The effect of organizational culture on knowledge transfer between headquarters and subsidiaries. Case study of Scania AB.

BACHELOR THESIS WITHIN: Business Administration
NUMBER OF CREDITS: 15 ECTS
PROGRAMME OF STUDY: International Management
AUTHORS: Mariia Makovetska
 Mahmoohd Anjoom
 Saman Abbasi
 TUTOR: Imran Nazir
 JÖNKÖPING 2017-05-21
Bachelor Thesis in Business Administration

Title: The effect of organizational culture on knowledge transfer between headquarters and subsidiaries. Case study of Scania AB.
Authors: Mariia Makovetska (960702), Mahmood Anjoom (930710), Saman Abbasi (950629)
Date: 2017-05-21

Abstract:
Knowledge transfer within MNCs has a significant number of factors influencing its effectiveness and results. Scania, as a global company, faces daily need in exchanging specific know-how, know-what and know-who, not only throughout Sweden, but in more than 100 countries of its operations. Introducing strong organizational culture, which affects employees’ operation style, stakeholders’ behaviors and decision making processes is one of the ways to overcome cultural differences.

Purpose - The purpose of this study is to determine how organizational culture affects and supports knowledge transfer process between a headquarter and foreign subsidiaries.

Method - This is a qualitative single case study with three interviewees as primary sources of information. All interviewees occupy managerial positions in Scania’s headquarters in Sodertalje, and are actively involved in design of knowledge transfer processes.

Key Findings - One of the key findings was that Scania is still facing a lot of challenges in knowledge transfer, despite its investments into development of a strong organizational culture.

Conclusion - The research conducted indicated that organizational culture creates an important platform for holding an organization’s operations together and influencing employees’ commitment to perform. The major way to overcome cultural challenges within headquarters and subsidiaries is to build strong organizational culture which would ‘overpower’ and ‘erase the differences’ of national culture. It is also important to create shared values, which would be accepted internationally and integrate them into daily routines.

Keywords: organizational culture, knowledge transfer, tacit knowledge, MNC, Scania, Way Office.
Acknowledgements

First of all, we would like to sincerely appreciate and cherish the dedication and invaluable guidance provided by our thesis tutor Mr. Imran Nazir.

Secondly, as following research paper was supported by Scania AB, we would like to extend our gratitude to the following respondents: Mr. Andrei Ovchinkin, Mr. Thomas Devlén and Mrs. Sara Björklund for sharing their valuable insights.

We would also like to express our gratefulness towards our seminar opposition partners and colleagues for sharing their feedback and us peer-to-peer reviews along the path.

Lastly, we would like to express our warm thanks to our examiner Mr. Anders Melander for providing thesis guideline and dedicating time to read our final paper.

Jönköping, 21st May, 2017

Mariia Makovetska  Mahmood Anjoom  Saman Abbasi
# Table of Contents

1. **Introduction** ......................................................................................................................... 1  
   1.1 Background ......................................................................................................................... 1  
   1.2 Problem ............................................................................................................................... 2  
   1.3 Research Gap & Purpose ..................................................................................................... 3  
   1.4 Perspective ............................................................................................................................ 4  
   1.5 Delimitation .......................................................................................................................... 4  
   1.6 Research questions ............................................................................................................... 5  
   1.7 Definitions ............................................................................................................................ 5  

2. **Methodology** ............................................................................................................................ 7  
   2.1 Scientific Philosophy ............................................................................................................ 7  
   2.2 Scientific Approach ............................................................................................................. 7  
   2.3 Research method: Qualitative research .............................................................................. 8  
   2.4 Research Strategy: ............................................................................................................ 8  
      2.4.1 Case study method ........................................................................................................ 8  
      2.4.2 Case selection ............................................................................................................... 8  
   2.5 Data Collection: .................................................................................................................. 9  
      2.5.1 Interview Method ........................................................................................................ 9  
      2.5.2 Secondary data ........................................................................................................... 10  
   2.6 Method for data analysis ..................................................................................................... 11  
   2.7 Research trustworthiness .................................................................................................... 11  
   2.8 Ethical Implications ............................................................................................................ 12  

3. **Frame of reference: theory and previous research** ................................................................ 13  
   3.1 Relationship between HQ and subsidiaries ....................................................................... 13  
   3.2 Organizational culture ....................................................................................................... 13  
   3.3 Knowledge ......................................................................................................................... 15  
   3.4 Knowledge management .................................................................................................... 15  
   3.5 Knowledge transfer ........................................................................................................... 17  
   3.6 Organizational culture and knowledge transfer ................................................................ 19  

4. **Empirical Data** ....................................................................................................................... 21  
   4.1 About Scania ....................................................................................................................... 21  
   4.2 Scania Way office ............................................................................................................... 21  
   4.3 Organizational culture ....................................................................................................... 22  
   4.4 Scania’s core values and working culture ......................................................................... 23  
   4.5 Knowledge transfer and management ............................................................................. 24  

5. **Analysis** ............................................................................................................................... 27  
   5.1 Organisational culture: Scania’s core values and implied strategies .................................. 27  
   5.2 Implementation of the strategies ....................................................................................... 28  
      5.2.1 Thinking model ........................................................................................................... 28  
      5.2.2 Transfer of learning - roll out model .......................................................................... 29  
   5.3 Knowledge transfer process and management .................................................................. 29  
   5.4 Challenges of knowledge transfer in a cultural context ..................................................... 32  
   5.5 How does organisational culture support knowledge transfer? ....................................... 33  

6. **Conclusions** ............................................................................................................................ 36  

7. **Discussion** ............................................................................................................................. 37  
   7.1 Discussion ............................................................................................................................ 37  
   7.2 Implications .......................................................................................................................... 37  
   7.3 Future research and limitations ......................................................................................... 37  

**List of references** ..................................................................................................................... 39  

**Figures** ................................................................................................................................... 45
Figure 1: Nonaka & Takeuchi SECI Model ................................................................. 45
Figure 2: Bartlett & Ghoshal Model of International Strategy .................................... 46

Appendices .................................................................................................................... 46
  Appendix 1: Interviewees Data ................................................................................ 47
  Appendix 2: Interviews Questions .......................................................................... 48
  Appendix 3: Scania’s Production Sites .................................................................... 49
  Appendix 4: The Scania Way House ...................................................................... 50
  Appendix 5: Scania Thinking Model ....................................................................... 51
  Appendix 6: Transfer of Learning - Rollout ............................................................ 52
  Appendix 7: The Scania Way Network .................................................................... 53
1. Introduction

In this section the background of this thesis paper is presented. Additionally, problem formulation, research gap, purpose, perspectives and de-limitations are described according to this paper’s aim.

1.1 Background

Development of business environment over the last decades has proven the importance of knowledge transfer since it is known as a major source of sustainable competitive advantage because of the massive day-to-day operations of multinational companies overseas (Lyles & Salk, 1996; Tsai, 2001). It is essential for large corporations to transfer and acquire new knowledge in order to successfully implement both operational and managerial strategies across the borders and overseas (Spencer, 2003). Due to the substantial increase in the importance of globalization, it sparked up opportunities as well as difficulties for large corporations. As a result, globalization allows multinational corporations (MNCs) to obtain benefits of economies of scale and provide access to new potential markets (Barlett & Ghoshal, 1987). However, Barlett and Ghoshal (1987) argue that in order to attain the benefits of globalization, companies should be well aware of the importance of integrating and coordinating activities globally which influences knowledge transfer.

Over the last three decades, researchers have arguably presented broad and diverse reviews on MNCs. As a result, large amount of literature is currently available, which widely represents diversity in approaches, methods and theories (Boddewyn & Iyer, 1999; Geppert, Matten & Williams, 2003; Perraton, 2003).

According to Boddewyn and Iyer (1999), the widespread of these researches led to a situation where the views often contradict to the issues raised and the field looks rather disintegrated. Additionally, this situation can be related to a current debate on the effect of globalization on multinational corporations (MNC). The debate raises numerous issues related to the operations of highly globalized organizations, e.g. MNCs’ growing at a decreasing rate affected by national environments, which they operate in. Other researchers, however, doubt the relevance of national and/or regional environments as a key factor of holding MNCs from globalizing its operations (Rugman & Verbeke, 2000). According to Schuler, Budhwar and Florowski (2002), global competition of multinational firms significantly increased to a higher level, which led MNCs to implement complex global business strategies and practices. Since the global competition expanded, competitors for all MNCs increased and therefore it is crucial to recognize the cultural underpinnings of their strategic thinking. It is also important to understand the fundamentals of the difference in cultures since MNCs are widely spread among different geographic regions with diverse cultural backgrounds. Moreover, in
order to further illustrate and anticipate MNCs global competitive moves, an investigation on cultural context needs to be carried out and interpreted (Jain & Tucker, 1995).

Even within one company, there may be a number of difficulties when it comes to exchanging specific know-how, know-what and know-who. Transferring knowledge across borders brings more challenges and is complicated to accomplish successfully due to significant cultural and geographical distance. Therefore, culture is one of the dominant factors, which directly affects the process of knowledge transfer (Goh, 2002). Triandis and Hofstede (1993) identify several layers of culture (regional, national, organizational & social class), each comprising with different impacts on knowledge transfer through and across an organization. One of the main subsets of culture is the organizational culture and it can be defined as a set of shared beliefs, values and assumptions which can direct employee behaviors in firms (Sinclair, 1993). Additionally, it affects organizations’ operation style, stakeholders’ behaviors and decision making processes within a firm (Lucas & Ogilvie, 2006). As a result, transferring knowledge within an MNC and the impact of organizational culture on the process of knowledge transfer becomes an intriguing subject in international management field and the academia world.

1.2 Problem

Many researches have been presented lately within the areas of strategy and international business research, assimilating the act of organizational knowledge as a ground for a firm’s sustainable competitive advantage (Easterby-Smith, Lyles & Tsang, 2008). Empirical research over the last two decades indicates that a firm may incomparably enhance its knowledge and inventive capabilities by extracting the skills of others through the transfer of knowledge both within and across firms (Easterby-Smith et al., 2008). However, knowledge transfer is a complicated circumstance and in process, it is difficult to accomplish a successful transfer of knowledge (Cricelli & Grimaldi, 2010). According to Szulanski (1996), even a corresponding easy case of transferring knowledge from the headquarter to a subsidiary within the same firm might have several factors acting as barriers to the effectiveness of knowledge transfer, such factors can be all-around nature of boundaries, cultures, and procedures involved (cited in Easterby-Smith et al., 2008). The complicated nature of knowledge transfer exists due to the underlying difference in cultures which affects the communication and adaptation of knowledge within subsidiaries (Lucas, 2006). Moreover, due to the existence of various cultural dimensions, disparity among headquarters and subsidiaries influences how sufficiently a subsidiary absorbs and implements knowledge into local markets. The transfer of knowledge from headquarters to subsidiaries continues in an adaptive manner until the subsidiary can operate with its own boundaries and hence, it is not achieved completely with only adaptation of the new practice (Kostova, 1999). But however, each subset of culture can have different impacts on knowledge
transfer, for example a multinational corporation might encourage subsidiaries to follow and integrate into one common organizational culture rather than allowing to implement their own practice (Triandis & Hofstede, 1993). In most cases, routinely meetings between the headquarter and subsidiary needs to take place in order to implement such common practice. But the end result is not always favorable as the process itself is difficult and requires adequate guidance from time to time (Szulanski, 2000). Therefore, the complex phenomenon of transferring knowledge between headquarter and subsidiary is an interesting domain for further analytical research.

1.3 Research Gap & Purpose

Lately, many scholars have taken the initiative to understand and illustrate the importance of cultural challenges on knowledge transfer (Bhagat, Kedia, Harveston & Triandis, 2002). However, while most of the identified cultural challenges were based according to individual nations, distance and regions, there appears to be a lack of focus on issues of organizational culture (Al-Alawi, Al-Marzooqi & Mohammed, 2007; Riege, 2007; Rivera-Vazquez, Ortiz-Fournier & Flores, 2007). Moreover, considering the international context of MNCs’ processes of transferring organizational knowledge to subsidiaries, it requires frequent meetings and guidance in order to transfer required information successfully (Riege, 2007). The impact of the difference in organizational cultures on knowledge transfer requires more extensive research in order to add relative insights to existing literature.

Therefore, in order to increase our understanding of organizational knowledge transfer, this paper intends to review the affairs of the role of organizational culture in knowledge transfer within MNCs, such as Scania AB and it subsidiaries. This research will be based on a comprehensive review of a case study where Scania’s headquarter is based in Sweden and manages its subsidiaries overseas. One of the major issues contributing to originality of this study is the involvement of Scania Way Office established in 2016 in Södertälje, and operating all Scania’s subsidiaries, influencing 45,000 employees all over the world. Two out of the three interviewees, managers of Way Office, provided unique and important insights regarding Scania’s knowledge transfer processes and the effect of organizational culture on them. Nowadays, there are no available academic researches on Way Office operations, however, it has a great influence on the topic of this study.

Recent studies promote the importance of culture to the performance of subsidiaries (Lucas, 2006). The research objective of this paper is to identify the fundamental factors of headquarters’ organizational culture and how it affects to corresponding subsidiary cultures. The factors would be furthermore stretched to evaluate and find strategies that will assist headquarters on establishing a successful practice of transferring knowledge to subsidiaries. Hence, this paper aims to perform exploratory research and primary focus will be only related to organizational level of culture in understanding the critical factors affecting knowledge transfer. Organizational culture will be the
central spotlight of our research and our findings and results can contribute to existing accomplishments. Since the impact of organizational culture on knowledge transfer can significantly vary from industry to industry, the main focus of this paper would be observation of the impact on production and manufacturing related industries. The results can be interesting not only to academic society, but also to MNCs and any global companies, which operate subsidiaries abroad.

1.4 Perspective

Within every organization, management plays a crucial role in managing day to day operations. Managers can be also referred as the architects who design the scheme of production within the organizational system (Harzing, 2001). Planning, coordinating, hiring, motivating, guiding and observing are the central roles of a management which allow them to develop strategies in order to allocate resources to direct operations efficiently (Harzing, 2001). Likewise, in order to establish a common behavior on how people should operate in organizations, the central management of Scania encourages a familiar set of core beliefs, assumptions and values on its subsidiaries. For instance, the subsidiary in Brazil has to follow a set of common organizational values, which were passed on from the headquarter in Sweden in order to be more efficient globally. Since the central management (headquarters) of Scania is routinely engaged in passing down values to its subsidiaries outside of Sweden, this paper aims to put forward relative discussion and analysis from the headquarters’ perspective of management.

1.5 Delimitation

Easterby-Smith et al. (2008) suggest that there are nearly few researches that investigate the connection and nature of relationships between culture and knowledge transfer. Overlooking or neglecting influence of culture could have been caused by the usage of quantitative methods that are prevailing in published studies, which implies that concept of culture differences is better explored by using qualitative methods and case studies. Therefore, a single case study will be followed upon Scania AB, which is the primary source of information of this study. Additionally, this paper’s illustration, analysis and interpretation will be limited to the interviewees’ information provided. The spotlight of this paper would be adding valuable insights to existing literature of how organizational cultures affect knowledge transfer between a headquarter in Sweden and subsidiaries abroad.
1.6 Research questions

Basing our interpretations on this paper’s purpose and research gap, we aim to answer, analyze and contribute to existing literatures regarding to the following research questions:

How organizational culture affects and supports knowledge transfer between headquarter and subsidiaries?

What are the strategies that support headquarters to establish a successful practice of transferring the knowledge to subsidiary?

1.7 Definitions

Culture is the sum of shared and commonly accepted values, beliefs, assumptions, and goals which are inherited from one generation to another over time and learnt from members of a group or society (Deresky & Christopher, 2011).

Culture challenges present differences in values and communication styles that are rooted in culture (demographic OR organizational) (Reed & DeFilippi, 1990).

Explicit knowledge is related to transferring the exact information (know-what), which is easy to codify, and respectively easy to be replicated by others (Nonaka & Takeuchi, 1995).

Headquarters is the place where a firm’s executive offices and their direct employers are operating (McDonald & Wheeler, 2002).

Individual Characteristics are the sum of cognitive aspects such as expectations, beliefs, and skills of an specific person (O'Reilly, Chatman & Caldwell, 1991).

Knowledge is a product of interpreting information through a personal perception, affected by judgments, intuitions, past experiences, beliefs and attitudes (Lee & Yang, 2000).

Knowledge management is a systemic and organizationally specified process for acquiring, organizing, and communicating both tacit and explicit knowledge of employees that other employees may make use of to be more effective and productive at their work (Alavi & Leidner, 2001).

Knowledge transfer is a process through which organizational actors – teams, units, or companies – exchange, receive and are influenced by the experience and knowledge of others (Van Wijk, Jansen & Lyles, 2008).

MNC is a company which has facilities and other assets in at least one country other than its home country (McDonald & Wheeler, 2002).

Organizational variables are the structure, capacity, payments, working conditions, leadership and authority which shape organizational climate (Roodt, Rieger & Sempane, 2002)
**Organizational Culture** is the sum of shared symbols, perceptions and values of a firm’s occupational process through organizational units which may differ from other organizational units (Van den Berg & Wilderom, 2004).

*Prior success* is the final output of a cooperation of employees and employers after the implementation of knowledge transfer in the organizational unit (Lucas & Ogilvie, 2006).

**Signaling** is the final output of participation and cooperation of employees based on the rewards or penalties given by the employers (Lucas & Ogilvie, 2006).

**Situational factors** are the elements which shape a job climate such as structure, capacity, payments, working conditions, employees behavior, leadership and authority (O'Reilly et al, 1991).

**SPS** is an abbreviation for Scania Production System (Scania AB, 2011).

**SRS** is an abbreviation for Scania Retail System (Scania AB, 2011).

**Subsidiary** is a company with voting stock that is more than 50% controlled by another company, usually referred to as the parent company or the holding company (McDonald & Wheeler, 2002).

**Tacit knowledge** is related to know-how, information which is ‘attached’ to people, is transmitted in social processes, involves experiential insights, is difficult to codify and imitate (Nonaka & Takeuchi, 1995).
2. Methodology

This section presents our overall research design and methods concerning interviews, case study, secondary data and data analysis. Additionally, this paper’s trustworthiness and implications of ethics are presented.

2.1 Scientific Philosophy

Two fundamental ways of conducting scientific research can be identified, such as positivism and interpretivism (Lee, 1991). Positivism research can be referred as the ‘natural science model’, since it is widely used as an application to measure social phenomenon and organizations. Whereas interpretivism research is more concerned with people and their roles while exploring the complexity of social phenomena (Lee, 1991). Positivist approach is more centered with quantitative methods, for e.g. surveys, questionnaires and statistics. Moreover, it’s primary focus is in shaping individuals according to their social backgrounds and indicates that ‘social facts’ affects individual action. Positivist researchers are more dedicated to find affairs, or interrelationship in between two or more variables (Thompson, 2017a). While on the other hand an interpretivist research is more concerned with qualitative methods such as interviews and observations. Interpretivist research methods are usually directed from ‘social action theory’, which argues that social background is not an adequate form of evaluating an individual’s behavior and life opportunities. Instead, interpretivism illustrates that it is important to reveal why an individual performs an act in order to understand the human action (Thompson, 2017b). Therefore, since this paper’s aim is based on a single case study and is more dedicated towards the interaction of individuals, interpretivism approach fits best.

2.2 Scientific Approach

There are several scientific approaches that are available in existing literature allowing researchers to have considerable amount of options to choose according to their paper’s best fit (Hintikka, 1999; Baker, 2000; Locke, 2007). However, the most popular used options are inductive, deductive and abductive approach. Where inductive approach means a theory is developed or a pattern of meaning is identified according to the data that is collected (Thomas, 2006). In contrast to inductive, a deductive approach is where an assumption is made upon a theory and then necessary deductions are performed in order to test the theory and is followed by a revision if required (Locke, 2007). Compared to both inductive and deductive, abductive approach recommends researchers to decide on the most likely assumptions which is derived from a set of observations. It is important as several or infinite number of assumptions can be drawn for a situation and it’s up to the researchers to determine the most favorable explanation (Russo, Miller, Nueibeh & Kramer, 2002). Even though both reasoning (inductive and abductive) goes from general to specific, despite the similarity, this paper
will follow an abductive approach as the theories which are developed are considered to be more
decisive since it allows a combination of theories and findings (Russo et al., 2002).

2.3 Research method: Qualitative research

Qualitative research can be defined as an exploratory research which allow researchers to understand
fundamental reasons, point of views and motives of a situation. Valuable insights and ideas can be
generated through the research process regarding a problem (Patton, 1990). Moreover, as this specific
type of research allows us to reveal trends of an individual/or group’s opinions, reflections, and offers
more freedom in terms of analyzing a problem, we chose qualitative research as our research method
(Patton, 1990).

2.4 Research Strategy:

2.4.1 Case study method

Within qualitative research it is increasingly common to notice the usage of case studies in order to
figure out and evaluate a complex phenomenon (Eisenhardt, 1989). Case study is an in depth study
of a particular situation rather than a sweeping statistical survey. It is a method used to narrow down
a very broad field of research into one easily researchable topic. Past literature reveals the
application of the case study method in many areas and disciplines. Among them include natural
examples in the fields of sociology, law and management (Hamel, Dufour & Fortin, 1993).

Critics of the case study method believe that the study of a small number of cases can offer no grounds
for establishing reliability or generality of findings. Others feel that the intense exposure to study of
the case biases the findings. Some dismiss case study research as useful only as an exploratory tool.
Yet researchers continue to use the case study research method with success in carefully planned and
crafted studies of real-life situations, issues, and problems (Eisenhardt & Graebner, 2007).

Moreover, this paper’s case study is related to instrumental case study, since this particular case study
allows the authors to put primary focus on inquiring a case and provide insights while addressing a
particular issue (Stake, 1995). Additionally, due to limited time frame, we were not able to conduct a
comparative study of several cases. Instead the focus was on analyzing the distinctive answers which
were obtained from different employees of Scania and the use of various related articles in order to
hopefully develop more of a balanced and unbiased study.

2.4.2 Case selection

For our case study we chose a multinational company with a headquarter in Sweden and subsidiaries
in countries with different cultures – Scania AB. Scania is a leading Scandinavian manufacturer of
trucks, buses and coaches. It is an established producer of industrial and marine engines. Scania also
offers workshop services, which provide qualitative and professional support in maintenance. With the work force of 45,000 employees, Scania is operating in more than 100 countries, covering North & South America, Europe, Australia and partly Asia and Africa. Dedication to innovations and commitment to everyday improvement have a considerable impact on Scania’s strategy and working methods.

However, the underlying reasons of choosing such a company was because of the day-to-day operations it conducts globally with the very existence of distinct cultures and the continuous process of knowledge transfer between headquarters and subsidiaries. Additionally, Scania headquarters’ practice of passing down a common set of core values, beliefs and norms to its subsidiaries in order to share a common organizational behavior increased our curiosity. Hence, two business developers of ‘Scania Way Office’ located at the headquarters of Scania are one our primary sources and the Regional Sales Director of Eurasia & Middle East was the other. Three separate in-person meetings, followed by email conversations, took place in order to extract relative insights which contributed to our research purpose and aim.

2.5 Data Collection:

2.5.1 Interview Method

In-person interviews enriches the quality of an investigation as it contributes broad overviews of a title and its impacts (Sukamolson, 2007). Such one-on-one encounters can be described as a comprehensive interview inquiring on a specific topic with a small crowd of interviewees following one-on-one basis (Schau, Muniz & Arnould, 2009). In-depth interviews tend to provide clarity on the crucial factors of knowledge transfer procedures, complicities and results, which in return enhances respondents’ intentions, attitudes and decision makings. According to McDonald and Meldrum (2013), the collected data would be more accurate if compared with acquiring numerous results. Focusing on distinctiveness other than a broad mindset enhances the understanding of motives. However, there is a critical disadvantage related to qualitative research method. Greenbaum (1998) illustrated that due to the availability of flexible data collection, it will be difficult to perceive and comprehend the accuracy of collected data (cited in Stokes & Bergin, 2006). Quantifying such data can be complicated as it might require long time, can create communication gap and difference in opinions can cause further inefficiency.

However, there are two ways of conducting interviews, such as structured and semi-structured interviews (Saunders, Lewis & Thornhill, 2009). In our study we chose to proceed with semi-structured interviews, which can be referred as ‘discovery interviews’ and allows a ‘guided conversation’ if compared with structured interviews which are more similar to formal interviews or like a job interviews (Saul, 2014). Structured interviews are easier to quantify since the questions are
asked in an order and it does not allow the interviewer to depart from the actual issue being discussed. But however, since semi-structured interviews allows flexibility and our questions required in-depth answers, this particular method was the optimal choice for our study (Saul, 2014).

Furthermore, the perspectives of interviewees were documented and evaluated in the empirical data section and the respondents’ names was used in this paper in the most respective manner according to their wishes (Appendix 1). However, there were some additional difficulties in scheduling meetings through emails as one of our meetings with a fourth respondent got cancelled due to a sickness call at the last moment. Moreover, considering the distant location of Scania’s headquarter from the authors reach, it was challenging and yet time consuming to organize and manage three separate meetings. Hence, email was another way of contacting potential employees of Scania, even though the process itself had some constraints such as difficulty in scheduling meetings and confusing answers, but however the bias was eliminated once face-to-face interviews took place. The main questions asked are summarized in Appendix 2.

2.5.2 Secondary data

Secondary data is the information which have been already collected by and available from other sources. Such information is cheaper and more accessible than the primary data. Advantages of it include being economical - it saves efforts and expenses and time. It assists in making primary data collection more particular and precise since with the help of secondary data, researchers are able to identify existing gaps and potential research topics, as well as compare it to other sources. The main disadvantages are that accuracy of data collected is not known and it may be outdated.

In order to evaluate data properly, various requirements have to be satisfied: availability, relevance, accuracy and sufficiency. Therefore relevant data according to this paper’s purpose was retrieved from a mixture of numerous secondary sources and a couple of primary sources. Articles were obtained from secondary sources such as the university library and were selected by following criteria: reliability of source (journal), number of times cited (at least 50), size, method and data used. Moreover, primary databases such as Web of Science and Google Scholar was used and while performing the search in such databases following major keywords were used: ‘knowledge transfer, ‘subsidiaries, ‘headquarters’ and ‘culture’. To shorten the amount of researches to the most relevant ones keywords ‘cultural challenges’ and ‘organizational culture’ had to be mentioned. Additionally, some of the articles were chosen directly from ScienceDirect website via” Recommended Articles” function.
2.6 Method for data analysis

According to Eisenhardt (1989), it is difficult to assume a standard format for analyzing the collected data in a case study, the author further suggested that a thorough review needs to take place in order to identify a similar meaning between the data collected, theories and the reviews in order to support the relationship. Therefore, the data collected should be closely related with the theories for illustrating a direct relationship between the findings and developing theories (Eisenhardt & Graebner, 2007).

On the other hand, two ways of conducting data analysis was suggested, by direct explanation of individual’s perspective and through the sum of occurrences until it can be categorized (Stake, 1995). Similarly, since this study comprises of a single case study, and results are dependent on interviewees perspectives, primary focus will be to combine both and emphasize more on categorizing through the explanation of interviewee results. Hence, the focal point was on the connections identified and the patterns of the data collected.

In order to have a comprehensive review of the collected data, firstly, precise annotations were inscribed from the chosen articles and interview results, and then the related fragments of notes were identified according to this paper’s intent and later was extracted to construct summaries. Moreover the interview results were transcribed in order to have more efficient interpretation of the collected data. Moreover, authors suggested that transcription allows researchers to have direct access to first-hand information and extends the range of the made observations (Saunders, et al. 2009).

The next recommended step is to allocate key findings, and this is to be done carefully by summarizing and categorizing the collected data in a broad manner. Which is to be later followed by a comparison within the interview results and literature in order to identify major themes (Eisenhardt, 1989; Saunders, et al. 2009). Hence, the collected data was evaluated and distinguished according to the literature.

2.7 Research trustworthiness

According to Lincoln and Guba (1985), unlike quantitative research, such concepts as validity and reliability do not fit well in qualitative, instead they are substituted into trustworthiness, which consists of three elements: credibility, transferability, dependability and confirmability. This study has established all of components, that are described in more details further.

Credibility describes how certain researchers are in the ‘truth’ of empirical data. Transferability interprets how findings can be applicable in other contexts. The issue of transferability is particularly important in a single case study, as it has to be applicable not only to a case company, but also other companies in other industries, facing similar challenges or similar circumstances. Confirmability is a
degree of neutrality, showing that empirical data is shaped by interviewees, and do not have researcher's bias. As this thesis is a result of the collaborative effort of three individuals, bias has been already minimized, however, to diminish it more and ensure quality of information, several additional proof readings were conducted by colleagues, including tutor and seminar opposition. Dependability illustrates that findings are consistent, rational and could be repeated by other researchers. We believe that if anyone would like to replicate our study, they would get enough information from this paper to do so and come to similar conclusions.

2.8 Ethical Implications

Researchers identify two major perspectives in research ethics: deontological and teleological (Blumberg, Cooper & Schindler, 2005). Deontology is an approach based on duty-ethics, it evaluates the motives behind action, rather than results of the action. The primary concept of deontology is to do unto others what you want them to do unto you; so in terms of this research, applying deontological approach would mean fully informing interviewees of the purpose of the study, explaining how their answers would be stored and used, and which affect referencing to them may occur. On the other hand, teleological view is related to utilitarian approach of a result-oriented ethics, where in the end parties decide whether study has produced more harm or good. However, in this research interviewees were highly unlikely to be harmed by any way, as the only cost which could possibly occur is the time spent on the interviews and following emails. Blumberg et al. (2005) suggest that the best way to approach the research in a moral way is to combine deontological and teleological views, which we strived to do by following next principles of ethical considerations, developed by Bryman and Bell (2007). Research participants were not harmed by any way and their respect for dignity has been always prioritized. Full consent was obtained from all interviewees before interviews and anonymity was offered. All types of communication have been done with honesty and transparency.
3. Frame of reference: theory and previous research

In this section we will present several theories, models, and previous researches which are discussed and elaborated in order to simplify the main concepts and terms which are used in this paper. By providing comprehensive demonstration of key concepts such as relationship between headquarters and subsidiaries, knowledge management, knowledge transfer, organizational culture, and knowledge management and organizational culture, it would be easy for readers to grasp the fundamentals of this paper.

3.1 Relationship between HQ and subsidiaries

It has been proven by numerous researchers that units within multinational corporations do not operate identically (Ghoshal & Nohria, 1989, Gupta & Govindarajan, 1991, Ghoshal & Bartlett, 1990). According to Ghoshal and Nohria (1989), as MNC is a geographically dispersed organization, national culture of subsidiaries highly affects their daily operations. Cultural diversity is one of the main strengths of MNCs, as each of the cultures has something unique to offer, however, cross-cultural differences have to be handled with understanding and respect towards individual cultures. Hofstede (1980) elaborates on difficulties which may arise when people with different cultural backgrounds are working towards one goal of global organization. The issues of lack of understanding, trust, being not able to relate to colleagues with other perspectives usually leads to tension, enmity and generally weakened team performance. Unequal language skills, troubles with accents results in misunderstandings, communication gaps and discouraging employees to speak out. Difference in cultures also causes different norms of decision-making, approaches towards problem-solving and perceptions of time and deadlines.

Ghoshal and Bartlett (1990) suggest that a major way to overcoming cultural barriers within headquarters and subsidiaries is to build strong organizational culture which would ‘overpower’ and ‘erase the differences’ of national culture. Culture can be described both as something an organization is and something an organization has (Sackmann, 1992). It is important to create shared values, which would be accepted internationally and integrate them into daily routines.

3.2 Organizational culture

According to Van den Berg and Wilderom (2004), organizational culture creates an important platform for holding an organization’s operations together and influencing employees commitment to perform. The authors further illustrated that the definition of organizational culture varies according to their dependents and therefore, it is difficult to interpret the perfect definition. Hence, they base culture’s definition on ten studies where the organizational culture was evaluated quantitatively: “Organizational culture can be defined as shared symbols, perceptions and values of a firm’s working process within organizational units that may differ from other organizational units”
(Van den Berg & Wilderom, 2004). The symbols, values and perceptions are the items which shape a firm’s identity in the sight of public and illustrate how things are done throughout the firm. However, several researchers such as Hibbard (1998) and White (1998) further introduced arguments that particular focus should be limited on values in defining organizational culture (cited in Van den Berg & Wilderom, 2004). Whereas related findings suggested that organizations displayed more variability in work practices than in values (Hofstede, 2001). Additionally, Hofstede’s (2001) research of 40 subsidiaries in one multinational firm, has demonstrated contradictory results among national cultures and suggested that cultural differences (symbols, perceptions, and values) are attained in one’s early stage of life and within the family. He argues that society is “collectively mentally programmed” since childhood and later on when such ‘mental programs’ are reinforced and institutionalized in legal systems, schools, organizations. The results support the aspect that organizational practice is a potential determinant in describing organizational culture (Hofstede, 2001). Hofstede (1990) also argues that sometimes employees are not aware of some underlying assumptions of their culture until they encounter a different one. Since the values are un-seeable for employees, an assumption was made implying that organizational values are disclosed partly in organizational practices. Consequently, values can be extracted from current practices within a firm, department or work unit (Van den Berg & Wilderom, 2004).

In current times, the social structures of organizations are more complex to understand due to the changing nature of organizations, where the personnel are the key role players in dedicating their engagement and effort in order to make the firm competitive (Roodt, Rieger & Sempane, 2002). According to Boeyens (1985), Kerego and Mthupha (1997), the relation between the organization and employees is interconnected in essence where both parties might have significant impact on each other’s capabilities in achieving decisive results (cited in Roodt, Rieger & Sempane, 2002). A large-scale research was carried out by Schneider and Snyder (1975), Hellriegel and Slocum (1974), Boeyens (1985) in order to illustrate that an individual’s job satisfaction does not occur in segregation. It relies on organizational variables such as structure, capacity, payments, working conditions, leadership and authority that construct organizational climate (cited in Roodt, Rieger & Sempane, 2002). Organizational culture and climate can stimulate the increase in accomplishments of job satisfaction and firms’ goals. Moreover, the assessments of organizational culture and climate can be represented as initial determinants of changes within an organization (Roodt, Rieger & Sempane, 2002).
3.3 Knowledge

According to Alavi and Leidner (2001), knowledge can be described as” information possessed in the minds of individuals”, Iske and Boersma (2005) define knowledge as “product that results from the interaction of employees’ insights (experience, intuition and attitude) and imagination (generating ideas)”. However, it is important to differentiate ‘knowledge’, 'data' and ‘information’, as data are pure facts and numbers, while information is a more meaningful type of arranged and systematized data. Knowledge on the other hand, is more complex than information. It is a product of interpreting information through a personal perception, affected by judgments, intuition, past experiences, beliefs and attitude (Lee & Yang, 2000). In short words, knowledge is an information through prism of personality.

Despite Polanyi (1962) was the first one who distinguished two categories of knowledge: tacit and explicit, the concept has been developed deeply later on by Nonaka and Takeuchi. Explicit knowledge is easily codifiable, it is related to transferring the exact information (know-what) extracted from people, e.g. standards, routines, manuals, databases; it is usually transmitted without losses and can be easily imitated and/or stolen. On the other hand, tacit information is related to know-how, it is ‘attached’ to people, therefore, is difficult to codify and imitate; it is transmitted in social processes and involves experiential insights. It is more difficult to transfer tacit knowledge, as it usually requires transfer of people or needs to be codified, causing problem of causal ambiguity (Nonaka & Von Krogh, 2009).

Knowledge is a key strategic asset, as it cannot be imitated or substituted due to its main features: uniqueness and originality (Cabrera & Cabrera, 2002). Furthermore, today knowledge can be characterized as an organizational asset. While traditional economies used to focus on tangible assets, now intellectual resources had become a source of sustainable competitive advantage, and companies tend to invest more and more into process and techniques of creating, storing, transferring and applying knowledge, also known as knowledge management (KM).

3.4 Knowledge management

According to Alavi and Leidner (2001) knowledge management can be defined as ”a systemic and organizationally specified process for acquiring, organizing, and communicating both tacit and explicit knowledge of employees that other employees may make use of to be more effective and productive in their work”. Schultze and Leidner (2002) describe KM process as ”generation, representation, storage, transfer, transformation, application, embedding and protection of organization knowledge”. The goal of knowledge management is to give an advantage for the
organization by exploiting individual and collective knowledge it has already, coming up with the most effective usage of that knowledge or ways of obtaining external, new knowledge (Massey & Montoya-Weiss, 2006).

Kayworth and Leidner (2003) propose that there are four main stages of knowledge management:

1. Knowledge creation: developing new content within company’s tacit and explicit knowledge (Schultze & Leidner, 2002); continuous transfer, combination, and conversion of the different types of knowledge, as users practice, interact, and learn (Nonaka & Takeuchi, 1995).

2. Knowledge storage: storing, arranging and structuring knowledge in forms of documents, reports and databases in the most efficient and accessible way (Massey & Montoya-Weiss, 2006).

3. Knowledge transfer: process through which organizational actors – teams, units, or organizations – exchange, receive and are influenced by the experience and knowledge of others (van Wijk, et al., 2008; Skyrme & Amidon, 1997).

4. Knowledge application: process of actualizing of knowledge, using knowledge to adjust strategic directions of the organization, increase efficiency and decrease costs (Massey & Montoya-Weiss, 2006; Schultze & Leidner, 2002).

Researchers argue that among all components of knowledge management, knowledge creation and transfer are the most complex ones, as they both require conversion from tacit knowledge to explicit and later on transforming it into organizational knowledge (Nonaka & Takeuchi, 1995; Alavi & Leidner, 2001; Lee & Yang, 2000). Organizational knowledge transfer can be measured by changes in knowledge, levels of innovativeness, or performance of the recipient firm, however, assessing knowledge transfer through measuring changes in performance poses the difficulty of controlling for factors that are not related to the transfer. Nonaka and Takeuchi (1995) see ongoing knowledge creation as the source of continuous innovation, which is a source of sustained competitive advantage.

SECI model of knowledge dimensions developed and refined by Nonaka and Takeuchi in 1990 presents four stages (socialization, externalization, combination, and internalization) of tacit and explicit knowledge conversion (Figure 1).

1. Socialization (tacit to tacit): transformation of tacit knowledge through shared experiences, face-to-face communication (meetings and brainstorming) in day-to-day social interaction.

2. Externalization (tacit to explicit): converting tacit knowledge into explicit knowledge by articulating and publishing it, usually with a usage of images and written documents and spreading it among others.
3. Combination (explicit to explicit): collecting, organizing and integrating knowledge from inside or outside the organization and then processed to form more complex and systematic explicit knowledge, through computerized communication networks and large-scale databases.

4. Internalization (explicit to tacit): explicit knowledge created and shared throughout an organization is then converted into everyday day routines and parts of tacit knowledge of individual employees. It can be also referred as ‘learning by doing’.

After internalization tacit knowledge continues on a next level, therefore Nonaka and Takeuchi use the metaphor of spiral cyclical knowledge creation, acknowledgement of which is one of the main advantages of model. However, the research is based on Japanese companies, which generally rely on tacit knowledge, unlike for example Western companies (Simonin, 2004). Moreover, it is too dependent on the linearity of the process, disregarding cases when one or two stages are skipped, or process is going counter-clockwise.

3.5 Knowledge transfer

Knowledge transfer is equally important as knowledge creation, as without proper techniques even the best concepts will be lost in bureaucracy or be interpreted in a wrong way (Tsai & Ghoshal, 1998). Scholars identify four major perspectives on knowledge transfer (Tsai & Ghoshal, 1998; Birkinshaw, Nobel & Ridderstråle, 2002):

1. Traditional view: Core competences reside in the headquarters and need to be transferred to the subsidiaries
2. New view: Core competences reside throughout the firm
3. Challenge: Make sure that knowledge transfer takes place between and among headquarters and subsidiaries
4. Implementation: Learning as a specific objective, create processes and practices that foster knowledge transfer.

The degree to which knowledge can be exchanged depends on the out-transfer capacity of the parent and in-transfer capacity of the subsidiary. Out-transfer capacity can be divided into transferor’s ability to exchange explicit and tacit knowledge. However, there is no strict pattern in industry on the easiness of knowledge out-transfer capacity: just as some manufacturers of consumer goods can be good in creating standardized manuals and instructions and transferring them to their subsidiaries, consulting companies can be equally good in communicating explicit knowledge (McDonald & Wheeler, 2002). On the other hand, there is a number of aspects which make out-transfer capacity ambiguous. To begin with, tacit knowledge is a result of company routines over a long period of time,
such as face-to-face meetings, making it difficult to track down the knowledge creation, especially if collective work is involved. Another complication is that employees have to be motivated to share their precious knowledge, considering that sometimes their income is positively correlated to their know-how or there is no prospect to see immediate pay back. Furthermore, initial strategic aim of transferor plays an important constraint in out-transfer capacity. Sometimes the only target for MNC to establish a subsidiary abroad is to minimize the costs or benefit from cheap labor, so HQ has very restricted view on what knowledge has to be transferred, especially when it comes to specific technical know-what information (McDonald & Wheeler, 2002).

Originally the extent of knowledge transfer between multinational parent and geographically distant subsidiary is insufficient. Leonard-Barton (1995) emphasizes his research on in the circumstances of the in-transfer capacity of subsidiaries in developing countries, expanding a framework of knowledge dependency relationship. Szulanski (1996) has conducted a research on intra-firm knowledge transfer, confirming the salience of in-transfer capacity, which he defines as ‘absorptive capacity’.

Leonard-Barton (1995) suggests four levels of in-transfer capacity for the subsidiary level:

- Level 1: operating assembly plant or turn-key equipment; little or no capacity for the receipt of tacit knowledge; explicit knowledge implemented in equipment, software, manuals etc.
- Level 2: adapting and localizing components; explicit knowledge has to include the basic engineering principles for proper operation of the technologies, as well as taking into account network of local suppliers.
- Level 3: redesigning products; a strong theoretical basis and practical experience, move from know-what to know-how, or from explicit to tacit knowledge.
- Level 4: independently designing products; acceptance of the subsidiary as a potential equal agent to HQ, knowledge sharing has to be encouraged by incentives.

Movement from one level to another is dependent on the transferor’s out-transfer capacity, as well as subsidiary’s in-transfer capacity. For example, in developing countries level 1 is the only available mode of operation due to lack of resources, education and trained staff. The difficulty on this level would be finding a match between equipment and infrastructure, as well as clear understanding by employees the message delivered. Problem which usually arises within moving from level 1 to level 2 is the availability of local managers with a proper education, so in the beginning there is always a big dependency on expensive expatriate managers. An important factor determining move from level 2 to level 3 is degree of initiative. Here there will be a move from know-what to know-how, or from explicit to tacit knowledge, referred by Nonaka and Takeuchi (1995) as socialization and internalization. It took 8 years for Fuji Xerox to establish an in-transfer capacity and produce the first
copier based on their own design. Being at level 4 means that MNC’s sources of innovation are geographically dispersed. Bartlett and Ghoshal (1987) define such organizational form as transnational in their Model of International Strategy, which illustrates the strategic options for businesses wanting to manage their international operations based on two dimensions of local responsiveness and global integration (Figure 2). Transnational companies have a high degree of global integration, as well as high degree of local responsiveness. The role of subsidiaries is differentiated throughout multinational value network.

3.6 Organizational culture and knowledge transfer

According to Hofstede (2001), personal perceptions of daily operations have a high correlation with organizational culture and positively affect knowledge management. Effective knowledge transfer involves commitment at all levels of a company, therefore, building a proper organizational culture is an essential element of a company’s ability to create a value through leveraging knowledge assets (Ajmal & Koskinen, 2008). This can be achieved by establishing a learning environment, which creates an atmosphere where acquisition of knowledge and skills is not just a basic responsibility of employees, but is supported by the synergy and stimulation by co-workers, making the organizational performance higher (Wei, 2005). Furthermore, learning culture influences employees’ motivation to increase their knowledge in particular spheres, which is more effective than just encouraging with rewards and incentives (Orlikowski, 2002). By affecting employees behavior, organizational culture plays an important role in implementing the process of knowledge creation, storage, transfer and application (Leidner, Alavi & Kayworth, 2006; Ajmal & Koskinen, 2008; Orlikowski, 2002).

In order to support headquarters to establish a prosper practice of knowledge transfer towards subsidiaries, the organizational culture has to contribute a set of core beliefs and values, which encourages employees to enthusiastically learn, share information and actively attend to the process (Goh, 2002). An organizational culture can persuade its members in both headquarters and subsidiaries to be more evolved toward sharing knowledge and involve recruits in different processes related to knowledge transfer. This fact would respectively enable employees to observe and consider knowledge as an intangible asset which is meant to be shared with colleagues (Lucas & Ogilvie, 2006). This fact also refers to the elaboration of cultural barriers by Hofstede (1980), which distinguishes cultures by identifying their level of differences in two terms of individualism and collectivism. Individualism refers to the type of cultures, in which individual activities and working is more common, while collectivism refers to the type of cultures in which group works, activities, and discussions are more appreciated (Hofstede, 1980).

As a result, an organizational culture which possesses higher level of collectivism or values the sense of information sharing leads to greater level of both tacit and explicit knowledge transfer. The result
is due to the fact that employees continuously communicate and discuss about types of processes, functionality, the practical issues throughout the process, and solutions which can be generally accepted and applied. According to Orr (1990), his findings indicated that sharing information in an organizational culture encourages the employees to contribute more efficiently and improve the community to exercise sharing stories of their experiences.

Organizational culture can encourage the sense of knowledge sharing by encouraging and rewarding the active attendance of the recruits of both headquarters and subsidiaries in the knowledge transfer process. This fact would conclude the promotion of employees’ daily routines, which support and reinforce the knowledge transfer (Lucas & Ogilvie, 2006). In an organizational culture with high respect to sharing information and encouraging members toward active attendance, employees perceive knowledge as a common intangible asset, which belongs to all the members of an organization. This approach can be accessed by any member in order to help individuals to acquire the required knowledge and enhance performance quality throughout the organization.

According to Al-Alawi et al. (2007), people, process, leadership style, and reward system possess essential roles in characterizing an organizational culture. The process of knowledge transfer would be implemented more effectively if the sense of sharing knowledge is more common and accepted among the members of an organization. Appropriate leadership styles, types of processes and patronization of right or penalization of false behaviors would also cause more obvious impacts on the acceptance level of employees toward knowledge transfer.

The extracted and estimated advantages from embedding such organizational culture within an organization provides the privilege of prior success and signaling (Weiss, 1995). Both of these two objectives improve a range of core values over time. Prior success refers to the output of a cooperation, where signaling is similarly the output of a participation and cooperation (Lucas & Ogilvie, 2006). Signal relates to the illustration of rewards, which would be chased by the employees who cope with the set of core values and norms. Signaling also demonstrates penalties for the employees who possess lack of interest and contribution to the process of knowledge transfer within and across the firm.
4. Empirical Data

This section comprises with findings of the empirical study. Three one-on-one meetings followed by email conversations were arranged to collect primary data based on 9 questions according to the purpose of this paper. Firstly, the case company is presented and then responsibility of Scania Way Office is described. Secondly, the functionality of Scania’s core values and working culture is demonstrated. And lastly, views on knowledge transfer and management are described according to our interviewees.

4.1 About Scania

For our case study we chose a multinational company with headquarters in Sweden and subsidiaries in countries with different cultures – Scania AB. Scania is a leading Scandinavian manufacturer of commercial vehicles, such as trucks, buses and coaches; it is also a world-known producer of industrial and marine diesel engines. Scania offers workshop services, which provide qualitative and professional support in maintenance.

Scania AB was founded in 1900 in Malmö. Nowadays the headquarters is situated in Södertälje, and has major production facilities in Sweden, Netherlands, France, India, Brazil, Poland and Russia (Appendix 3). With the workforce of almost 45,000 employees, Scania is operating in more than 100 countries, covering North & South America, Europe, Australia and partly Asia and Africa. Clients all over the world appreciate Scania for its core values. Core values are the characteristics which represent the identity and reputation of Scania AB, such as customers first, respect for the individual and quality (Scania AB, 2013). Dedication to innovations and commitment to everyday improvement have a considerable impact on Scania’s strategy and working methods. Between 1996 and 2004 Scania was listed on the NASDAQ OMX Stockholm stock exchange. Nowadays, there are two main stakeholders of Scania AB (both originally from Germany), which are Volkswagen AG (70.94% of voting stake) and MAN SE (17.37% of voting stake), however Volkswagen AG also owns 75% of MAN. Other stakeholders, like Clearstream Banking, JP Morgan Chase Bank and Swedbank own around 1% each.

4.2 Scania Way office

Scania Way Office has been formed in 2016 and it is an autonomous entity within Scania Group worldwide. Its mission is to secure Scania’s wide concept of flow management, culture and leadership. Way Office supports the digital transformation within the company and ensures that all units focus on flow and resource efficiency, making Scania sustainable and profitable. One of the most challenging cross-functional assignments of Way office is to coordinate cooperation between existing subsidiaries and departments all over the world. The head of Way Office, Mr. Martin
Lyckström is in charge of developing and maintaining organizational culture and learning environment.

4.3 Organizational culture

Considering the second interview results, Mr. Thomas Devlén with 27 years of working experience, primarily working in the R&D department and Way office of Scania headquarters, provided us with helpful information due to the effectiveness or preventability of organizational culture through knowledge transfer process. According to Mr. Devlén, since there is a remarkable number of employees who are currently working in different branches of Scania across the globe (approximately 45000 employees), Scania has established and developed its own organizational culture with distinguishing core values through the time. Right now, there is a separate entity in Scania HQ, called Scania Way office, which is responsible for developing and spreading values all over the company. Its primary aim is to convey, implement, and maintain six core values within and across the firm through specific training sessions. These six core values are 1. Respecting customers both individually and generally, 2. How to behave and work with employees and teaching them how to behave and interact with customers, 3. Elimination of the waste and improvement of the ongoing operations, 4. Integrity toward society and keeping the promises, 5. Empowering the team spirit, and 6. Determination in setting goals and decision makings. Due to these core values and based on previous working experiences, Mr. Devlén has found it easier to work with some countries than others. In his claim, implementing new processes and learning objectives in Japanese and German markets is simpler for Scania due to the similarities of organizational cultures and organizational norms in comparison with English and French markets. One of the mentioned reasons is the fact that group works are more common and appreciated in Sweden than individualism. Mr. Devlén believes that the organizational culture of Scania remains the same throughout all the entered markets, but the approach of training and handling ambiguities in knowledge transfer might differ from one country to another.
4.4 Scania’s core values and working culture

Mrs. Sara Björklund - Business Development Manager of Way Office, mentions that it is not an easy job to create a product suitable for employees with different cultural backgrounds. One of their latest projects include the creation of Scania House (Appendix 4). According to Mrs. Björklund, Scania’s core values (foundation of House) describe the way of living within a company. They are a mirror of employees ‘way of being’ since 1890s, meaning that they were not created in 1996 (when the original House has been created), but only put in words within the Scania House. The core values of Scania highlight combined importance of Customer, Employees and the Company; and they are 1. Customer first, 2. Respect for individual, 3. Elimination of waste. In 2016 as part of Way Office team Mrs. Björklund have developed the model and added three additional values: Integrity, Team Spirit and Determination. The core values always have to be balanced, otherwise the system will not be successful. Highly interconnected, they guide actions and decisions of Scania employees, being a strong foundation for business development (Scania AB, 2016):

1. Customer first: customer satisfaction is the first goal of the company, as it is the only way to continuous, profitable partnerships. Understanding customers’ business and providing customized solutions are in the center of Scania’s value chain in all sectors: R&D, sales, delivery, marketing, etc.

2. Respect for individual: all employees in Scania, as well as society in general, have to be treated equally with respect and understanding. ‘We treat others the way we want to be treated’.

3. Elimination of waste: Scania is trying to ensure safe and high quality output in all areas, aiming for continuous improvement, by optimizing flow and resource efficiency, while minimizing their environmental footprint.

4. Determination: the foundation of all values and daily operations. Dignity of labor involves not only respecting all types of jobs equally, but also continuous learning from experiences, meeting challenges with innovative solutions and being aware of details, while seeing the bigger picture.

5. Team spirit: cherishing diversity and viewing differences as opportunities brings collective strength and common sense of direction.

6. Integrity: being honest, having strong moral principles and recognizing that Scania has social responsibility. Not just following legal and compliance standards, but also building trust relationships with customers, business partners and society in general.

The purpose of the Scania house is to establish a common organizational culture. It describes the way employees should express themselves, but acting according to core values, organizational culture and principles is not that easy when different cultures understand values differently. That is why Way Office has created” Thinking Model”, which describes how the system is applied (Appendix 5). The
system has to be integrated into daily operations in all departments and to do that, Way Office is using ‘Scania Way Network’ (Appendix 7). Together they have a strong impact on daily routines of each out of 45,000 employees, creating powerful and sustainable organizational culture.

However, the main issue faced by Way Office is how to make sure that each of those 45,000 employees all over the world interpret it correctly. For that purpose, they have developed Transfer of Learning - Roll out (Appendix 6), explaining the decentralized system of educating, training and supporting employees. Mrs. Björklund believes that if the knowledge is transferred correctly, there will be minimum problems with interpreting it. It is also most effective when the person who educated employees stays with them, that is why the system ‘Train the Trainer’ is used. It comes from headquarters Sodertalje, where CEO of Scania Mr. Henrik Henriksson trains his Executive Board, Board members train their subordinates and it goes down the company. Mrs. Björklund admits that it is a long process, involving a lot of workshops, seminars and trainings, which will be finished in three years. However, it is rather endless process, as it should be integrated into introductory trainings for new employees and has to be adjusted, improved and repeated periodically.

4.5 Knowledge transfer and management

In response to our questions during the first meeting, Mr. Andrei Ovchinkin - Regional Sales Director, Eurasia & Middle East, Sales And Marketing Department shared his personal experiences and extensive knowledge in regard of accomplishing business in different countries and processing knowledge transfer from the headquarter to different subsidiaries. Mr. Ovchinkin claimed that Scania’s subsidiaries include sales, production, marketing, distribution, and service departments in most of the countries which has been already been selected as the target markets. These subsidiaries are divided into two major segments: daughter firms and private firms. In the adopted companies, employees are allowed and patronized to keep their positions since they have the required working experience but private firms have their own values, strategies, and recruiting conditions. In comparison of knowledge transfer difficulties and the impact of organizational culture on the knowledge transfer process in the Middle East and Sweden, Mr. Ovchinkin used the term of old and young markets. He depicted to the fact that in Sweden and some of the European countries, subsidiaries and operational bases are 50 to 60 years old. Hence, most of the recruits and management boards have already conceived and implemented the organizational culture of Scania in their working environment. Mr. Ovchinkin believes that less operational sessions and meetings, less frequent contacts, and more strategic meetings are required with the subsidiaries in Sweden and Europe in comparison with young markets such as Middle East. The additional in-person meetings might be essential in order to overcome the knowledge transfer misunderstandings and difficulties. Another issue which raised during the interview is that Scania does not have that many subsidiaries in the
Middle Eastern countries such as Iraq and Egypt and prefers to do business with private companies. Partnerships with private companies have to possess a mixture of Scania’s and the local organizational culture. On the other hand, Scania fully owes operating factories in some other countries such as Brazil, France, India and Sweden where its headquarters’ organizational culture is mainly implemented. Knowledge transfer therefore mainly involves sending expatriates from HQ and relying on them to educate local employees and deliver Scania’s values. The mixture of culture can be problematic in some cases. For instance, time management is valued differently in the headquarter of Scania which is in Sweden than the subsidiaries which are located in Middle East. The headquarters personnel are highly committed on accomplishing tasks with specified deadlines, while some subsidiaries in Middle East require more flexibility in time management for employees and considers the extension of deadline if required. Additionally, the sales director mentioned a difficulty in communication during the accomplishment of a business pitch in Russia. Even though, all the present members in the conference room were able to speak Russian natively, some misunderstandings occurred due to the difference of dialect. Hence, the pitch had to be partially repeated in English to solve the ambiguities.

After the first interview, Mr. Ovchinkin admitted that he does not have a full expertise in the field of knowledge transfer and recommended to consult other departments, rather than Sales and Marketing. He mentioned that a lot of our questions are related to transfer of explicit knowledge, so there is a sense to talk to R&D department or IT department. The IT department had a high potential, as the employees there mostly came from Scania subsidiaries in India and China, so they have ‘double-sided’ experience in knowledge transfer, both from the headquarters and subsidiary perspective.

Through our third meeting, Mrs. Sara Björklund with 10 years of experience in supply chain management and logistics in Scania, also approved and validated the gathered information of previous meetings. Based on her personal experience of working in Scania in both Sweden and Brazil, she believes that the core values of Scania’s organizational culture remain intact. Another main challenge in the knowledge transfer process through this experience has been the difference in languages which has caused several ambiguities and declaration in the procedure of learning compared to same implemented strategy in Sweden. Mrs. Björklund also depicted the conditionality of knowledge transfer ambiguity or clearness based on the type of knowledge transfer. There are three main knowledge transfer categories: 1. knowledge transfer in Manufacturing, 2. knowledge transfer in Finance, and 3. knowledge transfer in Commerce. In order to overcome the potential ambiguities of knowledge transfer and organizational culture barriers, Scania has recently planned and processed a new “transfer of learning- roll out” to elaborate its employee’s efficiency at different working places. Scania introduced the concept “Train The Trainer” and it predicts a positive result from the new
training approach if each department’s and sector’s manager takes the responsibility of his/hers employees trainings. Meanwhile, the strategy is new and according to Mrs. Björklund, the approximate needed time to observe the actual result is three years. Hence, the current considered action of Scania is to implement the strategy with an initial push and wait for the results. Mrs. Björklund also suggests the same solution as Mr. Devlén that if there is a misunderstanding due to the training process, in-person meetings can clarify most of the training structures. Furthermore, in order to minimize the risk of false implementation of the global training matrix, Scania provides supportive resources, e.g. coaches from main departments, who shape the training processes more particularly for individual subsidiaries, support the employees, and connect them to managers who are not simply reachable.
5. Analysis

This section consists the combination of our frame of reference and the empirical data. The frame of reference helps us to comprehensively explain how organizational culture affects knowledge transfer across Scania AB and what are the main cultural challenges. Furthermore, this section discusses and elaborates the strategies which Scania AB implies to empower the knowledge transfer process across Scania AB.

What are the strategies that support headquarters to establish a successful practice of transferring the knowledge to subsidiary?

5.1 Organizational culture: Scania’s core values and implied strategies

By the conducted interviews, it has been revealed that different units and subsidiaries of Scania do not operate individually and have to accept and follow the organizational culture of the firm. The observation approved that Scania has generated a set of core values and beliefs in the frame of its Organizational Culture across time, which present the identity of the organization and are applicable to both headquarter and subsidiaries. The purpose of this specific action is to create a concrete and stable platform to keep a high organizational performance and put impact on employees’ responsiveness and commitment. This mindset is synchronized with the previous claims of Van den Berg and Wilderom (2004), who emphasized on the essentiality of organizational culture for maximizing operational performance.

Scania’s traditional core values were including three main components of customers first, respect for the individual, and elimination of waste, which have been applied to all the subsidiaries. The modern organizational culture of Scania includes three main additional components of integrity, team spirit, and determination. The company has aimed to apply the organizational culture platform of Scania House (Appendix 4), which includes all the six values equally and frequently to all of its fully-owned subsidiaries. Hereby, Scania has always been able to maintain an anticipated standard in performance of operation in different countries by implementing its original working culture and persuading subsidiaries to operate in a similar path. The followed strategy of Scania is in accordance with the claims of Ghoshal and Bartlett (1990) who suggested that a major way to overcome cultural challenges through headquarters and subsidiaries is to build strong organizational culture which would ‘overpower’ and ‘erase the differences’ of national culture. In addition, Goh (2002), has also discussed that in order to transfer the concerning knowledge with less errors and ambiguities, the organizational culture has to encourage its members toward frequent communication and collaboration. In order to make the “Scania House” organizational platform functional in both terms of creating more comprehensive working culture and modifying knowledge transfer process, Scania AB has designed two new strategies: 1. Thinking Model and 2. Transfer of learning roll out. Both
strategies are correlated and considered as complementary: Thinking model is majorly concerned with implying and implementing the organizational core values to the members to affect the ways of doing things such as knowledge transfer, while ‘Transfer of learning roll out’ is more specifically focused on coaching the members how to do things (transferring the knowledge), which is respectively influenced by the organizational culture.

Meanwhile Van den Berg and Wilderom (2004) have further hinted that organizational culture can be determined by the commonly shared opinions and perspectives toward a firm’s operational process across organizational units and each unit can share inclusive perceptions in comparison to other units. The history of Scania AB has shown that the way of training and implementing organizational culture, speed of learning, and final output is different when a subsidiary is compared with another. These findings are in accordance with the previous statements of Ghoshal and Nohria (1989), Gupta and Govindarajan (1991), and Ghoshal and Bartlett (1990) that units within multinational corporations do not operate identically. Through the interviews, it has been grasped that Scania has extremely emphasized on its organizational culture values over time. The company considers success as the result of respecting these core values. However, the headquarter executives believe that in order to reach prior success, the applied organizational culture of headquarters which is implemented to a subsidiary abroad has to be genuinely flexible based on the type of ownership/partnership. As it has been observed in this case study, the subsidiaries in which Scania possesses the ownership have more similar working culture as the headquarter such as Brazil and India than the private companies which are in partnership with Scania such as Iraq and Egypt. In such partnerships, the working culture is a combination of both Scania and the private company’s organization culture.

5.2 Implementation of the strategies

5.2.1 Thinking model

While Scania House platform aims to shape the organizational culture with six inner core values which are: Integrity, Determination, Elimination of Waste, Customer First, Team Spirit, and Respect For Individuals. Thinking Model strategy (Appendix 5) locks the concentration on converting the platform from theoretical interpretation to pragmatic implementation. The strategy is comprised with four stages which relatively put impact on, and are influenced by each other. The inception stage refers to the core values and Scania’s foundation, which are structured in Scania House platform and provide the blueprint and identical information regarding to company. At this stage, main values are determined and officially announced as the core values of the organizational culture. At the secondary stage, Scania amplifies the importance of the blueprint and core values of the firm in the members minds, turns the values to the principles of the company and changes the members way of thinking. Due to these principles, Scania would encourage higher integrity, teamwork, knowledge sharing, and
communication across the company. Respectively, at the third step these principles design the
methods of performing specific actions. Now different purposes such as knowledge transfer and
knowledge management would be processed with enhanced level of team spirit, knowledge sharing,
and determination, which leads to less potential mistakes and loss of information within the process
of knowledge transfer. The fourth stage is concerned with reaching the desired results. If the final
results are desirable, then the effectiveness of the used methods would be approved and modified
even further, which causes into the modification of principles and core values. From a controversial
point of view, if the results are unpleasant, then the methods would be altered or redesigned which
also affect the principles and fundamental core values.

5.2.2 Transfer of learning - roll out model

Hence, in order to put this purpose into action, Scania has designed a new strategy of ‘transfer the
learning’- roll out (Appendix 6), in which knowledge transfer is processed in both network and
operations platforms. On the network column, Scania’s way office trains the global SPS/SRS (Scania
Production System/Scania Retail System) office. Respectively, Global SPS/SRS office trains the Unit
SPS/SRS office and the unit trains the coordinators. On the operations column, executive board trains
corporate unit management. respectively, corporate unit management trains the unit management. At
the final, current employees are trained by unit managers. The process enables Scania’s employees
and employers from different levels and units to communicate with each other and simplify the
transformation of required knowledge across the organization. Additionally, it has been revealed that
Scania values brainstorming of its members, not only from the management board but also from the
employees.

5.3 Knowledge transfer process and management

Based on the collected information from all the interviews, it has been observed that it is essential for
the managers of the subsidiaries to possess tacit knowledge in order to transfer the new concepts from
headquarters to subsidiaries. According to Alavi and Leidner (2001), knowledge is the acquired
common information by an individual mind. Therefore, Scania always selects one key member in the
management board of each subsidiary to assure the appropriate delivery of the knowledge through
and across the organization. The process of knowledge management in Scania is in a great ordinance
with the claim of Kayworth and Leidener (2003), since at the first stage, Scania develops new content
or knowledge within company’s existing explicit and tacit knowledge. The creation/development of
knowledge occurs through different methods and strategies such as brainstorming of the employees,
studying subsidiaries success and failure, and elaborating the found solutions by subsidiaries for
specific issues. At the second stage, the developed knowledge would be stored in Scania’s way office.
The storage of explicit knowledge takes place in shape of digital or physical documents, catalogs,
manufacturing brochures and guidelines, sales leaflets and etc., while tacit knowledge would be preserved and maintained by managers and expatriates. Respectively, at the third stage (knowledge transfer stage) Scania way office follows two different approaches. For the transformation of explicit knowledge, the company delegates the responsibility to the R&D and IT departments. Simultaneously, in order to transfer tacit knowledge, Scania trains the global SPS/SRS office, which is responsible for implementing the trainings and tacit knowledge on unit SPS/SRS office. As a result, the coordinators of this unit would be eligible to coach and support the existing/ new employees. At the fourth stage, the new knowledge is used to increase the efficiency of the organizational performance. Through last few decades, Scania has achieved remarkable progress in the efficiency of performance with similar approaches since it has provided the privilege of using updated knowledge for each of its subsidiaries. This fact can also refer to the core value of team spirit, which has invisibly been embedded in the organizational culture across time.

However, elaborating the knowledge transfer process by assessing changes of performance is comprised with difficulties which are independent from the transfer process. Therefore, Scania uses different approaches of transferring for different types of knowledge. Specifically, during the first interview, it has been highly mentioned that Scania arranges frequent board meetings, training sessions, and in-person interactions and meetings to assure the knowledge is transferred or converted to an easier context properly. This process is in accordance with the SECI model of knowledge, which was improved and refined by Nonaka and Takeuchi (1995). Based on the type of knowledge, the model presents four different approaches for transformation of the knowledge, which are socialization, externalization, combination, and internationalization. Socialization is useful for transferring tacit knowledge through in-person meetings, sharing personal experiences, and/or brainstorming, while Externalization refers to the conversion of tacit knowledge into an explicit context through articulating and publishing the knowledge. Meanwhile, combination is used to transfer/convert explicit to explicit knowledge by collecting integrating information through digital communication networks and massive databases. Besides, internationalization is used when the purpose is to convert an explicit context into tacit, which is applicable through learning by doing. SECI model of knowledge dimension is an appropriate tool to elaborate the process of Scania’s knowledge transfer management since it covers all possible types of knowledge transfer and knowledge conversion. The category of socialization (tacit to tacit) applies to the frequent meetings of the executive board members, corporate unit managers and unit managers. During these type of meetings among high position managers, complex operational processes or know-how strategies are discussed/explained from different unit perspectives. These meetings usually result in a higher awareness of top managers toward how to manage knowledge transfer, train employees, implement
Scania’s organizational culture more appropriately in their units, and to overcome cultural challenges by extracting knowledge from other managers’ experiences.

The category of Externalization (tacit to explicit) is applicable when unit managers aim to illustrate and simplify the tacit knowledge for the employees. The process mainly occurs through proper trainings, group works, honesty and commitment of both employers and employees in teaching and learning. This stage is remarkably influenced by the organizational culture of Scania which cherishes the value of integrity, team spirit, and determination.

The combination category (explicit to explicit) refers to Scania’s way network in which the knowledge is collected by the assessment of all seven departments, and employees performance are assessed in terms of product development, sales, order to delivery, and service delivery (Appendix 7). At this point, Scania looks at the final output of each unit and department of each subsidiary, concerns the flaws for further research and development, and exploits the positive results.

The category of internationalization (explicit to tacit) refers to when the knowledge is created and shared across the organization and has become a part of employee’s daily life. One of the main concepts which Scania aims to apply in this stage is the ‘Thinking model’ (Appendix 5), which has to be embedded in the daily operations of each units and departments. The main purpose of this model is to establish a common company language and an identical organizational culture across the company.

According to Tsai and Ghoshal (1998), knowledge transfer is as important as knowledge creation, since without convenient methods and approaches of conveying and transferring, even a marvelous concept would be either inferred falsely or disappeared in bureaucracy. As Tsai and Ghoshal (1998), and Birkinshaw, Nobel and Ridderstråle (2002) major perspectives of knowledge transfer, there are four major components which need to be considered: traditional view, new view, challenge, and implementation. Regarding to the case study of Scania, it has been realized that through the time, the headquarter of Scania has been responsible for shaping and conveying the main competences and values of Scania’s working culture to the subsidiaries since the company gradually grew in a global scale since 1990. Meanwhile, some of the subsidiaries in Sweden or in the countries close to Sweden which have higher or better reputation in terms of operation than the rest of the subsidiaries, started to shape their own core competences and did not need to be guided by the headquarters traditional point of view. Hence, one challenge for Scania’s headquarter is to construct a new view and strategy of transferring the essentials to the more mature subsidiaries. Considerably, the another main challenge for Scania is to assure the safe and exact transformation of knowledge which is conceived correctly by the subsidiaries and not used by the rivals. Additionally, as previously mentioned, Scania
has recently structured a new training method of transferring the learning which helps employees and managers to grasp the concept faster.

Moreover, Leonard-Barton (1995) generated a four stage suggestion for the in-transfer capacity for the subsidiaries. The first level refers to turn-key equipment and facilities or assembling operation, which is applicable with explicit knowledge but requires primary engineering principles for appropriate operation. This level refers to simple manufacturing operations, which can be simply taught to employees through brochures or online meetings. Second level refers to the process adapting and localizing components, which requires higher practical experience and requires more tacit knowledge. This level might require either educated experts or expatriates who can install and run the needed equipment. Third level refers to redesigning the products and fourth level refers to the independency of the subsidiary in designing the products, which requires equal amount of tacit knowledge as the headquarter. Both third and fourth levels are applicable if the level and complexity of subsidiary’s technology meets the requisites. For instance, the subsidiaries in Egypt and Iraq fit into the first and second level since the entities are mainly concerned with the sales and reparations of the products. On the other hand, such subsidiaries as in France, Brazil and India which approximately possess same level of knowledge and technology as the headquarter in Sweden, fit more into the third and fourth level of the model. As it also been observed in the case study of Scania, the headquarter transfers different types of knowledge to different units. For instance, the knowledge which has to be transferred to the production subsidiary in Brazil is more advanced and detailed tacit knowledge than the required knowledge from parent or private companies in the middle east which are mainly responsible for sales or assembly.

**How organizational culture affects and supports knowledge transfer between headquarter and subsidiaries?**

5.4 Challenges of knowledge transfer in a cultural context

Meanwhile, due to the geographical dispersity which consequently follows with cultural diversity, it has been comprehended that the performance level of Scania’s subsidiaries and the headquarter can be different from each other. The difference is caused by difficulties which are appeared by lack of understandings, unequal language skills, and/or insufficient communication which put significant impact on the knowledge transfer process from the headquarter toward subsidiaries. These facts are consistent with the elaboration of Hofstede (1980). As cultural barriers have been discussed during the interviews, it has been clarified that Scania’s headquarter faces difficulties with conveying the right message to its subsidiaries sometimes. Even though that the used language is the same in some of the knowledge transfer procedures, ambiguities or misunderstandings might occur because of different accents and dialects. Hence, language barriers is one of the main illustrations of how cultural
challenges affect the knowledge transfer. As it has been told in one of the stories, the Sales director of Scania who speaks fluent Russian faced some difficulties in transferring the information due to the difference of dialects during a pitch in Russia with the executive board members of a specific subsidiary. In order to solve the problem, the members of the meetings had to translate and discuss the confusing and misleading parts in English to shed light on the ambiguity.

Another mentionable challenge is the different valuation of time management in different subsidiaries. This differentiation also affects the knowledge transfer procedure across the organization and mostly appears in the partnerships when the headquarter of Scania and the private companies such as in Egypt and Iraq attempt to combine their working cultures to construct a new version which respects both. As an example, timing and punctuality is valued differently in the headquarter than these subsidiaries. Under the headquarter operating cover, individuals are encouraged to adjust themselves to specific deadlines in terms of product design and development, delivery and shipment, and similar accomplishments while the mentioned subsidiaries have been characterized with more flexibility toward timing and extending deadlines. This barrier is further faded and valuing is closer to headquarter approach in the subsidiaries which are fully or mainly owned by Scania such as the subsidiary in Brazil.

Hence, due to these challenges, Nonaka and Takeuchi (1995) mention that transferring tacit knowledge (know-how) is more efficient to be accomplished through providing training procedures, appropriate operating structures, consultancy system, and more frequent meetings. According to Ghoshal and Bartlett (1990), by creating a comprehensive and strong organizational culture, these aspects would be highlighted to minimize the errors and ambiguities in knowledge transfer among headquarters and subsidiaries.

5.5 How does organizational culture support knowledge transfer?

During the several meetings which had been arranged with different employers from different departments, the members revealed that Scania has recently stretched its range of organizational core values. Furthermore, the company has processed a new training strategy ‘transfer of learning roll out’, which includes more knowledge sharing, group discussions, members active attendance and consultancy. The impact of this strategy is enhancing the ease of adaptability to continuous knowledge transfer and minimization/elimination of cultural challenges. According to Goh (2002), in order to support headquarters to establish a successful exercise of knowledge transfer toward subsidiaries, the organizational culture has to possess a range of core beliefs, norm, assumptions and values, which encourages and persuades employees to passionately learn and share knowledge and frequently have attendance in the process. The new organizational values are integrity, team spirit and determination. Despite the fact that values such as team spirit, integrity, and determination have
always existed in the headquarter, they were not completely implemented in the organizational culture of Scania until 2016. Due to geographical diversity and cultural challenges, subsidiaries were barricaded in the rich implementation of these values and were hindered to reach the optimal performance efficiency. Hence, within the new framework of organizational culture, Scania has officially announced the new three items as its new fundamental organizational/working culture values, which have to be respected and comprehended by all the subsidiaries and operational units across the globe. An organizational culture can influence its members in both headquarters and subsidiaries to be more keen on sharing knowledge and involve recruits in different exercises related to knowledge transfer. As a result, recruits and employees would be able to recognize knowledge as an intangible asset, which has to be shared with other members within and throughout the organization (Lucas & Ogilvie, 2006). It is extremely likely to observe higher group discussions, employees brainstorming’s, and more honesty and clearness of knowledge transfer from one unit to another as a cause of the new strategies of the company, and higher efficiency in final output and less operational errors as the consequences of the current actions.

The mentioned fact also refers to the assessment of cultural challenges by Hofstede (1980), which differentiates cultures by their level of differences in two controversial terms of individualism and collectivism. Individualism is valued in a kind of culture, in which individual activities and operations are more usual, while collectivism is valued in a type of culture in which group works, activities, and discussions are more common (Hofstede, 1980). Since Scania’s headquarter established in Sweden, it is natural that Swedish cultural values dominantly affect the organizational culture and which consequently affect knowledge transfer in certain ways. During the interviews, it has been mentioned that in Sweden, people are more eager to work and discuss in the groups which is related with high level in collectivism. Relatively, Scania is a well-established Swedish MNC which is significantly influenced by different Swedish cultural values. Collectivism is one of the values, which caused Scania to encourage its staff toward group working through the time.

As a result, an organizational culture which has higher level of collectivism or values the sense of information sharing leads to greater level of both tacit and explicit knowledge transfer. The conclusion is due to the fact that employees continuously communicate and discuss about types of processes, functionality, the practical issues throughout the process, and solutions which can be generally accepted and applied. Elaborated in the framework of international strategy model presented by Barlett and Goshal (1987), Scania is currently located more in the Global strategy quarter which is characterized by high local integrity and low global responsiveness levels (also illustrated in figure 2). Scania aims to settle its position in the transnational strategy quarter by

34
increasing both local integrity with employees overseas and global responsiveness by stretching and facilitating its market. In order to accomplish the wishes, Scania has recently been concerning new strategies. Through the transfer of learning roll out and thinking model strategies, Scania aims to enhance the level of local integrity by encouraging employees and managers toward learning, coaching, sharing knowledge, engaging in group works, and extracting useful information from each individual’s opinions or experiences.

Due to the immaturity and newness of the training approaches, the prediction of the final outcome is not accurate and would be under the lenses of observation in a longer period of time. However, based on the conducted empirical data and the existing relevant researches and managerial knowledge, it is likely to anticipate remarkably positive results for Scania in both terms of the knowledge transfer process and application of new organizational values to subsidiaries.
6. Conclusions

In this section the most crucial results of our key findings are presented according to our research questions. Moreover, the research questions are illustrated in respect to our final results.

The importance of knowledge transfer and knowledge management has been proven by many academic researchers, however, a lot of companies still tend to neglect effective knowledge transfer as a primary source of competitive advantage. Companies have to transfer and acquire new knowledge, as they pursue developing innovative capabilities by utilizing the skills obtained through the knowledge exchange within and across companies. It is vital for MNCs, such as Scania to introduce and develop effective communication channels in order to spread knowledge across subsidiaries.

The purpose of this study was to determine how organizational culture affects knowledge transfer process between a headquarter and foreign subsidiaries when there are significant differences in the national culture of the HQ and the subsidiary. In this study, two research questions were answered.

What are the strategies that support headquarters to establish a successful practice of transferring new knowledge to subsidiary?

One of the major ways of establishing a successful practice of transferring new knowledge to subsidiary is to develop a strong organizational culture, common values, assumptions and beliefs which would guide employees while decision making. On the case of Scania, we showed that transferring knowledge, for example set of corporate values, requires a lot of investments, but as a result, employees are developing mindset which ‘erases the differences’ of national culture.

How organizational culture affects and supports knowledge transfer between headquarter and subsidiaries?

Employees’ individual perceptions of organizational culture and their national culture highly influences the effectiveness of knowledge transfer from the HQ to the employees in foreign subsidiaries. Therefore, using tools as person-to-person trainings and interviews are beneficial for all MNCs. Moreover, we can conclude that encouraging such practices as ‘Train The Trainer’ enable organizations to believe that knowledge is transferred properly and there are no misunderstandings both from employees and their supervisors-coaches.
7. Discussion

In this section, the general response and recommendation toward the research questions are presented based on our findings and the available theories. Additionally, this section discusses the limitations of this case study.

7.1 Discussion

To enhance the processes of knowledge transfer, we believe, that managements at Scania’s HQ, as well as Scania Way Office, have to create additional methods of evaluating the effectiveness of knowledge transfer and gathering feedback. For example, ‘trainers’ or representatives from Way Office have to be more active when it comes to visiting subsidiaries and developing close relations and build networks with important decision makers in each market (relational context). On the other hand, as Scania positions itself as global company, it could use not only HQ-subsidiaries direction of transferring knowledge, but also subsidiaries-HQ direction, in order to share the best practices and learn from each other (social context).

7.2 Implications

As this thesis has been based on the case study of knowledge transfer at Scania, the most practical application of it would be for management of Scania. However, we believe that it is still applicable for other manufacturing MNCs that are facing similar challenges or companies in general, which are interested in implementing knowledge transfer, as well as developing organizational structure on a global level.

7.3 Future research and limitations

By eliminating certain limitations of the current study, we believe that follow-up study can be interesting for both MNCs and academia. For example, how MNCs can create a global communication platform and what are the long-term effects of globalized economy on a national culture. This study emphasizes on the importance of organizational culture, Van Wijk, Jansen and Lyles (2008) identify major aspects which have an impact on knowledge exchange, such as: absorptive capacity, motivation/learning intent, power issues, risk-taking and geographic position. Per contra, we believe that cultural challenges also have a considerable effect on knowledge transfer between headquarters and subsidiaries. Several examples related to culture and knowledge management can be found, where sufficiently-designed techniques of knowledge exchange failed, even though managers believed there was a solid bond in the sharing process (Easterby-Smith et al., 2008). There is a significant research gap in this field and we believe, that it would be interesting to investigate different patterns of knowledge transfer into different cultures, for example, whether there are any challenges when it comes to transferring knowledge from HQ originally from
masculine/individualistic country into feminine/collectivistic country. What is more, another possible research topic would be how easily knowledge is adopted into countries with high/low power distance.

Another significant limitation which could be identified is that this study focuses on Scania- Swedish manufacturing company. Companies in a different industry may face different paths of knowledge transfer, e.g. tacit knowledge inherent for consulting firms may be transferred not that easily as explicit, inherent for manufacturing. However, we tried to avoid strict differentiation between tacit and explicit knowledge by using values as a key knowledge which has to be transferred within MNC. It is possible to codify it, however, still depends a lot on personal perspective. What is more according to the sales director of Scania, core values are highly influenced by Swedish culture, therefore, an MNC originating from a different culture may have a different attitude towards organizational culture and implement knowledge transfer differently.
List of references


Figures
Figure 1: Nonaka & Takeuchi SECI Model
Figure 2: Barlett & Ghoshal Model of International Strategy
## Appendices
### Appendix 1: Interviewees Data

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Communication channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrei Ovchinkin</td>
<td>Regional Sales Director, Eurasia &amp; Middle East, Sales And Marketing Department</td>
<td>Interview, emails</td>
</tr>
<tr>
<td>Sara Björklund</td>
<td>Business Development Manager, Way Office</td>
<td>Interview, emails</td>
</tr>
<tr>
<td>Thomas Devlén</td>
<td>Internal consultant, R&amp;D, Way Office</td>
<td>Interview, emails</td>
</tr>
<tr>
<td>Marie Norlander</td>
<td>Manager, Corporate Management and Venture Business</td>
<td>Cancelled</td>
</tr>
</tbody>
</table>
Appendix 2: Interviews Questions

1. Briefly describe yourself and your role at Scania!
2. What are your perspectives related to organizational culture? Have you worked abroad? If yes, can you share your experience with us?
3. Does Scania have an established strategy of transferring knowledge to its subsidiaries?
4. Was there any difficulty in the process due to culture difference? What are your perspectives on that? How does Scania cope with language differences when it aims to transfer knowledge? Has the approaches ever led to greater or worse results in the past? If is greater, then how does Scania aim to maintain the great outcome?
5. Have you ever experienced or noticed any misuse of transferred knowledge? Do you have any strategy or policies that allows you to verify that the transferred knowledge is understood in local markets?
6. What are your views on subsidiaries’ organizational culture? Does it vary according to nations? Can you provide us with an example? Does Scania and its subsidiaries have any common organizational behavior?
7. The process of knowledge transfer involves transfer between headquarters and subsidiaries, as well as adaptations in local markets. In earlier situations, has Scania/you encountered any problems in this process?
8. Do you have any experience regarding to Scania’s selected/entered markets, which have had higher adaptability of headquarters’ knowledge transfers in respect to organizational culture?
9. Have the organizational values contributed positive, neutralized, or negative outcome to the market’s level of adaptability?
## Appendix 3: Scania’s Production Sites

<table>
<thead>
<tr>
<th>Factory Name</th>
<th>Location</th>
<th>Components Produced</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angers</td>
<td>France</td>
<td>Scania truck assembly</td>
<td>1992</td>
</tr>
<tr>
<td>Katrineholm</td>
<td>Sweden</td>
<td>Scania bus chassis and body assembly</td>
<td>1967</td>
</tr>
<tr>
<td>Lahti</td>
<td>Finland</td>
<td>Scania bus body assembly</td>
<td>2007</td>
</tr>
<tr>
<td>Luleå</td>
<td>Sweden</td>
<td>Scania truck frame members, rear axle housings</td>
<td>1995</td>
</tr>
<tr>
<td>Meppel</td>
<td>Netherlands</td>
<td>Scania truck components and paint shop</td>
<td>1991</td>
</tr>
<tr>
<td>Oscarshamn</td>
<td>Sweden</td>
<td>Scania truck cab production</td>
<td>1970</td>
</tr>
<tr>
<td>St Petersburg</td>
<td>Russia</td>
<td>Scania bus body assembly</td>
<td>2010</td>
</tr>
<tr>
<td>São Bernardo do Campo</td>
<td>Brazil</td>
<td>Scania trucks, Scania bus chassis, engines, gearboxes, components, axles, truck cabs</td>
<td>1962</td>
</tr>
<tr>
<td>Södertälje</td>
<td>Sweden</td>
<td>Scania trucks, Scania bus chassis, components, engines; Scania AB headquarters, R&amp;D and main production plant</td>
<td>1891</td>
</tr>
<tr>
<td>Słupsk</td>
<td>Poland</td>
<td>Scania bus body assembly</td>
<td>1993</td>
</tr>
<tr>
<td>Tucumán</td>
<td>Argentina</td>
<td>Rear axle gears, gearboxes, differentials, drive shafts</td>
<td>1970</td>
</tr>
<tr>
<td>Zwolle</td>
<td>Netherlands</td>
<td>Scania truck assembly</td>
<td>1964</td>
</tr>
</tbody>
</table>
Appendix 4: The Scania Way House

Continuous improvements

Right from me

Priorities

Demand-driven output

Normal situation

Leadership

Customer first

Respect for individual

Elimination of waste

Determination

Integrity

Team spirit
Appendix 5: Scania Thinking Model

- Scania’s foundation
- A way of thinking
- A way of doing things
- In order to reach desired results
Appendix 7: The Scania Way Network

Product Development
Sales
Order to Delivery
Services Delivery