delegating problems. The person might say; I can do this. Then turn to someone else and say; But you, can't you do this? If that's the case, things go wrong quickly. Because the person delegated to do this might not understand, have the time, or is not motivated to do it. So, it's important to recruit someone on a level, where the person both have the decision-making power and is a doer. (Group Brand Protection Manager 2)

The motivation of the individual as well as ability to drive change therefore seem to be key variables that affect the transfer of organizational practices as it dictates the commitment towards changing existing business practices, and the possibility for an individual to get other people committed to the change process.

4.4.1 Aligning objectives prior to the implementation

Since Group Brand Protection uses a business-driven brand protection strategy, they want to gain a return on investment. Thus, there needs to be a potential for future gains in order for Group Brand Protection to allocate resources towards implementing the brand protection practices in a specific market. Consequently, if there is sales organization in a specific market that does not recognize the business opportunity as a result of the brand protection strategy, it will not be implemented in that specific market until the sense of urgency in the local unit is at a level that is deemed sufficient by Group brand protection. As explained by the Director of Group Brand Protection:

We prioritize a lot based on the commitment in the local country, the number of counterfeit products on the market, but especially the possibility of generating sales recovery. (...) Instead of going to country X we can go to country Y where there is a lot of commitment to make things happen. Then it might be better to go there twice instead of going to country X once, where there will not be much progress.

This means that the brand protection practices are not implemented in all of the markets that SKF have sales in. This is partially due to the local commitment on brand protection, but an equally important factor is the local market conditions. If there is no established sales network in these markets, or there is limited coordination between the sales organizations and the brand protection group, the brand protection process will only result in a marginal effect.

It is like bailing out water of a boat when it is still full of holes (Director Group Marketing, Communication & Brand Protection).

The lack of coordination and an established sales network will therefore in this setting, in medium to long term, most likely not change the proportion of counterfeit products in the market. Without an established sales organization, counterfeit products will be replaced by other counterfeit products, since there will be no local SKF sales organization that will be able to replace them.

4.5 Implementing the brand protection practices at subsidiary level

There are certain responsibilities that the role of brand protection community member entails. Some of these are connected to administrative tasks, others are tied closely to specific activities in the market. The activities that could be considered awareness activities will be covered in this section. Internally, they are intended to convince SKF employees in the sales organization of the benefits of actively working with brand protection and externally, to educate the customer base. In this sense, the awareness related activities have a more tacit component, since it requires a deeper understanding of how the activities benefit the organization. For instance, without having developed a deeper understanding of the sales recovery process, it could be difficult to identify how informing customers about the prevalence of counterfeit products could result in sales for SKF. In order for SKF to maximize the value of their brand protection strategy, the awareness aspect is a crucial component that is essential for making sure the customers do not end up with counterfeit products.

When discussing the responsibilities of a brand protection community member, the brand protection community members that were interviewed had very similar perception of the purpose of the role. The responsibilities are to create or enhance awareness of brand protection in order to combat the prevalence of counterfeit products in the marketplace. This is done through educating both internal and external parties, i.e. the sale force, distributors and customers of the risk of counterfeit products. Furthermore, the role includes a coordination mechanism that ensures that the value of brand protection activities is captured. In fact, all of the eleven brand protection community members that participated in this study indicated that conducting awareness activities in their respective markets were one of the main responsibilities as brand protection community members, and all respondents indicated that awareness activities were something they worked with in their respective markets and where this should be performed by all the employees in the local sales organization. Furthermore, the time allocated to working with the brand protection strategy is dependent on how much time the primary role of the community member allows for. Consequently, when discussing the time split between the community members primary role and the brand protection practices, the answers varied from 10% to 95% of their time spent on working with brand protection practices.

4.5.1 The boundary spanning role of brand protection community members

The transfer of brand protection activities to both local sales teams and local distributors is to a large extent dependent on brand protection community members. As individuals with a mandate to work with brand protection activities in the local context, the brand protection members work towards raising counterfeit awareness in their respective markets, as well as to operationalize the brand protection activities in their markets. This involves the transfer of brand protection activities and knowhow, which could be difficult. However, there are approaches that increase the probability of transfer. As explained by the US Territory Manager:

I think brand protection is a relationship type business. If I'm able to spend time with another manager, another one of my counterparts, one on one, and I'm able to kind of, share my enthusiasm and stories and I'm able to go with him and talk about brand protection and counterfeits with his distributor, and end users, I think that's much more effective because it gives him the confidence to then do it on his own thereafter, because he's seen it done in person by me, he's learned some of the talking points maybe I've helped or had more of an opportunity to train him, or her, on, you know... the risk associated with buying from un authorized distributors

To be able to ensure that the brand protection activities transfer from sender to recipient, the commitment as well as experience of the sender is used as tool for convincing the recipient that brand protection activities matter. Furthermore, if this process of transfer is done over time, it could build confidence for the recipient as it has time to learn during the process by seeing somebody else work with brand protection activities in practice.

However, while this process ensured a higher probability of the recipient absorbing the knowledge, it also implied that there needed to be a personal encounter in order to transfer the activities. In countries where the sales organization was spread out over a large geographical area, this aspect was raised as a hindrance for transfer since the most common method of transfer the practices were through interactions between individuals. The ease of implementation and integration of the brand protection practices in the local context therefore seems to be affected by the ease of access to the local sales unit.

4.5.2 Identified outcomes of the implementation process

Brand protection in practice, is very connected to activities. These activities are similar across markets, although the emphasis on certain activities differ between markets. However, business-driven brand protection relies on realizing, and documenting, the value of the activities performed. This requires an understanding of how the activities create value, because there is not always a direct connection between the brand protection activity and sales recovery, the activity only creates a potential for sales recovery. In certain market, this aspect was brought forward as an issue by the brand protection community members, where they felt that there was a limited understanding in their respective organization of the concept of how brand protection activities generated value. As exemplified by the observations of a US territory manager when discussing counterfeit products and brand protection activities in the sales units:

Getting them interested in brand protection, it's, it's going to happen when they find something, and unfortunately, there have been guys that have said: Hey, a customer called me, they're suspicious about a particular product that they bought from XYZ company online. We look at it. And some of those times, it turns out to be genuine. And it reinforces this perception in the market that it doesn't happen here. Counterfeit products are only a problem in other parts of the world. And so then, of course, after they have you sent an app request to authenticate two or three times, and each time it comes back genuine, they just, say, I'm not going to waste my time doing that anymore. It's all genuine.

In this case, the brand protection activities had been transferred to the sales unit and they had also been operationalized and thereby implemented. However, because of insufficient understanding of how brand protection generate value, the brand protection activities were only performed for a limited period before being abandoned completely. This also had consequences for the reporting component of the brand protection strategy. Since the brand protection activities were not conducted to the extent it was intended, the administrative aspect of brand protection follow up was also in some instances disregarded. Furthermore, as a consequence of the market feedback, it reinforced an existing perception in the local US market of that there were no counterfeit products on the market. Spending time on brand protection activities therefore was seen as no value-added activities, since no counterfeit products were identified in the short run, and it did therefore not create any sales from the activities.

In contrast to the aforementioned observation, there are countries in which the brand protection practices have a higher degree of acceptance in the local context. In Colombia for instance, when the local sales unit requested feedback from the distributors on what the marketing budget should be directed towards, a majority of the distributors thought it should be towards counterfeit awareness. The distributors were aware that brand protection activities also generated sales, which from a distributor's point of view was desired and made the additional work effort worthwhile. This implies that the brand protection strategy was not only accepted internally, but also external distributors understood how the brand protection approach also could benefit their own business.

In Italy, the Distributor Development Manager explained that sales organizations have an understanding of the issues with counterfeit products and accepted that there needs to be a strategy in place to deal with this issue. Furthermore, in general, the Distributor Development Manager perceives that the sales organization understands the value of influencing the end-customer behavior. However, the responsibility of capturing the sales recovery is solely done by the Distributor Development Manager which implies that there is a limited integration of this process locally. In India, there is a clear difference between the awareness activities and the administrative aspect of brand protection. While compiling and reporting sales recovery is not prioritized by the local sales organization, the awareness activities intended to affect customer behavior are more integrated in the day-to-day work of the sales organization.

The Head of India Brand Protection explains that the sales organization in India acts on leads created by identified counterfeit SKF products and support the affected customer in the process to replace it with a genuine SKF product. However, when it came to reporting the outcome in terms of sales recovery, the perception of the Head of India Brand Protection is that the local sales organization did not like to do it. It was further stated that it is not unusual having to push the sales organization to provide the sales recovery figures and follow-up had to be done due to insufficient input from the sales organization. The Quality and Brand Protection manager in Russia, in a similar manner expresses that the sales organization sees the benefits of brand protection activities and actively work with the awareness aspect of brand protection. However, while the managers in the sales organization find brand protection important, the sales recovery figures were less understood.

4.6 The influence of local contexts

Through telephone conferences coordinated by Group Brand Protection, the brand protection community members have a platform where they are able to share their experiences on brand protection activities in their respective markets. The general perception of these meetings is positive, where multiple brand protection community members highlight that it functions as a learning opportunity where there is potential to both share as well as absorb best practices regarding brand protection activities and initiatives.

It's a fantastic learning opportunity and a number of times we see that as the same situation, somebody else is handling it in a different way and you get a number a good amount of ideas as well. So, it's a fantastic platform to learn and share. (Head of India Brand Protection)

However, while many respondents have a positive perception of these conferences, when it comes to the possibility of replicating what is being shared during these meetings most respondents indicated that there were limits to the transferability of specific practices, and that they either needed adaptation to be able to fit in the local context or could not be implemented at all. Many brand protection community members stated that the experiences being shared during the meetings could not be replicated in another context since the markets were too different.

I mean, the way people do business in India is different than in Sweden and in the US and here” (SKF Caribbean ID Sales Manager)

Factors such as prevalence of counterfeits on the market and the behavior and mentality among the distributors and end customers were highlighted as potential causes of the difficulties in transferring specific brand protection initiatives.

The way sales recovery is measured varies across the different sales organizations included in this study. This is partly due to aspects connected to the local prerequisites at the subsidiary level, and partly due to the fact that headquarter has not fully codified the sales recovery process and therefore allow subsidiaries to construct their own way of capturing sales recovery to fit the local market conditions. The brand protection community members from all markets except

for Italy, stated that the approach of identifying and capturing sales recovery at subsidiary level was to connect an identified sales order to a specific brand protection activity, where the signal that indicates that there is potential for sales recovery, comes from the authenticate app or the authentication email service provided by SKF. In contrast, the Italian brand protection community member used a value based on personal experience connected to the effects of brand protection activities but did not connect the activities to specific orders.

Counterfeit products are most prevalent in the aftermarket sales, and therefore the level of transparency from distributors becomes a hindrance for capturing sales recovery. As exemplified by the US territory manager:

Unfortunately, I don't see the sales to the end user directly, so I'm only able to view sales to the distributor and so in the case where distributor sells a million dollars' worth in SKF. I don't know if that million dollars was sold to one customer or 100,000 customers.

The fact that distributors act as intermediaries for SKF sales to end customers mean that many community members find it difficult to identify the end customer, since it is not possible to follow the entire process in through a business system. Capturing sales recovery therefore requires a lot of administrative effort which is not directly connected to the community members role in the local context. However, the problem of tracking sales via the authorized distribution network is not only linked to the distributor transparency. The density of authorized distributors may also act as a hindrance at subsidiary level when trying to capture the sales recovery. The end customer can, after the identification of a counterfeit product, turn to any of the authorized distributors to replace the product that was identified as counterfeit. This means that direct contact with the end customer is the only means of capturing the sales recovery if the customer previously has bought their products from unauthorized source, as described by the Quality and Brand Protection Manager in Russia:

If you have a new customer... who was previously buying from the non-authorized channels. This means that next time this customer can go to any of the distributors, so we don't know if he decided to go to the authorized channels. He can go to any distributor basically, he can choose from two or three different distributors so there

is no one who's responsible for this customer, at least in the beginning in the first stage. He didn't buy from distributors and so I don't know whom to go to basically.

In some markets, depending on the size of the distributor and the collaboration between SKF and the distributor, there is a variation in how transparent the authorized distributors are in conveying what has been sold to a certain customer, which is explained by the Quality and EHS Manager of Central Europe:

Bigger distributors do not tell you; smaller medium distributors are proud to tell you and if you do not get detailed figures you have to judge

This in turn leaves the community members in many instances with insufficient information of the outcomes of the brand protection activities in their market. This makes the reporting aspect of brand protection outcomes difficult and time consuming to capture as sales recovery, since compiling the data in these instances relies on direct contact with the end customer and not the distributor.

4.7 Usage of sales recovery among community members

There are two guidelines that Group Brand Protection intend for the community members to follow when it comes to sales recovery. First, the community member should be confident that the sales recovery they report should reflect the actual sales recovery from brand protection on the market. Second, the sales recovery should be based on annual business value that is created by brand protection activities. There are no restrictions that limits the usage of the sales recovery figure in the community members organization. Despite of this, the sales recovery figure is rarely used in local sales organizations, even though the sales recovery captures the value of brand protection activities.

A majority of the community members expressed that the sales recovery value was solely a figure reported back to Group Brand Protection. This view is expressed by the respondents from Mexico, Italy, Germany, Colombia and UEA, where the strategic focus at subsidiary level is towards sales, and where the source of the sales is not of significant importance in the local organization. All sales in the organization are in this sense treated equally and are not broken-

down by source. Instead, the focus of the sales unit is on the awareness activities rather than the tracking of sales recovery, as explained by the SKF Caribbean ID Sales Manager:

It is only a report that, we do not use it to do something else internally. We, in that sense, only see the numbers, is that every time there is a sales meeting it is part of the sales meeting. Okay, which activities we did regarding brand protection, because actually we pay your sales guys of course for the sales they bring in but also for some activities they need to do outside. And one of the things that that we measure in some cases is how many people was using the app.

The Business Development Manager in UAE expresses that one reason for sales recovery having limited usage in the local context is due to there being no target set by local management on sales recovery from brand protection. However, brand protection is considered to be a method of capturing new sales opportunities:

Our target is purely based upon the totals our total sales in the region whereas this is one of the tools which we are using to increase our sales in the region
(Business Development Manager, UAE).

Since the local sales organization only consider the total amount of sales and have limited focus on pinpointing from where the sales originate, the sense of urgency for capturing the sales recovery from brand protection in the local sales organization is limited. However, by considering the brand protection a tool for creating sales, it also signals that the organization in UAE understands the concept of sales recovery from brand protection. Furthermore, he strategic goal of sales recovery resides at Group Brand Protection rather than in the local sales units, as explained by the Quality and EHS Manager of Central Europe:

It is reported to the brand protection director and of course also to local sales manager. So, he can report to his manager what we gain back so which sales increase came from brand protection sales recovery. (...) collect the sale recovery figures twice a year and I'm pretty much sure that they in the SKF group organization that they report and explain why the protection team should be active also in future but not locally. (...) Strategic, political thing is done by brand protection

While sales recovery is reported to local sales managers, the Director of Industrial Sales in Central Europe indicated that there is limited focus on the sales recovery figure in the local sales organization:

I personally, don't look at this figure to be honest. If I want to know it, I would ask for it.

This indicates, that there is limited consideration for the sales recovery value from management in the Central European market. However, despite the lack of focus on the sales recovery value, the Director of Industrial Sales in Central Europe considered brand protection to be an important function. In contrast to the aforementioned, the U.S. Territory manager indicated that sales recovery is in fact used in the local market, as a tool for highlighting the value of brand protection activities to the local distributors.

I guess the message, outside of the risk associated with buying counterfeit, of course, but for our distributors, and I talk to them about the ability to regain or increase their sales, by virtue of promoting the app and awareness of counterfeits in the marketplace.

However, the territory manager also indicated that in order to increase the awareness of brand protection internally in the local sales teams, one approach could be to incentivize brand protection activities through the use of a bonus structure that directly rewards individuals for brand protection efforts.

4.7.1 Calculation methods of sales recovery

The following section will give an overview of the ways that the brand protection community members calculate sales recovery in their respective market. The intention of the section is to show how the different sales organizations have implemented the sales recovery documentation process in their respective market.

United States

When elaborating on the concept of sales recovery from brand protection, the US territory manager had an approach where sales recovery always should be directly connected to the identification of a counterfeit product and then translated into terms of annual sales potential of that customer.

For me any sales recovered dollars that I report, is in direct one to one relationship between... we identified this at an end user that was buying counterfeit. This particular product or product group, and they, you know, share with us their part numbers and or the volume that they buy in a year and then we use IDP, which is an Industrial Distributor Price as the guide.

The US Territory Manager is coordinating the sales recovery process, either through direct involvement in the process or through feedback from the sales team. However, it is only the Territory manager that is responsible for the reporting of sales recovery back to headquarters, and any reporting is a result of either direct involvement in an activity from the Territory manager or through feedback directed to the territory manager.

Italy

The Distributor Development Manager in Italy is the only respondent that makes an estimate of sales recovery without specifically connecting identified counterfeit products to the sale of genuine products. Instead, an estimate based on market knowledge, experience and intensity of brand protection activities in the market is used to estimate the value of the brand protection activities. This method is used because of difficulties in determining cause and effect, where brand protection activities are not the only activity influencing a customer to start sourcing from an authorized distributor, but is rather in a combination of other activities, such as price negotiations and value propositions.

We cannot track a specific order of that because it's the brand protection of activity is not the final weapon that click the customer to return to SKF. Honestly speaking, at least in Italy (Distributor Development Manager in Italy)

United Arab Emirates

The Business Development Manager in UAE emphasizes, similar to many of the other community members, the difficulties of gauging an exact number for sales recovery due to the constraints caused by the lack of transparency towards the distributors. The Business Development Manager in UAE cannot ask for the specific quantity and price but can obtain an estimation of the total value from the distributor sold to the customer. It is explained that efforts to capture the value of indirect effects of anti-counterfeit activities have been made. The Business Development Manager UAE treats sudden increase in sales to a specific key account portfolio as sales recovery as well as the sales generated by newly added key accounts to the portfolio, as a result of brand protection activities.

Caribbean

SKF Caribbean ID Sales Manager log all authentication requests to Group Brand Protection resulting in an identified counterfeit product. Out of the requests resulting in the identification of a counterfeit product, the SKF Caribbean ID Sales Manager makes the connection of what is considered a hard sale, meaning that the customer has changed to an authorized distributor. From that input, a value is estimated for each case to create a total value for sales recovery, which is compiled quarterly. In the same manner as the Business Development Manager UAE, the SKF Caribbean ID Sales Manager also measures indirect sales recovery.

I also check because when our big customers decide to return to our distributor to buy genuine product, with the distributor too. I called her and they and they told me; yes, this this month we increase our sales by xx percentage, or we sold previously this amount of money on now we are selling this amount of money, to say okay this is a recovery. (SKF Caribbean ID Sales Manager)

Russia

The Quality and Brand protection manager in Russia has, in contrast to all of the other community members, created a threshold value of approximately 100,000 SEK for cases that are treated as sales recovery. The reasoning behind the threshold value is based on two main aspects. Firstly, the Community Member acknowledges the fact, out of the 300-400 verification requests each year only a small amount out of these generates a significant increase in sales. Secondly, even though if a majority of cases above the threshold value goes through a

distributor, the SKF sales unit is contacted by the distributor for support. Thus, the Quality and Brand protection manager in Russia has a greater insight in how much sales the customer will generate. However, The Quality and Brand protection manager in Russia also contemplates alternative ways of estimating sales recovery, which have been discussed with the IDD Managers. There is a consensus among the IDD managers that approximately 10% of the increase in distribution sales can be related to brand protection activities. However, the Quality and Brand protection manager expresses that the connection is hard to prove and therefore not used.

Indonesia

The Head of Business Support Department in Indonesia uses three main inputs as the basis for tracking sales recovery. Firstly, if a customer puts a request through the authentication app and a counterfeit product is identified, the Indonesian sales team contacts the particular customer, to whom they propose to sign a contract with the local distributor or with SKF as a principal. If a contract is agreed upon, the sales recovery figure for that customer is based on the contract details. All sales generated from that contract is treated as sales recovery for the following two years.

Secondly, when a customer and SKF Indonesia signs a contract with a price agreement through a distributor, the Head of Business Support Department in Indonesia will set up an account for the distributor to purchase from for that particular customer. In those cases, everything ordered from that account is solely used for that customer and can therefore be tracked in the system and treated as sales recovery. However, there might be a risk of distortion of capturing the exact value of sales recovery when extracting sales recovery from these special pricing accounts.

Since if it is a special pricing I have a method to track using a special pricing accounts, which we call them customers with special pricing accounts and so what our distributor buying maybe there is a point that initially made buy for stock so but over a period of time the buying and what the distributed buys using the account what he would sell to the customer more or less match so I can always take that this is buying as a sales for us SKF sales recovery is what I have sold not what customers want from the distributor. So, what I sold to distributor for that period for that customer I take it as a sales recovery.

Thirdly, in cases when there are no special pricing accounts the Head of Business Support Department in Indonesia collects inputs, in collaboration with the sales team, from the distributors every six months. An estimation of total purchase value is compiled for the orders treated as sales recovery, using the distributor price. Like in many of the other markets, the Head of Business Support Department in Indonesia also explains the problems with not being able to ask for specific numbers from the end-customer.

Mexico

In contrast to other markets, the Industrial Sales Director in Mexico explains that there is a greater transparency from distributors of conveying information about their customer base. Industrial Sales Director in Mexico explains the logic and tracking mechanism of the sales recovery figure:

The practice that we follow here in Mexico is that when we have a case recorded from the application from the smartphone we made the phone log we made the track of that situation and then when we can obtain as a result a new order from the distributor to us that is a new place it to is will register that as recovered sale.” - Industrial Sales Director in Mexico

Even though the Industrial Sales Director in Mexico expresses a greater transparency towards distributors, there are difficulties in capturing all instances that should be treated as sales recovery. These difficulties that appears when customers decide to decline support from SKF and resolve the situation themselves. In those situations, SKF loses the traceability, which is estimated by the Industrial Sales Director in Mexico to be approximately 50% of the cases.

Germany

In line with the concerns of other brand protection community members in regards to limited transparency when tracking the orders through the distribution network to the end customer, the Director of Industrial Sales Central Europe have the following perspective:

It's very difficult if it comes to distribute as it is easy if you come to direct customers. Direct customers, you immediately see that he buys the bearing at SKF he purchased before from another source. This is easy. SKF distributors they buy one special product as one product it's for 1000 customers if you have bad luck and, in

this case, you have to ask the distributor if his end customers now started to buy the product from him. And if the distributor is very open, he tells you the annual demand and then you can check to which price you purchase to the distributor and take that with annual quantity You can also report what you have gained back.

The Director of Industrial Sales Central Europe stresses the importance of sales experience in situations when the distributor does not convey details about the customer and an estimation for sales recovery is required. In those situations, large experience from sales gives the person the confidence to identify the segment and size of the customer. By comparing with a similar OEM customer an estimate of yearly demand and value can be made.

India

The Indian Brand protection manager describes that sales recovery is based on the annual demand of the customers that shift their purchasing routines from unauthorized to authorized distributor due to brand protection activities. This value is captured through a collaborative effort between the Brand protection manager and the local sales organization. However, the matter of capturing the monetary value of the annual demand is sometimes a delicate matter, as described by the Indian Brand protection manager:

They know how much they are buying. You know, is it's important when you ask that question, we asked the question right at the start so that the possibility of you getting that number at the at the end, can be difficult. Because then they know that you're looking at business, you're looking at opportunities and things like that. But at the start when they need help from you, there is a higher possibility of them to share information. And it is at that point in time that we get this particular information.

Moreover, the Indian Brand protection Team has a developed tracking mechanism for sales recovery. An excel file is used, in which all authentication requests resulting in the identification of a counterfeit product is compiled. The excel file is shared quarterly to the sales force in order to get feedback on the sales recovery from the authentication process. Authentication requests that comes back without feedback from the sales unit is followed up via telephone calls to the end customers by the Indian Brand Protection team. In regards to reporting sales recovery, it is added that it is not prioritized matter among the sales force and

that the focus is towards performing awareness activities rather than reporting back sales recovery. Consequently, the Brand Protection team need to be persistent in order to get feedback on the sales recovery. Capturing the total value of sales recovery is a time-consuming process and the Indian Brand protection manager adds:

The objective is to try and be as close to what we had planned as sales recovery. And I can tell you, you know, we just scratch the surface, we don't scratch the entire surface. If we do that then there are good chances, we will report more and more Sales recovery, but then that takes a lot of time and effort. So, we stopped at that point where we know that we are in a situation where you know the case that sales recovery that we're reporting is in line with what we have planned. We stop it there.

China

The Chinese Brand protection manager explains that sales recovery is captured through feedback from the sales unit. The Chinese Brand protection manager explains the process of capturing the value of sales recovery starts when the product has been deemed counterfeit. When this happens, the sales unit is urged to follow up with the customer and report what the outcome is from that interaction, in terms of if it has resulted in new orders being placed as well as the annual potential of the customer. Furthermore, there is a tracking mechanism in place that connects the verification requests with the orders that are placed as a result of them. As explained by the Chinese Brand protection manager:

We ask them to fill in some form and send back to us to confirm after verification and the customer aware of the counterfeits and then they start to buy from authorized channel and then what is the business and what is the business lesson order an annual potential for that we will ask

Iran

The General Manager in Iran has an order-based approach for calculating sales recovery. Each time an order is placed by a customer as a result of the identification of a counterfeit product at that customer, sales recovery is captured. The monetary value of the order, as well as the order identification number is connected to the authentication request. This allows for full transparency on which orders that are placed as a direct result of the authentication request

from the customer. The method is enabled by the transparency between SKF and the end customer, where the general manager is able to identify specific orders from the end customer.

4.8 Summary of main empirical findings

The empirical data identifies the process of how SKF has transferred the brand protection practice to its subsidiaries, in which a number of influential factors has been identified. The process of transferring the brand protection practices was contingent on first creating an organizational sense of urgency prior to the transfer, by conforming the previous conceptions of the organization by highlighting the potential benefits of the practice that was intended to be transferred. The potential benefits were revealed through the introduction of sales recovery from brand protection, which was constructed to show the value of the brand protection practice. By doing so, Group Brand Protection gained organizational legitimacy and codified the tacit components of the brand protection practices, which resides in connecting the awareness activities to a tangible value.

Socialization was identified as the most effective mode of transfer the knowledge, however it was not the only mode of transfer that was utilized. Web-based solutions provided another channel for transfer, where the benefits of using that particular channel for the transfer was related to the ability of reaching multiple people at the same time. Socialization was also highlighted to be an effective mode of integrating the brand protection practices in local sales organizations, where the benefits of being able to provide on sight support and training made the effort worthwhile because it gave confidence to the recipient to be able to utilize the brand protection strategy.

The implementation of the two components of the brand protection strategy, the awareness components and the sales recovery component, has been presented. The empirical data shows a clear difference in implementation outcomes between the two components, even though both of the components are part of the same brand protection practice. It has been shown that the perception of the awareness component has been positive, while there has been shown a lower level of understanding in regards to the sales recovery component in the local sales organizations. Consequently, the implementation of the awareness activities has been subject to few local adaptations, while the sales recovery component has been implemented in many different ways. The motivational disposition of the sales unit has shown to be an influential

factor, where it has acted as a facilitator for the awareness components of the brand protection strategy.

All interviewed community members indicated that the sales unit recognized the benefits of working with the awareness component in their local organization. The incentive structures of the sales unit, which is to generate sales, are in line with the objectives of the business-driven approach of the awareness activities. Conversely, the motivational disposition of the sales unit has shown to act as a barrier to implementation of the sales recovery component. The most prominent aspect affecting motivation towards the sales recovery component is the misalignment of sales objectives, where the interviewed community members has indicated that the source of generated sales is not of any particular importance to the sales unit and that capturing sales recovery is an administrative task that is time consuming and sometimes difficult.

Finally, the empirical chapter highlighted the effects of formalization of practices by comparing the two different components of the brand protection strategy, the awareness component and the sales recovery component. The awareness component was codified in a way that guided how employees should approach brand protection related questions and provided guidance and limitations in regards what was expected to be communicated publicly in their respective local organization. The sales recovery component, while it was conceptually clear on what sales recovery from brand protection should capture, it allowed for different methods of how to capture it since local market contexts affected the transparency towards key actors in the local markets. In this sense it was less formalized. By providing evidence of how sales recovery was captured in eleven different markets and contrasting the variation of those to the variation in the awareness component, the empirical data indicated that formalization limits the variation of outcomes when implementing a practice. Furthermore, formalization did not seem to affect the motivation of the recipient to implement the practice.

5. Analysis

This report is focused on the transfer of brand protection practices in an MNC. The analysis will follow the two main parts of a transfer process, the initiation and the implementation phase and discuss as well as analyze important aspects in this process.

5.1 Initiation

Transfer of practices will happen when a need, as well as the knowledge to meet that need, simultaneously exist in the organization (Szulanski, 1996). For SKF, this process started through the realization of that counterfeit products could be combated more effectively through a combinatory demand and supply side approach, where raising the awareness of counterfeit products in the customer base as well as providing services to the customers that protects them from ending up with counterfeit products were a central tool for the brand protection process. Targeting of the supply side, which previously had been the primary strategy to combat counterfeit products remained as one method of working with brand protection. However, the new customer driven approach meant that legal actions were not the primary mode of combating counterfeit products. Instead of just making sure that counterfeiters were handled through the legal system, in cases where counterfeit products were discovered these were used as a way of creating awareness in both the customer base and internally, where it highlighted that counterfeit products were an issue that had to be dealt with and that there needed to be a process in place that ensured that customers did not end up with counterfeit products.

However, initially the brand protection approach was met with resistance and had limited support in the organization. Change is often resisted because of the motivational disposition of the recipient (Szulanski, 2003; Cohen & Levinthal, 1990). The motivation and acceptance to conform with a new practice depends on the recipient's knowledge base prior to the transfer of knowledge, how well understood the practice is in the organization, the recipient's ability to change practices and the social ties that exist between the units exchanging knowledge (Szulanski, 2003). For SKF, the resistance prior to the transfer was primarily caused by the lack of organizational understanding of the practice. Many managers had the impression that counterfeit SKF products were an issue only in specific countries, which meant that they did not see a need for implementing a brand protection process in their market.

Kotter (1995) states that the process leading to organizational change is initiated through creating an organizational sense of urgency. In line with this concept, SKF in the initial process of transferring the brand protection approach to its subsidiaries focused on building the internal awareness of counterfeit products and show the benefits of the new approach. The managers involved in this process therefore had a clear focus on reducing the differences in perceptions in the organization prior to initiating the transfer of practices. Both formal transfer channels such as the SKF intranet and informal transfer channels such as personal communication were used for building the knowledge base in the organization. The empirical data indicated that both transfer channels contributed to the knowledge transfer from headquarter to subsidiary, however, personal communication was highlighted as the most effective pathway for getting the message across. This is also exemplified by the fact that when sending information through the intranet, Group Brand Protection tried to combine this information channel with personal communication in order to make sure that they got the message across. This also implies that managers had a key role in the transfer process, since the information flow was contingent on their participation. This seem to support the conclusions from Zeng, Grøgaard & Steel (2018), that indicate that socialization appears to be the mechanism that has the most positive effect on knowledge transfer. It further indicates that the boundary spanner function of the managers involved in the personal communication with headquarters had a central role in increasing the sense of urgency in the subsidiaries. While this happened prior to the transfer of the brand protection practices, thereby making these actors not formally connected to the transfer coalition, i.e. the brand protection community, they were used in the same manner as boundary spanners, where they bridged the perception gap between units.

In the first iteration of the brand protection practice transfer, it was directed towards individuals that; firstly, were convinced that the brand protection practices were needed in their local context and secondly, already had an established personal connection with group brand protection. It was not until later iterations of the brand protection transfer that people outside the network were targeted for the transfer, which is in line with and supports the claim that network relationships are a facilitator for knowledge transfer (Szulanski 1996; Reagans and McEvily, 2008; Sgourev & Zuckerman, 2011). The empirical data clearly indicates that there seems to be less resistance in transferring knowledge through already established networks.

5.1.1 Decreasing the casual ambiguity through sales recovery

One key enabler for creating a sense of organizational urgency was the use of the sales recovery construct that indicated the business value that was created because of brand protection activities. Causal ambiguity is a major driver of the stickiness experienced during the transfer of knowledge (Szulanski 1996, 2000). The sales recovery KPI therefore had an important function that allowed the managers of Group Brand Protection to decrease the causal ambiguity of the brand protection strategy. The KPI connected the identification of counterfeit products to sales that were created through the sales recovery process. This meant that Group Brand Protection could show how the outcomes of the brand protection strategy was connected to the practices that were transferred, thereby reducing the causal ambiguity in the organization. Since the transfer of the brand protection practices were directed towards the sales unit, the KPI highlighted that brand protection was not just a cost, but an instrument that presented opportunities for capturing sales in the market. Since transfer of organizational practices is a complex procedure and they contain elements that are partly tacit, this implies that knowledge regarding the practices and the outcomes of those practices are causally ambiguous (King, 2007). By reducing the causal ambiguity, it resulted in less organizational resistance towards the associated practices.

5.1.2 Gaining legitimacy trough sales recovery

By connecting brand protection activities to revenue, Group Brand Protection created legitimacy for the brand protection strategy, which were in line with the objectives of a publicly noted company, which is to generate revenue for the stock owners (Chow, 2010). Thereby, the motivational barrier to the transfer was reduced, as both the purpose and potential of the brand protection activities were made clear in the organization. For instance, in the subsidiaries it was acknowledged that the brand protection strategy was seen as a tool for identifying sales. This implies that the conceptual purpose of the strategy is clear in the organization

The empirical data also shows that the KPI was of critical importance for gaining legitimacy among higher management and that the support resulted in both resource allocation to support the transfer of the brand protection practices and symbolic value in terms of organizational legitimacy. Incentives and pressures in the MNC are often created by external market pressure to meet or exceed revenue and profit targets (Chow, 2010). Because of this, MNCs tends to

support incentives that are creating value. In regards to how MNCs tend to legitimize brand protection approaches, the empirical data indicate that this also holds true in this case study.

5.1.3 The influence of market conditions and motivation

Once the decision to transfer a practice has been made, headquarters have to decide to what extent the practice should be transferred to the subsidiaries (Ahlvik, Smale & Sumelius, 2016). While this step in the transfer process could arguably be considered being included in the local adaptation process in the implementation stage by Szulanski (1996), it is distinguished from it through considering the selectiveness from headquarter when choosing where, and to what extent, to implement the process. In this study, a clear alignment process can be identified. When considering SKF's transfer of brand protection activities, there are two factors that are of special importance for the alignment process. Firstly, the prerequisite for brand protection to generate value relies on both the prevalence of counterfeit products and the local sales organization. This means that SKF initially targets areas where these two factors interact in a way that enables a potential for capturing sales recovery. In this sense, Group Brand Protection is selective when choosing where to transfer and implement the brand protection practices. Secondly, the perception of brand protection on a subsidiary level and the local market conditions. There should be individuals that are willing to work with and integrate the brand protection strategies in the local context where it should be possible to apply the brand protection strategy. The selectivity is connected to whether it is useful to transfer the brand protection practices to subsidiary level. Minbaeva et al (2014) states that knowledge transfer does not provide any value for the MNC unless the receiving party acquires knowledge that is useful and can be applied in its operations. Through considering both the local market conditions and the sense of urgency in the subsidiary, the empirical data indicates that the transfer process in SKF is not just affected by the relationship between actors in the network (Kostova & Roth, 2002), but also the context where the practice is transferred to (Minbaeva & Santangelo, 2018).

Ahlvik, Smale & Sumelius (2016) argues that the alignment of the HQ and subsidiary intentions of the practice transfer is an important factor for success of the implementation. This argument is supported by the empirical findings, where Group Brand Protection from previous experience have noticed that if the criteria for the community members are not met, i.e. have a sufficient understanding of brand protection strategy, a will to work towards operationalize the

strategy and sufficient seniority to have access in the local organization, this will negatively impact the implementation of the brand protection practices at local level due to insufficient alignment.

5.2 Implementation

When an MNC decides to proceed with implementation of a practice, transfer of resources will occur (Szulanski, 1996). The brand protection practices that are transferred to the subsidiaries contain the same elements independent of where it is transferred. One of the most prominent observations from the empirical findings is that when it comes to the implementation of the brand protection practices, there is a clear difference in both perception and local adaptation of the practice between the awareness component and sales recovery component of the strategy. This outcome has occurred despite both components have been transferred in the same manner, where the community members have a leading role in the transfer process to the local sales organizations. To clarify, the brand protection practices that are transferred at SKF consists of an awareness component which could be compared to a code of conduct, where it is stipulated how the organization should talk about brand protection to external parties, as well as a controlling component, the sales recovery component, that connects brand protection activities to the sales caused by those activities.

The empirical findings show that while the awareness component has been subject to few local adaptations, the sales recovery component varies greatly between the different sales organizations. In fact, when it comes to the awareness component of brand protection strategy, independent of the location of the respondents, they showed a conformed view on what responsibilities were connected to the awareness activities and how to operationalize it in the respective market. However, when looking at the sales recovery component of the strategy, the outcomes of the implementation varied greatly, both when it came to perception of the component but also in terms of how it was being used in the local organization.

The difference in implementation outcomes of these two components can partially be contributed to the codification of each component. The awareness component had been codified in a way which indicated what was expected to be performed at subsidiary level when it came to awareness activities. Conversely, the process of how to capture sales recovery was not codified to the same extent as the awareness component. Instead, the responsibility of

finding a method of capturing sales recovery resided at subsidiary level among the brand protection community members. Since the responsibility of capturing sales recovery lies at the subsidiary level, previous research on bounded rationality (e.g. Szulanski, Rignow & Jensen, 2016) and institutional contexts (e.g. Ferner, Edwards & Tempel, 2012), where cognitive structures are limited by local contexts, it implies that a lower degree of formalization (Ouchi, 1977, 1979), and codification should lead to different outcomes in the different subsidiaries. This is supported by the empirical data that identifies a plethora of different methods of capturing sales recovery from brand protection (see section 4.7.1), but no differences in the awareness component of brand protection. By comparing these two components, it therefore seems that formalization and codification reduces the variations in the implementation of a practice. This supports the claims by Ouchi (1977) that indicate that formalization can modify organizational behavior, because it restricts the decision-making process at subsidiary level (Ouchi, 1979) and where formalization suppress individual differences (Hirst, Van Knippenberg, Chen, and Sacramento, 2011). However, while formalization and codification provide an explanation for the variations in implementation of the two components of the brand protection strategy, it does not fully explain why the perceptions of the two components differed. Therefore, each component will be explored more in depth in the coming section.

5.2.1 Awareness component of brand protection

In the empirical findings, motivation appear as a prominent factor acting as a facilitator for the awareness activities and as a barrier for the sales recovery process. Lewin, Massini, and Peeters (2011) indicated that incentive structures for information and knowledge sharing, transfer and utilization moderate the relationship between absorptive capacity and success of the transfer. This claim is supported by the empirical data, were the existing incentives structures for the sales force are aligned with the awareness activities. The awareness activities are constructed to create business opportunities and the incentive structures for the sales force is to generate sales, thus, objectives are aligned, resulting in a higher motivation to integrate this practice. This becomes evident in when the community members describe the sales organization perception of the awareness activities, where a majority of the community members expressed a conformed view that the sales organization recognized the benefits of the awareness components since these served as an additional tool to generate sales.

In the previous section of the analysis, the efforts Group Brand Protection put on informing the organization of the importance of brand protection activities was elaborated on. From the empirical data, it is evident that Group Brand Protection has put large efforts in creating a sense of urgency by connecting the awareness components to revenue, in order to show the potential value that it can generate. This is in line with what Szulanski, Rignow & Jensen, (2016) calls front-loading, in which the affordance placed on the tacit knowledge transfer in the initiation stage rather than the implementation stage. Transfer of practices is a complex procedure and they contain elements that are partly tacit. This implies that knowledge regarding the practices and the outcomes of those practices are causally ambiguous (King, 2007). Furthermore, the greater the causal ambiguity in regards to the knowledge to be transferred, the more important the development of the understanding of the practice is prior to the decision to transfer, where front loading therefore is crucial for the success of the transfer (Szulanski, Rignow & Jensen, 2016). This reasoning could serve as one explanation to why the awareness components of the brand protection strategy has shown to be easier to implement by the community members. Group Brand Protection has to some extent codified the tacit components of the awareness components prior to the implementation, which resides in connecting the awareness components to increased revenue, by introducing sales recovery. Consequently, the alignment of the objectives prior to the implementation seems to be resulting in higher motivation to absorb and operationalize the awareness components, as a result of front-loading.

5.2.2 Sales recovery component of brand protection

One issue that was raised for the sales recovery component of the brand protection strategy when implementing it in the sales organizations was that it was not always possible to track the sales that came as a result of brand protection activities back to the end-customer. This was caused by SKF's sales model, where sales in the aftermarket often goes through distributors. To capture this information, it often required brand protection community members or members in the local sales unit to directly contact end customers to acquire the information that reflected the sales recovery from brand protection activities, and even then, the end customer could decline to share the information. For the reporting of sales recovery, this creates an administrative process that does not create any additional value in the local organization, since the effect of the awareness activities is what results in additional sales for SKF, not the sales recovery component. Following up on the sales recovery only creates an additional line of information for the total sales but does not increase the sales.

Since performance in the sales organizations is evaluated through total sales, separating sales recovery from sales did not create any additional value. Hence, the sales recovery component has limited use in the local sales organizations. Most of the brand protection community members indicated that the sales recovery was only a figure that was reported back to group brand protection. Therefore, the incentives for capturing sales recovery from brand protection activities is low. Uhl & Gollenia, (2016) indicate that if there is no alignment of compensation policies that are in place that support new desired behavior, it might create a lack of incentive to follow the new procedure, or in worst case, create disincentives to follow it. Since there are no incentives in place that motivates the local sales units to commit to the administrative task of capturing sales recovery, it seems that the incentive structure affects the implementation process and that this potentially acts as a hindrance for the boundary spanner, the brand protection community member, to facilitate the transfer process (e.g. Schotter & Beamish, 2011; Mudambi & Swift, 2009).

5.2.3 The effects of bounded rationality and networks

Common for the implementation of the brand protection practices in all subsidiaries considered in this study, were that the brand protection community member indicated that the general level of motivation, understanding and acceptance for the brand protection practices was lower among the sales force than among the community members. Ferner, Edwards & Tempel (2012) indicate that subsidiaries of the MNC have to operate under the condition of institutional duality. On the level of an individual, this affects their cognitive disposition since they are limited to their own perspective. Because of this, members in an organization could therefore be considered being boundedly rational (Szulanski, Rignow & Jensen, 2016) and their perceptions will therefore vary based on the information they are exposed to. Similarly, Coleman (1988) indicate that a closed group, i.e. the brand protection community, enhances the potential for trust, cooperation and motivation to assist another member to develop, where common goals, values and sense of shared identity creates a cohesiveness among the units (Grøgaard & Colman, 2016). This also provides a possible explanation for why the perception of the brand protection practices among the community members (boundary spanners) and the local sales unit varied, where the brand protection community member through the direct connection to Group Brand Protection have a different exposure, and therefore conforms, to the values of Group Brand Protection. Being part of a network therefore seem to facilitate the

flow of knowledge, however, it does not ensure that it is disseminated to actors outside of the network.

The implementation of the brand protection process in the United States perfectly highlights the importance of local market conditions for the success of the implementation. The empirical data shows that the sales recovery strategy was transferred through the boundary spanner to the local sales organization, where it was clear that social interactions with other managers in the local market was key for the transfer process (see 4.5.1). This is in line with the claims by Zeng, Grøgaard & Steel (2018) stating that socialization appears to be the mechanism that has the most positive effect on knowledge transfer. However, while the strategy was implemented and used for a limited time, the lack of results on the market, i.e. identification and removal of counterfeit products, in some instances resulted in a reinforcement of an already established perception on the US market where counterfeit products were not an issue. Because of this, a resistance towards the brand protection approach was built up, resulting in that some people stopped to work actively in accordance with the brand protection strategy. This indicates that while the community member functioning as a boundary spanner is able to bridge the perception gap between headquarter and subsidiary level in the short run, for successful implementation it is also dependent on results in the market that legitimizes the new behavior. Kotter (1995) states that change relies on indicating how the new approach has affected the performance. If the receiving party are left to make these connections themselves, there is a risk that they sometimes create links that are very inaccurate (ibid). In the case of the US sales organization, some individuals, through the short term feedback they received from the market, found that the brand protection practices did not create value and therefore, based on their cognitive limitations came to a fully logical conclusion and did not see the linkage between the practices and the effect on sales performance that was clear for the community member. This means that even though the community member was convinced of that the brand protection practice was needed in the US market and was motivated to transfer this perspective to other actors in the market, it was not enough to overcome the local normative structures which resulted in skepticism in the local unit towards the brand protection practices. This does not imply that the practice will not be able to be fully implemented, however, as described by Jacobsen (2013) the time for implementation and integration in the local context should be expected to be extended since the commitment of the receiving unit will be on a lower level.

The empirical data did not show any evidence of that geographical distance affected the transfer in regards to the knowledge and process transfer from Group Brand Protection to the community members. All community members showed similar perceptions and understanding of the brand protection strategy despite of their location. Nell, Decreton & Ambos (2016) indicate that knowledge transfer is facilitated by a shared organizational context and it appears to be more difficult to achieve effective transfer as the geographical distance increases. Therefore, the empirical data when considering transnational transfer does not support their reasoning when considering the knowledge and process transfer between Group Brand Protection and the community member. This observation could potentially have been caused by the front-loading strategy that was used for building an organizational sense of urgency. The community members were prior to transfer motivated, which might have mitigated the effects of geographical distance on knowledge transfer.

However, the knowledge and process transfer from community member to the local organization did seem to be affected by geographical distance, where community members in countries with dispersed sales units indicated that it could be problematic getting the message across in the local market. Geographical distance therefore in this case seems to make the transfer process more difficult, which is in line with the observations by Nell, Decreton & Ambos (2016). The observed effects here could therefore possibly be contributed to the fact that local sales organizations in general were less motivated to absorb and adapt to the new practices, making the effects of geographical distance more prominent.

6. Conclusion

This chapter presents the conclusion of the study based on the empirical evidence and the theoretical framework applied in this study. After presenting the main findings, managerial implications are highlighted, followed by recommendations for future research.

6.1 Main findings and theoretical contributions

The purpose of this study has been to investigate how an MNC transfer organizational practices to the multiple contexts of the organization and how the individuals included in the transfer process affect the transfer of organizational practices. To investigate this a case study at SKF was conducted where the process of transferring and implementing brand protection practices was the focal point of the study. This was done in order to answer the research question:

How are strategic organizational practices transferred in an MNC and what affects this intra-organizational transfer and implementation process?

This study has shown that the process of transferring organizational practices was contingent upon first creating a sense of urgency in the organization that conform the perceptions of the practice that is intended to be transferred. Socialization was identified as the most effective mechanism for creating a sense of urgency, where the individuals involved in this process had key roles prior to the transfer of the organizational practice. Furthermore, it was primarily through socialization that the organizational practices and knowledge were transferred, through the use of boundary spanners.

In turn, these individuals were responsible for transferring and implementing the practices to their local context. While socialization facilitates the dissemination of organizational sense of urgency, the empirical findings showed that by connecting tacit components of a practice to tangible outcomes it reduces the causal ambiguity caused by the tacitness of the practice. This was shown to be of great importance for reducing the motivational barriers caused by insufficient understanding of the organizational practice

Furthermore, this study has highlighted the impact of bounded rationality of individuals created by the local context, i.e. the institutional environment, and how it affects the transfer of

practices by influencing the perceptions and thereby motivation of the recipients. Particularly important for the motivation of the recipient was the perceived usefulness of the practice being transferred, which has shown to act as a facilitator for the adoption of the practice. The implementation of the practice is therefore affected by the motivational disposition of the recipient unit to acquire the practice and related knowledge.

While previous studies have shown that boundary spanners facilitate the transfer process by conforming perceptions from different contexts, this study indicates there are limitations of the mediating role of the boundary spanner for the implementation of a practice. For instance, the characteristics of the practice greatly affects the outcome of the implementation, as exemplified by the two different components that was identified in the brand protection strategy. Furthermore, the codification of the practice will limit the variations in how the practice is implemented at subsidiary level, which is indicated by the two separate outcomes of the components of the brand protection strategy transferred. This implies that formalization seems to reduce the effects caused by different institutional environments.

6.1.1 Other findings

The study also indicated that networks facilitate the transfer of knowledge, and that closed networks influence the cognitive disposition of the members involved in the network. This could be seen through the differences in perceptions of the brand protection practices between brand protection community members being directly in contact with Group Brand Protection and the perceptions of the strategy in the local sales organizations. This is in line with conclusions drawn by Grøgaard & Colman, (2016) in regards to how closed groups facilitate the transfer of knowledge.

6.2 Managerial implications

As seen in this study and by multiple previous studies, the transfer of organizational practices within an MNC is a complex process. This study highlights the importance of motivational disposition of the recipient unit. Given that the organizational practices that was studied had a specific purpose, to combat counterfeit products, the results of the study indicated that while sense of urgency is important for the transfer of the practice, market outcomes seem to affect the success of the implementation. Therefore, highlighting the results of applying the strategy in a specific market become even more important in order to ensure that the purpose of the

strategy is not just understood, but also that it generates tangible results in order to ensure that the strategy sticks. This study also shows that when transferring an organizational practice more effort should be placed on the components that does not allow for codification, since the implementation outcomes seems to be affected by the level of formalization, where increased formalization limits the variation of implementation outcomes.

6.3 Recommendations for future research

Although this thesis provides contextualization to how an MNC transfer and implement organizational practices, the delimitation of the study affects the transferability of the results. Therefore, studies that focuses on the transfer of organizational practices in different industries would be able to contrast the results of the current study and also deepen the understanding of how MNCs transfer practices to its subsidiaries.

Furthermore, this study is limited to mainly consider intra-MNC transfer of knowledge. While it was identified that the knowledge transfer for this case extended beyond the MNC context (4.5.2) seemingly also successfully, it was not investigated any further. Therefore, studies focused on the effects of knowledge transfer beyond the boundaries of the MNC and the effects of this on the transfer process could provide interesting perspectives on how it affects knowledge transfer.

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Appendix A

Interviews at Headquarter

Organization

- What is your role in the organization?
- For how long have you had that role?
- Of your responsibilities, what do you find most important?

Background and purpose

- Tell us about Group Brand Protection.
 - What created the need for a designated brand protection function?
 - Has the focus always been directed at awareness activities?
 - Tell us about the process of sales recovery from brand protection, from the identification of a counterfeit product to the realization of sales recovery.
 - Is it a clear process of how people within SKF should work with brand protection? Is it voluntary or is it enforced?
 - When did you start measuring sales recovery and why?

General perception of brand protection in the organization

- How is the perception of brand protection in the organization?
- Are there any differences in perceptions between different local contexts?
- Do you have to adjust how you approach and communicate the brand protection strategy between different contexts?
- Do you experience any differences in how brand protection is perceived in different organizational units depending on the country they are located in?

Brand protection Community

- What is the purpose of the brand protection community?
- When did the work of creating the brand protection community start?
- How are the members selected?
- How is the brand protection community coordinated from headquarters?
- How would you describe the effects of this resource?

Sales recovery

- What is the purpose of capturing sales recovery?
- How is sales recovery from brand protection activities captured?
- Is the method of capturing sales recovery the same across all subsidiaries?
- How is the sales recovery process coordinated?

Appendix B

Brand protection community members interview. Subsidiary perspective

Background

- What is your role at SKF?
- How long have you worked at SKF?
- When did you start working with Brand Protection and Sales recovery in your country?
- How many people work in your organization?

Brand Protection Community Member. Knowledge sharing and perceptions

- What responsibilities does the role of Brand protection community member entail?
 - How do you work with these tasks in your organization?
- How is your time divided between your main work tasks and brand protection activities?
- Do you feel like you have enough time to spend on position as a Brand protection community Member?
- Would you say that counterfeit products are a problem on your market?
- Are your customers aware of the existence of counterfeited SKF products?
- In your role as a Brand Protection Community Member, are there any activities or resources that you feel deserve more attention in your organization in regards to Brand Protection?
- What is the perception in the sales organization in regards to working with sales recovery from brand protection?
- How would you describe the customer behavior of the ones buying counterfeit SKF products?

Sales recovery

- Can you describe the different sales channel?
 - How is the traceability towards customers that are not key accounts?
- How does the collaboration with distributors work?
- How do you use/ your organization use the KPI component of Sales Recovery from brand protection?
 - Are there certain areas/topics where you choose to use Sales Recovery to emphasize an argument, for sales strategies?

- How do you measure sales recovery?
 - What are the reasons behind the method of measuring Sales Recovery?
 - What are the benefits and disadvantages of the method?
 - When do you start treating sales recovery as a regular sale?

- Who is responsible for reporting the sales recovery from brand protection?
- How is the process of capturing sales recovery from brand protection coordinated in your organization?