

UNIVERSITY OF VAASA
FACULTY OF BUSINESS STUDIES
DEPARTMENT OF MANAGEMENT

Marjo Karhunen

**HOMOPHILY AS A DRIVER IN THE CREATION OF INTERPERSONAL
RELATIONSHIPS AND KNOWLEDGE SHARING**

Master's thesis in
Management and organization
International Business

VAASA 2013

TABLE OF CONTENTS	page
1. INTRODUCTION	8
1.1 Study background	8
1.2 Research problem	9
1.3 Research question	10
1.4 Scope of the study	10
1.5 Structure of the study	12
2. LITERATURE REVIEW	13
2.1. CHARACTERISTICS OF KNOWLEDGE	13
2.1.1 Definition of knowledge	13
2.1.2 Knowledge-based view of the firm	16
2.1.3 Intellectual capital	17
2.2 KNOWLEDGE SHARING	19
2.2.1 Knowledge sharing barriers	20
2.3 INTERPERSONAL RELATIONSHIPS	25
2.3.1 Social capital theory	26
2.3.2 Social network theory	27
2.4 Interpersonal homophily	30
2.4.1 The effects of homophily on interpersonal knowledge sharing	31
2.5 Quality of the relationships	34
2.5.1 Frequency of interaction	35
2.5.2 Interpersonal trust	36
2.5.3 Shared cognitive ground	38

2.6 Connections based on cultural similarity	39
2.6.1 Definition of culture	39
2.6.2 Characteristics of culture	40
2.6.3 Layers of Culture	43
2.6.4 Values	44
2.7 The influence of culture on knowledge sharing behaviour	45
2.8 The influence of culture on social capital	48
2.9 Theoretical framework	49
3. RESEARCH METHODOLOGY	52
3.1 Research approach	52
3.1.1 Qualitative approach	52
3.1.2 Research strategy	53
3.2 Interviews as means of data collection	54
3.3 Validity and reliability of the study	56
3.3.1 Reliability	57
3.3.2 Validity	57
3.4 Data analysis	59
4. EMPIRICAL FINDINGS AND ANALYSIS	61
4.1 Homophily based characteristics	61
4.1.1 Demographic characteristics	61
4.1.3 Shared non-native nationality	63
4.2 Effects of Homophily to knowledge sharing	63
4.3 Structural dimension/ Frequency of interaction	65

4.4 Relational dimension/ perceived trust	67
4.5 Shared cognitive ground	70
4.5.1 Affinities	70
4.6 Other drivers for knowledge sharing	71
4.7 The importance of context in the creation of interpersonal relationships	72
4.8 Summary	74
5. DISCUSSION AND CONCLUSIONS	76
5.1 Discussion of the study	76
5.2. Conclusions	83
5.3 Managerial implications	84
5.4 Limitations of the study	85
5.5 Implications for future research	86
REFERENCES	88
APPENDIXES	98
APPENDIX 1. Interview guide	98
APPENDIX 2. Interview template	99

LIST OF FIGURES

Figure 1. Modes of knowledge creation	15
Figure 2. Matrix of four elements of intellectual capital	18
Figure 3. The stickiness factors affecting the knowledge sharing process	24
Figure 4. Three Levels of Uniqueness in Mental Programming	42
Figure 5. The “Onion”: Manifestations of Culture at Different Levels of Depths	43
Figure 6. Influence of culture on behavior and behavior on culture	46
Figure 7. Framework of the study	51
Figure 8. Revised framework of the study	83

LIST OF TABLES

Table 1. Profile of the interviews	56
------------------------------------	----

UNIVERSITY OF VAASA**Faculty of Business Studies****Author:**

Marjo Karhunen

Topic of the Thesis:

Homophily as a driver in the creation of interpersonal relationships and knowledge sharing

Name of the Supervisor:

Adam Smale

Degree:

Master of Science in Economics and Business Administration

Department:

Management

Major Subject:

Management and Organizations

Line:

International Business

Year of Entering the University:

2005

Year of Completing the Thesis:

2013

Pages: 101

ABSTRACT

It has been found that homophily has a significant impact on kind of interpersonal ties that individuals establish and the quality of these ties influences knowledge sharing behaviour. According to previous research similarity drives social capital. Strong ties are facilitators of effective knowledge sharing when weak ties are better sources for new information.

The purpose of this study is to investigate connection between homophily, social capital and interpersonal knowledge sharing. The study will identify homophily based characteristics and investigate further on which type of homophily seems to matter the most for development of social capital and how along these ties knowledge is shared.

The research is based on qualitative study where nine semi-structured interviews were used as a means of data collection. The respondents were mostly women working in a MNC.

The results of the study show that common characteristics able creation of the first connection between individuals but these characteristics loose their importance if the relationship develops further. Common values and attitudes are the most important factors driving the development of social capital. According to study relationship where cognitive and relational social capital is high are the most important informal channels for knowledge sharing.

KEYWORDS: Knowledge sharing, interpersonal relationships, homophily, social capital

1. INTRODUCTION

The aim of this introductory chapter is to highlight background of the study and to present research problem, research questions, the scope, as well as the structure of the study. The main concepts used throughout the study are also defined from the beginning for better understanding.

1.1 Study background

In the globalized world where resources and possibilities are scattered all over the world companies are no longer competing only against national competitors; their market area is the whole world (Doz, Santos & Williamson 2001). Due to the growing competition and changing market conditions companies are facing difficulties staying competitive. Companies have to find their competitive advantage and concentrate on their core competencies in order to stay alive in the market where new products are developed and commercialized daily.

In the recent years there has been a remarkable rise in research in the field of knowledge management; old phenomenon has been studied in various new ways. It has been said, “In an economy where the only certainty is uncertainty, the one source of lasting competitive advantage is knowledge” (Nonaka 1991). Transferability of knowledge is important especially within the multinational corporation (MNC) (Doz et al. 2001; Grant 1996; Riusala & Smale 2007). Cross-unit transfer of business practices that reflect the core competencies and superior knowledge are main determinants of the competitive advantage within the firm (Riusala & Suutari 2004). Regardless companies are facing difficulties in coordinating and integrating knowledge. These barriers hindering knowledge sharing, also called stickiness factors can be caused by characteristics of knowledge, of context or relational factors (Szulanski 1996).

It has been argued that co-evolution of a firm’s social capital and knowledge improves firms’ competitive advantage (Nahapiet & Ghoshal 1998). Nevertheless the mechanisms that drive this co-evolution need still some clarification. It has also been recognized that internal transfer of knowledge and best practices is not very successful (Kedia & Bhagat 1988; Zander & Kogut 1995). One reason for this is the challenging nature of relational context in the knowledge exchange. Social capital is commonly owned and it can provide access to the knowledge outside the firm borders and this can create an

advantage to firms over the markets. (Bapuji & Crossan 2005.) Bapuji and Crossan (2005) argue that co-evolution of social capital and knowledge are driven by absorptive and disseminative capacity of the firms.

What comes to research in the field of knowledge management, existing studies about MNC knowledge flows have concentrated on transfer of best practices and knowledge transfer at organizational level with focus on the flow between units (Gupta & Govinradajan 2000; Kostova 1999, Foss & Pedersen 2002). Yet a lot of knowledge exchanges occur naturally and unintentionally in the organization e.g. when employees interact with their peers during a meeting or a coffee pause. As Doz et al. (2001) argued that people are the most important carriers of knowledge in the organization. Therefore knowledge sharing on the interpersonal level should be studied more in detail because interpersonal interactions during the course of on-going organizational routines are the primary channel through which the daily work of the MNC is conducted (Mäkelä 2006). Interpersonal interaction is a big part of managers' and employees' daily work. In addition Borgatti & Cross (2003) and Cross et al. (2001) found that interpersonal interaction was the most frequent channel of knowledge seeking and sharing.

1.2 Research problem

While research on social capital has helped scholars to understand intra-company knowledge sharing, there is still not enough understanding on specific challenges and contributions on the interpersonal level that affect knowledge flows within the MNC.

People have a tendency to search for similarities and familiarize with individuals who they have something in common with. The connecting thing may be visual or character based and not necessarily visible for everyone but important enough to bring people together. Common characteristics as language, culture, religion, shared experiences and proximity are found to bring people together and help the relationship to develop. People have natural urge to belong to a group and it gives us comfort. It is easier to be surrounded by individuals with whom one can feel himself than with a group of strangers. There is less need to explain one's actions and behaviour and communication can be based to agreeing rather than disagreeing. In the literature this tendency of similar people acting together is defined as homophily and I will use this definition throughout my thesis.

In addition to barriers confronted in a company in one country MNCs encounter also cultural pressures from their employees and clients. In a globalizing world cross-cultural differences have become a constant element and challenge for companies. Since knowledge is embedded in individuals, the way that individuals communicate and learn from each other will most likely be influenced by their national culture. The possible influence of cultural differences on interpersonal knowledge sharing in a cross-cultural environment is an important topic, and nevertheless it has received relatively little attention. (Mäkelä 2006) The concept of culture is not unambiguous and it is hard to define extensively. I will try to contribute to the research on knowledge sharing looking what kind of influence homophily, which may be demographic, cultural etc., has to creation of interpersonal relationships and how creation of social capital affect to knowledge sharing behaviour.

1.3 Research question

The objective of this master thesis is to examine knowledge sharing on interpersonal level in multinational companies concentrating especially on Finnish and French MNCs.

The research question is formulated as follows:

To what extent is homophily useful in explaining (a) the development of social capital, and (b) interpersonal knowledge sharing.

Research question will be answered by looking the theory of homophily, social capital and the quality of relationships in general. The importance of quality of relationship to knowledge sharing will be analysed with three dimensions of social capital; structural dimension which encompass the frequency of interaction, relational dimension where trust is included and cognitive dimension where shared values and norms are analysed.

1.4 Scope of the study

This study will contribute to the research on knowledge sharing process on interpersonal level focusing on connections between individuals. As people are the most important carriers of knowledge, the present study is willing to clarify how these connections might have an impact on knowledge sharing.

In order to differentiate unit and organizational level knowledge exchanges from interpersonal interactions that are the focus of this study, terms knowledge transfer and knowledge sharing are defined. The term of knowledge sharing refers in this study to business-related knowledge exchange within network of relationships between employees of the MNC. Whereas knowledge transfer is more typically used when speaking about transfer of best practices or relocation of knowledge between subsidiaries.

The social capital theory and theory of homophily (a tendency to similar people act together), will be the main elements of the thesis explaining the impact of quality of the relationships on knowledge sharing. Thesis will explore if homophilic-based ties lead to effective knowledge sharing.

Interpersonal networks may have an important role in daily interaction of employees creating channels through which knowledge can flow into different parts of the MNC. In addition of these channels social networking forms also disconnection areas due to geographical dispersion and size of the MNC. These disconnection points can be also called structural holes. In order to create a bridge over the hole, individuals having connections on both side of the hole are needed. Social network theory is also a basis of theory of homophily.

This study will not concentrate on type of knowledge that is being shared, but rather the thesis is willing answer to what extent homophily whether it is demographic, cultural or value based can explain creation of interpersonal relationships and social capital and it will clarify what is their combined effect on knowledge sharing. Mostly what this thesis is interested in is to explore knowledge sharing interaction by focusing on the means of this interaction rather than on its content. The study will look the channels of communication created on the basis of homophily.

Shared nationality can be an important factor creating homophily in the MNCs therefore literature review presents theories about national culture and common values. Over the last decade many scholars and managers have emphasized the importance of organizational culture as a socializing influence and climate creator. They have believed that organizational culture moderates or erases the influence of national culture. According to Adler & Gundersen (2008) managers assumed that employees working for the same organization despite different cultural origins will behave more similarly than differently. Contrary to earlier believes, studies e.g. by Laurent (1983) and Hofstede (1980) have indicated that organizational culture do not diminish the traits of national

culture. Laurent did his research among employees from various cultures working for the same MNC and compared them with the employees working for organizations in their native countries. Surprisingly he found that national cultural characteristics were more pronounced among the employees working for the MNC. (Adler & Gundersen 2008: 63-65.)

The findings of Hofstede (1980) and Laurent (1983) stresses the importance of national culture in our organizational behaviour therefore I will concentrate on national culture and leave the organizational culture out of my study even though it might have an impact on the knowledge sharing process in the MNC as well.

1.5 Structure of the study

Overall thesis is divided into five main sections. The first chapter introduces the subject and problem area, identifies the research gap and presents scientific background of existing theories about the subject.

In the second chapter literature review and analysis about earlier studies in the problem area is given. Main theories are presented along with important concepts in the area of knowledge sharing, homophily and social capital, which are referenced. In the end of the chapter framework of the study is presented merging the analysis of the main theories of the study.

Third chapter presents methods chosen to conduct the study. These methodological choices are explained and qualitative view is presented more in detail. Research logic and sample of the study are introduced.

The chapter four concentrates on the analysis of the data and findings of the interviews are presented.

In the chapter five discussion and conclusions about the research are formed. Results of the findings are linked to earlier studies in order to make a contribution to the universal knowledge base. Managerial implications and limitations of the study are provided and suggestions for future studies in the field are given.

2. LITERATURE REVIEW

2.1. CHARACTERISTICS OF KNOWLEDGE

2.1.1 Definition of knowledge

In order to be able to speak about knowledge sharing it is crucial to define it first. Concepts of data and information should not be mixed with knowledge, even though in common language they can be used interchangeably.

Data

For organizations data is an essential raw material for the creation of information. Important transactions are stored in a company's database, but more data is not always better than less. The large amount of data doesn't help to make any decisions. There is no special wisdom in it; it can only be the basis for decision-making, something to count on. Data describes only partly what happened; it provides no judgment or interpretation. (Davenport & Prusak 1998: 3.)

Information

Unlike data, information has a meaning- the relevance and purpose. Information is data where its creator has added meaning. Information is meant to change ones perceptions of something, make a difference and to have an impact on one's judgment and behavior. (Davenport & Prusak 1998: 3-4.) Machlup (1983) has defined information as "a flow of messages or meanings which might add to, restructure or change knowledge" (Nonaka 1994: 15)

Knowledge

Knowledge is a product of human reflection and experience, which is created and organized by the flow of information according the commitment and beliefs of its holder (De Long & Fahey 2000: 114, Nonaka 1994: 15). For Nonaka (1994: 15) knowledge is a multifaceted context with multi-layered meanings. It is broader, deeper and richer than data or information. "Knowledge is a fluid mix of framed experiences, values, contextual information and expert insight that provides a framework for

evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers. Knowledge becomes often embedded in organizations, not only in documents or repositories, but also in organizational routines, processes, practices, and norms” (Davenport & Prusak 1998: 5). Knowledge is also said to be a justified true belief, which leaves the possibility for a mistake (Nonaka & Takeuchi 1995).

Knowledge is often divided into explicit and tacit knowledge. Explicit knowledge can be communicated by words or numbers and it is easily transferable but it represents only a tip of the iceberg. Tacit knowledge forms the rest of the iceberg; it is hard to formalize or make into words easily because tacit knowledge is highly personal, it contains one’s experiences, feelings, values and it is deeply rooted to an individual’s behavior. Nevertheless it can be shared or learned by direct experience through trial and error like a child learns how to speak or ride a bike; mind and body are learning at the same. (Nonaka & Takeuchi 1995: 8-10.)

Nonaka (1994) argues that knowledge is created through conversion between tacit and explicit knowledge. He has defined four modes of knowledge conversion: 1. from tacit knowledge to tacit knowledge, 2. from explicit knowledge to explicit knowledge, 3. from tacit knowledge to explicit knowledge, and 4. from explicit knowledge to tacit knowledge. Tacit knowledge can be acquired without language through observation, imitation and practice. Nevertheless it is extremely difficult to share individual’s thinking processes without sharing some common or shared experiences. The creation of tacit knowledge through shared experience is called socialization. Tacit knowledge is exchanged through joint activities between individuals as spending time together, living in the same environment; no written documents or verbal instructions are needed. When individuals exchange and combine explicit knowledge through media such as documents, meetings, computerized communication networks or telephone conversations via recategorizing, sorting or adding some information creating new knowledge the process is called combination. The mode of internalization is rather similar to the traditional concept of learning - explicit knowledge becomes tacit knowledge. Externalization is the opposite of latter, tacit becomes explicit. These conversion modes are complementary and they can expand over time through a process of mutual interaction. (Nonaka 1994: 19, Nonaka & Konno 1998: 42-43)

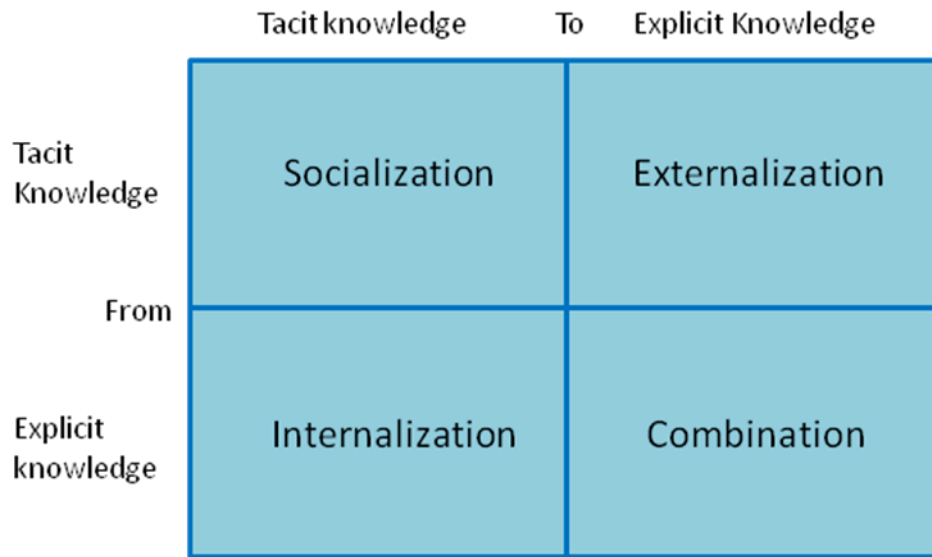


Figure 1. Modes of knowledge creation. (Nonaka 1994 :19)

Knowledge is not only a property of an individual; a great deal of knowledge is produced and held collectively. Often knowledge is socially constructed (Kogut & Zander 1992: 385). De Long and Fahey (2000: 114) separate three distinct types of knowledge. Human knowledge constitutes the skills and expertise of the individual. Secondly social knowledge encompasses the knowledge, which exists only in relationships between individuals or within groups. Thirdly there is structured knowledge, which is explicit and rule-based and embedded in organization's systems, processes and routines. Structured knowledge is seen as an organizational resource because it exists independently of human knowers.

The organizational knowledge is often seen as a core competency for a company. In order to get a core competency or competitive advantage company need to associate "know-what" with experience, which it is called "know-how" (Brown & Duguid 1998: 91; Spender 1996: 49). Know-how is a description of knowing how to do something. A simple example of know-how is a recipe, all the knowledge needed is not expressed only in the list of ingredients, in addition one have to know in which order to add the ingredients and how to perform the rest of recipe in order to succeed (Kogut & Zander 1992: 386-387). Know-what, also called explicit knowledge, circulates easily in the company whereas know-how / tacit knowledge is formed collectively and harder to share because of its tacit nature. In the thesis I will adopt the definition of Michael Polanyi (1966) for tacit knowledge, he explained the tacitness as, "individuals appear to

know more than they can explain” (Kogut & Zander 1992: 383). “Know-how is critical making knowledge actionable and operational” (Brown et al. 1998: 91-95). As a definition of knowledge I will use the definition by Davenport and Prusak (1998), which describes well the different sides of knowledge.

2.1.2 Knowledge-based view of the firm

Knowledge-based view of the firm argues that the primary resource of the firm is knowledge (Grant 1996; Gupta & Govindarajan 2000; Szulanski 1996; Brown et al. 1998; Doz, Santos & Williamson 2001). Knowledge based view is seen to be outgrow or continuation of resource-based view (Grant 1996). Ghoshal and Bartlett (1990: 603) describe the MNC as “a group of geographically dispersed and goal disparate organizations that include its headquarters and the different national subsidiaries”. According to Gupta and Govindarajan (2000: 473) MNCs exist “because of their ability to transfer and exploit knowledge more effectively and efficiently in the intra-corporate context than through external market mechanisms”.

Organizational knowledge provides a competitive advantage, which should be taken into consideration at every level of the company (Grant 1996; Szulanski 1996; Brown et al. 1998; Doz et al. 2001). Grant (1996) and Spender (1996) see firm as a knowledge system whose primary task is to integrate and develop specialized knowledge which firm relies independently on internal and external relationships of ties for resources. As a result firms can be viewed as connected to each other in multiple networks of resources. In the global knowledge economy, as Doz et al. (2003) call it, opportunities and challenges are scattered all over the world. Firm must be able compete with a same kind of service provider from its home country as from other side of the world (Doz et al. 2001: 3). According to Brown and Duguid (1998) the KBV explains why firms do exist and continue to exist in the future.

Firms are repositories of huge amount of tacit and specialized knowledge, which is often fully efficient in use only within that specific firm. Firm specific information cannot be only partly transferred or copied because of its complex nature it is not easily deployed or applied in another firm (Foss 1996: 472; Kogut et al. 1992). However one of the restraining factors for companies, which hinder the transfer of knowledge to inter-organisational level, is the fear that then knowledge, which is one of the organisation’s key resources, would be more easily available for competitors. (Bapuji et al. 2005: 4) Despite the fear of copying companies do transfer knowledge to organizational level

because such transfer would legitimize and validate their knowledge. For example, individual knowledge gets legitimized when it is shared in a group and group interprets and accepts it as valid. (Nonaka 1994: 17)

Also companies having superior knowledge are able to coordinate and combine their traditional resources and capabilities in new and distinctive ways, providing more value for their customers than can their competitors, even if those resources are not unique. Grant (1996:120) identifies that the primary role of the firm is to integrate the special knowledge residing in individuals into goods and services with the help of management as a coordinating force.

However, the biggest problem of knowledge-based view of the firm is that often the firms do not know what they know. The knowledge can be embedded in traditions and ways to do things that have not been acknowledged by management. Mere possession of knowledge or best practice in one part of the company does not mean that other parts benefit from it. When the best practice is not transferred within the firm, the gap between what is known and what is put to use grows and often the organization do not know what to do in order to improve the situation. Management might have willingness but not the knowledge to do it. (Szulanski 1996, 2000.)

2.1.3 Intellectual capital

Nahapiet and Ghoshal (1998) suggest that it is the co-evolution of social and intellectual capital that is of particular significance in explaining the source of organizational advantage. Authors use the term intellectual capital to refer to the knowledge and knowing capability of a social collectively, such as organization, intellectual community, or professional practice. I will also use the term in my thesis.

Spender (1996) argues that it is the collective forms of knowledge that are strategically important. This collectively held tacit knowledge is embedded in firm's routines, norms and culture. Organizations build and retain their advantage through the dynamic and complex interrelationships between social and intellectual capital (Nahapiet and Ghoshal 1998: 260). Knowledge is often said to be a public good, meaning that it is infinitely extensible and its use by one person does not deprive others of its use (Spender 1996: 48).

In Spender's (1996) matrix of four elements of intellectual capital he has combined the explicit/tacit and individual/social dimensions. Individual explicit knowledge which

Spender calls conscious knowledge is typically in a form of facts, concepts and frameworks that can be stored and retrieved from memory or personal records. Individual tacit knowledge called automatic knowledge by Spender can take many different forms of tacit knowing, including theoretical and practical knowledge of people and the performance of different kinds of artistic, athletic, or technical skills. The explicit social knowledge called objectified knowledge in Spender's matrix represents the shared corpus of knowledge for example by scientific communities; this knowledge is often seen as the most advanced form of knowledge.

The last dimension in the matrix is tacit social knowledge, which is fundamentally embedded in the forms of social and institutional practice and resides in the tacit experiences and enactment of the collective. This kind of knowledge can be relatively hidden from individual but it will be accessible through interaction of different actors. The social tacit knowledge is often embedded in organizational routines and practices. This kind of knowledge distinguishes often the performance of a highly developed team. All the elements of a knowledge presented in a matrix are interrelated. (Nahapiet & Ghoshal 1998: 247.)

	Individual	Social
Explicit	Conscious	Objectified
Implicit	Automatic	Collective

Figure 2. Matrix of four elements of intellectual capital (Spender 1996: 52)

The creation of intellectual capital

Intellectual capital is created through combining the knowledge and experience of different parties, and it is dependent on the exchange between these parties (Nahapiet & Ghoshal 1998: 248). There comes to picture the quality of relationships and culture as restraining or promoting force.

In order to knowledge exchange and combination to take place four conditions must be satisfied. Nahapiet and Ghoshal (1998) believe that these four conditions apply to the creation of new intellectual capital. To begin the process the opportunity is needed to make the combination or exchange, which means the access to objectified and collective forms of social knowledge. Sometimes as history of science demonstrates creation of new intellectual capital may occur more by accident than through a planned process of combination and exchange. Second, the people involved to the process must expect some value creating potential from the deployment even though it is not sure what will be produced and how. Third, the motivation is needed. Those involved to must feel that their engagement to knowledge combination and exchange will be worthwhile. (Moran & Ghoshal 1996: 42; Nahapiet & Ghoshal 1998: 249.)

2.2 KNOWLEDGE SHARING

Knowledge sharing is overlapping with various fields of study and therefore it has been studied from strategic management to innovation and technologic transfers but increasingly, knowledge sharing research has been moved under the concept of organizational learning. Research on knowledge sharing is willing to investigate how organizations create, retain, and share knowledge. (Argote & Miron-Spektor 2011: 1124.) Management of knowledge is particularly important for companies, in which knowledge is scattered in various parts of the organization. MNCs are seen as networks of relationships (Ghoshal & Bartlett 1990) this stretches the importance of human interaction in passing knowledge forward in the organization. Ghoshal, Korine and Szulanski (1994) also recognized the importance of interpersonal connections in the knowledge exchange process, but their study was looking at the knowledge exchange process from strategic point of view, getting an overall picture of the organization.

For the process of knowledge exchange there exists several terms, which have slightly different meanings. Knowledge transfer is typically used describing the knowledge exchange when it is an organized activity and when some kind of technological systems are involved in the process. The term is also used on the organizational level between groups or units (Mäkelä 2006: 20). Nevertheless knowledge transfer and knowledge sharing are not mutually exclusive terms, but rather these two terms are interrelated and the definition of knowledge transfer can include aspects that are very close to knowledge sharing.

In this study I will use the term knowledge sharing which pertains to knowledge exchange on interpersonal level i.e. between individuals. Knowledge sharing occurs in a daily work of employees of the MNC: within formal and informal face-to-face meetings, via telephone or email or just during the coffee break while chatting about other issues (Mäkelä 2006: 20).

Tortoriello, Reagans and McEvily (2012) researched the impact of strong ties in cross-unit knowledge transfers. They asserted that strength of interpersonal relationship between the source and the recipient will facilitate the knowledge sharing by increasing the likelihood that this exchange will take place as well by increasing the amount of effort that two parties are willing to make for this exchange to be successful. They also identified that insufficient knowledge overlap between the knowledge source and the recipient makes cross-unit exchanges more challenging than similar exchanges within the same unit.

Reagans and McEvily (2003) investigated informal networks and the connection between tie strength and knowledge sharing and they found that in particular three network features: tie strength, network cohesion, and network range have a positive effect on the successful transfer of knowledge. This is interesting as it points out the importance of interpersonal exchange as a basis of knowledge sharing. Social capital and social network theory will be reviewed later in the literature review.

Organizational knowledge is scattered in many places of the organization and it is moved by a variety of forces. Knowledge is dynamic and in continuous change when people share it with each other. In general people search for knowledge in order to avoid uncertainties in their work and to be better prepared if they occur. The knowledge acquirement is always a bilateral (between two persons) exchange (Davenport & Prusak 1998: 25). There are various impediments for knowledge sharing which can occur during the exchange.

2.2.1 Knowledge sharing barriers

Due to the importance of cross-border knowledge sharing in the creation of organizational advantage, there has been an increasing interest to understand what kinds of factors hinder the transfer. (Kostova 1999: 308; Riusala & Suutari 2004: 744) The term stickiness, describing the costs and difficulties of knowledge transfer process, was introduced by von Hippel (1994). Szulanski (1996: 30) raises four groups of factors influencing the knowledge transfer/sharing process from prior research: characteristics

of the knowledge transferred, of the source of knowledge, of the recipient of knowledge, and of the context where the knowledge sharing takes place.

Characteristics of the knowledge transferred

Causal ambiguity and unprovenness are characteristics of the knowledge transferred. During a knowledge transfer there are always undefined factors influencing the process, which are here under causal ambiguity. Unprovenness describes the novelty of the knowledge transfer process and the fact if the same process has already been done elsewhere. Thus a usefully proven method results less problematic transfer. (Szulanski 1996: 30-31.)

Characteristics of the source of knowledge

Lack of motivation is often seen as the most important factor impeding knowledge sharing. Nevertheless it is only a one possibly reason to a failure during the process. Knowledge sharing is typically beneficial for the recipient but it can be costly for the source, because he has to devote time and effort (Reagans & McEvily 2003: 242). A knowledge source can be reluctant to share crucial knowledge also for fear of losing ownership of knowledge and position of power with it, or to feel that it is not worth it to share the knowledge due to time and other resources lost in change (Minbaeva & Michailova 2004: 668); Szulanski 1996: 31). The perception that others are willing to share their knowledge (reciprocity) is an important factor determining whether an individual chooses to share his/her knowledge with others: one will be only motivated to share one's knowledge if one feels that the particular piece of knowledge is worth sharing (Minbaeva & Michailova 2004: 667).

Knowledge supplier can also expect to benefit from the exchange immediately or in the future (Davenport & Prusak 1998: 25). Source of the knowledge can also be perceived as unreliable which do not encourage the transfer to take place. A trustworthy source is more likely to influence the recipient and as a result the advices and examples are absorbed (Szulanski 1996: 31).

Reasons to knowledge sender's hostility towards sharing their knowledge:

1. Potential lost of value, bargaining power, and protection of individual advantage due to strong feeling of personal ownerships of the accumulated "hard won" knowledge.

2. Reluctance to spend time on knowledge sharing. Their time and resources could be invested in activities that are more productive for the individual.
3. Fear of hosting knowledge parasites. Knowledge senders may be reluctant to share their knowledge with somebody who has invested less or no effort in his/her own development.
4. Avoidance of exposure
5. Strategy against uncertainty
6. High respect for hierarchy and formal power. Knowledge senders may be reluctant to share crucial knowledge for fear of losing a position of privilege and superiority. (Minbaeva & Michailova 2004: 668.)

Characteristics of the recipient of the knowledge

Lack of motivation is also known in the recipient side, not invented here syndrome (NIH) is one way to protest against to best practices invented elsewhere. External knowledge is often rejected because it is more prestigious to create the new knowledge instead of reusing the knowledge invented elsewhere. Another reason to NIH syndrome is that recipients do not trust the quality of the shared knowledge (Michailova & Husted 2003: 70). If the pre-existing stock of knowledge is not large enough, recipient can have problems assimilating the new knowledge, which is defined as a lack of absorptive capacity. (Cohen & Levinthal 1990: 131; Szulanski 1996: 31) Knowledge transfer is effective only if the new knowledge is retained. Recipient must have a capacity to institutionalize the utilization of new knowledge (Szulanski 1996: 31). Organizations absorptive capacity will partly depend on the absorptive capacity of the individuals added with the organization's capacity of share knowledge through organization until its subunits. (Cohen & Levinthal 1990: 131)

Characteristics of the context

Kostova (1999: 312) argues that knowledge sharing is a contextually embedded process. She defines three types of context: social, organizational and relational. Regarding the social context research has shown that there is country-level effects on the success of transfer, with some countries providing a more favourable environment for transfer of certain practices while others can present number of difficulties or be more hostile towards the knowledge sharing (Riusala & Suutari 2004: 747). When the organizational context facilitates the development of the transfer Szulanski (1996) calls it fertile and

when it hinders the transfer she calls it barren. Nevertheless transfer failures are possible even when both the social and organizational contexts are favourable (Kostova 1999: 317).

The organizational culture defines the values of the organization as well as the “rules” or practices for knowledge sharing. In order to knowledge sharing to take place it must be motivated or compensated as any other form of exchange. Market forces exist even though the exchange is intangible. The person willing to share knowledge, also called knowledge seller, considers the possible benefits of the transaction and the fact if these are bigger than the negative ones. Time and effort are infinite so in general people are not willing to use their time freely. The possible payments in the knowledge markets are reciprocity, repute and altruism. Knowledge seller waiting for reciprocity expects that when he is looking for knowledge he will get it in turn. There are also people who only are looking to share the knowledge in order to get a reputation of knowledgeable person with valuable expertise. This can help to achieve reciprocity when needed. Luckily there are also people who are willing to help only to get the joy of helping, they enjoy sharing the knowledge of the issues, which they are passionate about, and simple thank you is payment enough. (Davenport & Prusak 1998: 26-34.)

Despite the efforts of organization or managers to control knowledge sharing, as Michailova & Husted (2004) express it, hoarding or sharing knowledge is an individual decision. Relationships that employees have with each other have a significant impact on that with whom they want to share the knowledge. Motivational systems can be created to promote knowledge sharing but these cannot control the process. People make their own decisions based on preferences and with whom they interact in general.

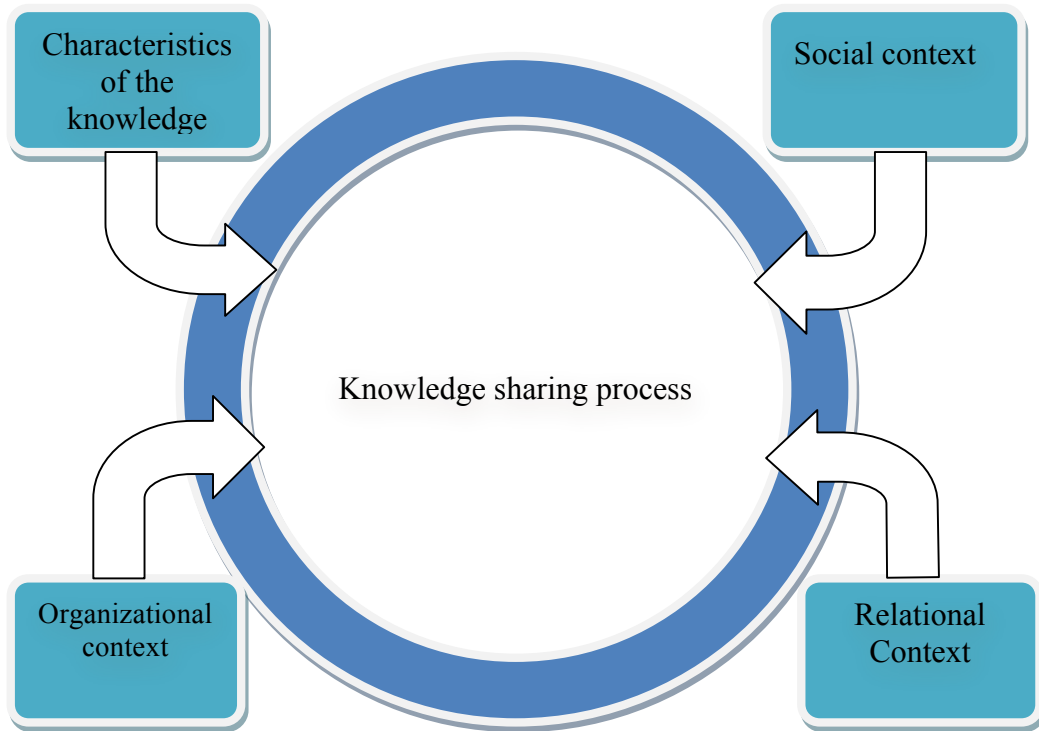


Figure 3. The stickiness factors affecting the knowledge sharing process (Adapted from Riusala & Suutari 2004: 751)

Relational context

This emphasizes the importance of the quality of the relationship between the sender and the receiver in the knowledge sharing process. “An arduous relationship might create additional hardship in the transfer” Szulanski (1996). This has notable implications especially for tacit knowledge sharing, which may necessitate numerous individual exchanges (Nonaka 1994 in Szulanski 1996: 32). The ease of communication has a notable impact on successful knowledge sharing (Arrow 1974).

Szulanski (1996) found that an arduous relationship between the sender and the receiver was one of the most important origins of stickiness. As relationship serve a conduit for knowledge, the quality of the relationship between two persons is essential for the fluent exchange between two parties. Nevertheless Szulanski (1996) did not study knowledge transfer stickiness in a cross-cultural MNC context. The scope of the study was on internal stickiness but he did not take a cultural aspect on it therefore it is an aspect which should be studied in more detail. The importance of relational context in the knowledge sharing process will be discussed more in detail later on in the literature review when homophily and social capital are reviewed.

Embedded nature of the knowledge sharing makes the tie strength between individuals an important point to understand the knowledge sharing behaviour. (Uzzi 1997, Hansen 1999) In my study I will concentrate on ties between individuals and start looking interpersonal relationships more in detail.

2.3 INTERPERSONAL RELATIONSHIPS

Organizations are not living organisms without people who are forming it. The same applies when it comes to organizational knowledge creation; people are the driving force behind the initiatives and actions made in organization's name. As Nonaka and Takeuchi (1995) have defined team members create new points of view through dialogue and discussion. Brass et al. (2004) add that "when two individuals interact, they not only represent an interpersonal tie, but they also represent the groups of which they are members. Thus inter-unit ties are often a function of interpersonal ties and the centralities of units are a function of their members' connections" (Brass et al. 2004: 801). The sharing of knowledge can sometimes lead to a conflict or disagreement but this only pushes to change the old premises in order to create new solutions. This kind of series of events facilitates the transformation of individual knowledge into organizational knowledge.

Borgatti and Cross (2003) created a model where three learned characteristics of relationships affecting the interpersonal knowledge seeking are defined. The research was conducted in two separate organizations. According to the authors the probability of seeking information from another person is a function of knowing what that person knows, valuing what that person knows and being able to gain timely access to that person's thinking.

Earlier studies have shown that relationships are important part of knowledge acquisition process. People who you know has a significant impact on what you come to know, as relationships are critical for obtaining information, solving problems and learning to do your work. For example engineers and scientist are roughly five times more likely to turn to a person for information than to an impersonal source such as database. Impersonal information sources were used only when managers haven't got any relevant information from their colleagues. (Cross et al. 2001:101-102.)

A line of research that has contributed to the understanding of interpersonal cross-border relationships is social capital (Mäkelä 2006: 36). Thus I will look social capital theory in detail as a basis for the quality of the relationship. Along these relationships also knowledge is shared.

2.3.1 Social capital theory

Kogut and Zander (1996: 503) proposed, “that a firm be understood as a social community specializing in the speed efficiency in the creation and transfer of knowledge”. For the basis of my study I will use the social capital theory in order to explain the knowledge sharing process on interpersonal level. Social capital is all about the significance of relationships as a resource for social action.

Nevertheless social capital is not a unidimensional concept it is more like a theoretical umbrella that has been used in a variety of ways including both individually and socially owned social capital views. Authors do not agree whether social capital is individual or a collective good. The focus of individual perspective is on how individuals invest in social relations and how they capture the embedded resources in the relations to generate a return. Whereas in the group level the focal interest is on how certain groups develop and maintain more or less social capital as a collective asset, and how such a collective asset enhances group members’ life chances (Lin, Cook & Burt 2001: 7-8). According to collective aspect of social capital one person’s use of social capital does not diminish its availability to others. But if an individual does not be a part of the social network, one can be excluded of given network of relations and knowledge circulating in it (Adler & Kwon 2002: 22). Quoting Lin et al. 2001: most scholars agree that social capital can be both collective and individual, i.e. “institutionalized social relations with embedded resources are expected to benefit both the collective and the individuals in the collective”

As mentioned different authors have concentrated on various facets of social capital while sharing a common interest in how relational resources aid to conduct of social affairs. Most of the social capital is embedded within networks of mutual acquaintance and recognition.

Even though social capital can take many forms each of these forms has two characteristics in common (1.) they constitute some aspect of the social structure, and (2.) they facilitate the actions of individuals within the structure. Social capital differs from others forms of capital because it is difficult to quantify or measure and the parties

in the relationship own it jointly and no one has exclusive ownership rights. If one or the other part of a relationship withdraws the connection, which was a source of social capital, it dissolves. Unlike other forms of capital, social capital also increases with use rather than decreases. It is tied on relationships and it is not traded easily or passed to one person to another. Social capital depends on social relationships and these relationships have to be maintained constantly. (Adler & Kwon 2002: 22; Nahapiet & Ghoshal 1998: 244.)

2.3.2 Social network theory

Social network research refers to a variety of studies that focus on relationships and patterns of connections between individuals or social structures. Social network research tends to use quantitative approaches to study the network structure. The focus of social network studies is on ties bridging people together and concept of network distance is used when looking at networks with three or more members or nodes. The number of nodes describes the network complexity; more there are nodes the more complex is the network. (Brass et al. 2004; Mäkelä 2006.)

An example of networks' importance for knowledge sharing in the MNC was illustrated in the article of Eerola in Talouselämä 2010. The article described how researchers of University of Turku had created a tool called Spindel to identify the "hidden network". With the help of interviews conducted among the employees Spindel creates a model, which shows what kind of connections employees have, and how knowledge is shared in the organization. According to article what is important for a company is to recognize the people who have more connections and have better access to information than others. Spindel can also determine in which direction the knowledge flows in the organization. (Eerola 2010: 62.)

A bigger network size does not always mean better sources of information. Dense network is costly to maintain and in order to have valuable information sources one has to have diversity in connections, which is more important than the network size. When the relations are strong between people, nobody has any special knowledge and everybody discovers the same opportunities at the same time. It is the number of non-redundant contacts what matters. Contacts are redundant if they lead to the same people and so provide the same information benefits e.g. people having a strong relationship as husband and wife, close friends or people from the same family it is called the redundancy by cohesion. One has an easy access to information of both if either one is a

contact. Other form of redundancy is the redundancy by structural equivalence, which occurs when two people have the same contacts, regardless the relation between them. Both of these contacts lead to the same information. In order to make network more efficient only one of these redundant contacts is needed. According to Burt 1995 a separation between non-redundant connections forms a structural hole. Non-redundant contacts are connected by a structural hole, and as a result of the hole the information provided by these two contacts is not overlapping (Burt 1995: 17-18). On some contexts structural holes are also called boundary spanners. If a person, who is a boundary spanner, leaves the organization, the organization can lose all the valuable knowledge and relationships he had established at once. Few people can keep the whole network together (Cross et al. 2001: 10).

In addition to discussion about individual or social characteristics of social capital, there are also two other views describing social capital and networks: bridging and bonding views. Bridging view focus on external linkages between actors, these linkages can create benefits to an individual e.g. if the person is a link between many groups not otherwise connected also called a structural hole in the social capital terms. A structural hole benefits of exceptional information flows from various parts of the organization. Whereas bonding view concentrates on internal ties forming a group and aspects, which increase cohesiveness and collectivism as well, as facilitate trust and cooperation between actors. (Adler & Kwon 2002.) In order the social capital to be beneficial to the company, organisation must find ways to utilize both bridging and bonding aspects (Edelman et al. 2004: 62).

Burt (1995) who is one of the most important authors representing the bridging view mentions an old proverb, which says that success is determined less by what you know than by whom you know. Network provides access to information well beyond what one could process alone. Access, timing and referrals are advantages that a person can get from social capital. People are unevenly connected with one another and they are attentive to information, which is important to them or their friends. Thus it is crucial to have an access to a valuable piece of information and knowing who can use it. To be able to prevent some future changes in stock exchanges or in work opportunities it is vital to have the information early on. Personal contacts can make it happen. If the information is not indispensable for you, investing it back to the network by passing it to a friend who could benefit from it can be useful in the future. One can also coordinate information going to others with personal contacts. One person can be only in one place at the time, so it is important to have a good network of people who might mention your

name in a right spot in order to take advantage of opportunities presented to you. These referrals can be beneficial e.g. for your future career. Social capital can be also the distinctive criteria when searching a right person for a job because the rest of the qualities and skills required handling the task can be rather similar. (Burt 1995: 9-14.)

However loyalty to a social group can sometimes have a downside. According Adler & Kwon (2002: 30) for example in Germany firms are too loyal to established suppliers and, thus they are slow to seek or adopt new ideas. Firms do not seek actively new innovations but rather keep nurturing the old business relations.

Burt (1995) argues that whether a relationship is strong or weak it generates information benefits when it is a bridge over a structural hole. According to Hansen (1999) who studied inter-unit ties in knowledge sharing process context in a product development knowledge context found that strong ties are conducive to the transfer of complex knowledge while weak ties helped in the search for new knowledge (Barner-Rasmussen 2003: 8). Weak ties or arm's length ties are more frequent but the knowledge exchange is less important and not suitable for sharing complex forms of knowledge (Hansen 1999: 83; Uzzi 1997: 42). Reagans and McEvily (2003) continued research on network structure and strong ties and their results showed that it is easier to transfer all kinds of knowledge through strong ties. They also found that tacit knowledge was more difficult to transfer than codified knowledge. Based on their findings they infer that it is more efficient to transfer tacit knowledge through strong ties and codified knowledge through weak ties because strong ties are costly to maintain.

In my thesis I'm looking relationships between two individuals so the focus of my study is rather on social capital than on social networks. However these two approaches are related and partly overlapping, e.g. the research of Burt has been incorporated into social capital instead of social network theory by some authors and vice versa. In addition it is important to acknowledge the importance of networking for the knowledge sharing for the overall performance of the organization. While explicit knowledge is shared throughout the organization, tacit forms of knowledge remain embedded in individuals and can be shared among them or special groups where they belong in the right circumstances. (Durbin 2011: 101.) Therefore it can be said that network approach helps me to understand the ensemble of factors affecting relationships and ties between people and thus to knowledge sharing. Theory of interpersonal homophily can be seen as an extension of social network theory where dyadic relationships and networks are

the basis of creation of homophily which lies in the centre of my interest when looking interpersonal relationships and knowledge sharing.

2.4 Interpersonal homophily

I will now go back to my research question: to what extent is homophily useful in explaining (a) the development of social capital, and (b) interpersonal knowledge sharing. With the help of theory about interpersonal homophily I will explain based on what characteristic people develop connections and why knowledge sharing is more likely to occur between similar people and how this has an impact on knowledge sharing behaviour.

Watts (1999: 13) describes homophily as a “tendency to associate people like yourself” (cited in Mäkelä, Kalla & Piekkari 2007). The concept of homophily comes from sociology and it has been proved in several studies in the area of sociology that homophily exists in dyadic relationships and social networks. Ever since homophily has been found in variety of characteristics in many different settings. Similarity may be based on geographical proximity, cultural (such as race, nationality and religion), genetic (such as gender, age and kinship) or behavioral (such as education, occupation, social class, position, abilities, attitudes or values) resemblance (McPherson, Smith-Lovin & Cook 2001). Marsden (1988) defined that “Homophily refers to the degree to which pairs of individuals who interact are similar in identity or organizational group affiliations” (Marsden 1988 cited in Ibarra 1993: 61). McPherson et al. (2001: 416) describe the same phenomenon by arguing that “homophily is the principle that a contact between similar people occurs at a higher rate than among dissimilar people”, heterophily being the opposite concept of homophily.

Lazarsfeld & Merton (1954) are one of the first authors to write and merge observations about homophily under the one concept. They identified two forms of homophily, status and value homophily. Status homophily includes ascribed characteristics like gender, race, sex or age and acquired characteristics as education, occupation, religion or behaviour patterns. Value homophily refers to learned behaviour, shared values and attitudes, which unifies people. Later on in my study I will look separately these two forms of homophily.

People have a natural urge to go towards similar people and to feel that they belong to a familiar context; hence they form groups and networks with people who share same interests. Similarity on values, attitudes, and beliefs will facilitate interpersonal attraction. People want to reduce the strain produced by disagreement, therefore they avoid communicating with individuals that they dislike or who hold different opinions from their own (Mannix & Neale 2005). It is also easier to be around people who think alike because that way people do not have to explain themselves. People also tend to assume that their friends are like them, when in fact the areas of disagreement are simply not discussed. In fact the mutual communication is often based on agreement of opinions. In the international meeting even if one is rounded by unknown people, individuals tend to seek their way towards people at same age, same kind of educational or ethnic background, all these are visible features which can be revealed by looks e.g. by clothing style. Whenever individuals from different groups mix, it is usually because they have something else in common (McPherson et al. 2001).

Mäkelä et al. (2007: 7-8) separate the terms interpersonal similarity and interpersonal homophily. Interpersonal similarity refers to the fact that people are similar with regards to some factor or characteristic whereas interpersonal homophily describes the tendency of similar people to interact with each other. Thus can be said that interpersonal similarity forms the base for interpersonal homophily. The central idea of homophily is that connection is more likely to occur between similar than dissimilar people, whether based on geographical- or cultural proximity, genetic or behavioural resemblance.

McPherson and Smith-Lovin (1987) researched homophilic behaviour in a group and the object of the study was to find out if the creation of homophily was based on individual choice or if it was more like an induced based action. They found evidence for both types. However they discovered that homophily in friendship pairs was still somewhat greater than would be expected by chance even within groups. Consequently they proved that homophily has great power in groups.

2.4.1 The effects of homophily on interpersonal knowledge sharing

Knowledge does not always flow evenly throughout the organization. It often appears to flow more fluently in some part of the organization than in others. Thus who is interacting with whom has a fundamental importance to internal knowledge flow. Mäkelä et al. (2007) suggest that interpersonal similarity is one of the factors behind the effective knowledge sharing. It has been pointed out in several studies that interaction

between two parties increases knowledge sharing between them (Hansen 1999; Nahapiet & Ghoshal 1998; Tsai & Ghoshal 1998).

It can be said that interpersonal similarity increases ease of communication, improves predictability of behaviour, and fosters relationships of trust and reciprocity (Ibarra 1993: 61). In addition people working in a same department or similar positions tend to have same kind of vision of the world. It helps to individual's ability to work well together and facilitates the interaction (Alderfer 1987 cited in Ibarra 1993: 61).

Nevertheless homophily can be also an impediment for knowledge sharing when separating people in different sub-groups or clusters and thereby creating a paradox of homophily. The paradox of homophily is the situation where knowledge flows better within the group than between them in other words interpersonal similarity limits people's social connections and that way received information, formed attitudes and experienced interactions. In a MNC where employees have different cultural backgrounds interpersonal homophily can create a clustering effect and it can facilitate the knowledge sharing with in the groups of similar people but complicate the knowledge sharing at the organizational level if several subgroups do not communicate effectively with each other. Knowledge sharing is a natural but often unintended by-product of all interaction between people. This shows the importance that homophily can have to the internal knowledge flows in the MNC. (Mäkelä et al. 2007: 3-4, 13.)

According to study conducted by Mäkelä et al (2007) found that national-cultural background, shared language and the similarity of organizational status were driving forces for creating connections between managers. Their findings showed that especially similarity of national-cultural background created a strong bond between people located in different units and countries, by facilitating common cognitive ground behind shared values, belief systems and codes of conduct. Similarity has positive impact on certain dimensions of social capital and it has been recognized that social capital is a key driver of knowledge sharing.

In the article of Mäkelä, Andersson & Seppälä (2011), which was based on previous studies about homophily, researchers examined how interpersonal similarity in terms of nationality and organisational function influences knowledge sharing across different MNC units. They concentrated on interpersonal level knowledge exchanges between units called bridging view of the social capital. (Mäkelä et al. 2011: 3.)

Interpersonal-level knowledge sharing occurs between individuals acting on behalf of their respective groups during the everyday life of MNC. These interpersonal level exchanges constitute a majority of knowledge flows between units. As knowledge is a bi-product of interaction, the more extensive this interaction is the more possibilities there are to intentional and serendipitous knowledge sharing. Thus distance is a natural barrier for knowledge sharing. The interaction across distance is often only needs based, and one must to take active role writing e-mails, picking the phone and arranging face-to-face meetings. In addition Mäkelä et al. (2011) argue that, “managers sharing the same nationality/language or function are more attracted to interacting each other than dissimilar managers are, as this reduces psychological discomfort arising from cognitive or emotional disparity” (Mäkelä et al. 2011: 4).

Mäkelä et al. (2011) assert that cultural/linguistic (shared nationality) and functional (shared function) similarity leads to more structural, relational and/or cognitive social capital between interaction partners, and that this positively mediates their relationship to knowledge sharing. This points out that the similarity, as a driver of social capital is more important than the similarity itself. (Mäkelä et al. 2011: 3, 10.)

In their study Mäkelä et al. (2011) came to conclusion that in the MNC context cultural and functional similarity seemed to be more powerful sources of bias than demographic characteristics such as gender or organizational status. This may be explained by the fact that gender and organizational status are more evenly distributed across the organization while cultural and functional barriers create more defined and observable fault lines, which often correspond with unit boundaries. Their findings points to the possibility that it's not that much the similarity itself that matters for knowledge sharing but rather the fact that it drives social capital. Investment in relations may be equally or more beneficial than investment in various systems and tools for knowledge management. (Mäkelä et al. 2011: 10-11.) Nevertheless I believe that results of these kind of studies are at least partly influenced by the data sample. In some context gender or cultural similarity may have more importance than in others. Mehra, Kilduff and Brass (1998) explain this phenomenon by arguing, “The lower the relative proportion of group member in a social context, the higher the likelihood of within-group identification and friendship.” They follow the footsteps of creators of distinctive theory and claim that the salience of a category as a basis for social identification is a function of its relative rarity in a given context. For example fewer women there is in the group, greater is the likelihood that they will create strong ties and become friends among them. However sharing a demographic characteristic is unimportant if it has no

importance in the context where they meet. For example there is difference if two Americans meet in the streets of New York or in the streets of Paris. In Paris the connecting characteristic would be being American abroad. (Reagans 2011.)

To the extent that women are token, has a negative influence to informal interaction patterns because they presence a substantial part of the work force (Kanter 1977). Women are often outside the informal networks where valuable knowledge circulates. This puts them in weaker position than men who are often in the majority in the organization of a MNC especially in higher levels. Lack of access to emotional resources with knowledge and information, which circulates within these networks, may hinder substantially their chances to get promotions or even just get things done properly in the organization.

As a conclusion Mäkelä et al. (2007) argues that interpersonal similarity drives towards effective knowledge sharing, while the interpersonal differences emphasize the difficulties of knowledge sharing. It would be also important to explore cultural variations in homophily. The basis of homophily and its impact may be different in different cultural contexts. For example, homophily may have a stronger effect in collectivist cultures than in individualistic ones (Mäkelä et al 2007: 16).

2.5 Quality of the relationships

In order to address the research question of the thesis I will now discuss about social capital and explain how social capital defines the quality of the relationship. If there is not a relationship between two individuals, no knowledge sharing will take place either.

Definition of social capital

In my thesis I will use the definition of Nahapiet and Ghoshal (1998: 243), based on Bourdieu (1986, 1993) and Putnam (1995), for social capital “as the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit.” As a basis of measurement for social capital in my study I will also adopt the three-dimensional framework of social capital developed by Nahapiet and Ghoshal (1998).

As social capital is a set of social resources embedded in relationships Tsai & Ghoshal (1998: 464) I will concentrate on looking the quality of the relationship as a determining

factor to the fluent knowledge flow between two individuals. Nahapiet and Ghoshal (1998) created a three-dimensional framework of social capital where the quality of the relationship is described by frequency of interaction, interpersonal trust and shared cognitive ground. Nahapiet and Ghoshal (1998) separate three categories of social capital admitting that many of the features they describe are highly interrelated. Mäkelä (2006) tested the model of Nahapiet and Ghoshal and found that frequency of interaction, perceived trust, and shared cognitive ground within an interpersonal cross-border relationship influence knowledge sharing. Therefore I will use the framework as a basis of explaining how social capital influences interpersonal knowledge sharing.

Tsai and Ghoshal (1998) provided the first empirical application relating social capital to value creation in MNC concept by showing how each dimension of social capital facilitates the value creation and sharing process across units within an MNC. For structural dimension they used the term “social interaction”, for cognitive dimension “shared vision” and for relational dimension “trust”

2.5.1 Frequency of interaction

“Structural dimension is mainly concerned with the impersonal linkages between people and units such as the existence of network ties between actors” (Barner-Rasmussen 2003: 11). Density, connectivity, hierarchy and appropriable organization (i.e. the existence of networks created for one purpose that may be used for another) are the measures used in describing the pattern of linkages between actors. Reagans and McEvily (2003) found that individuals who communicate with each other frequently or who have strong emotional attachment are more likely to share knowledge than those who communicate infrequently or who are not emotionally attached.

Social interactions were those formal or informal, are channels for information and resource flows (Tsai & Ghoshal 1998). Frequency of these interactions is the necessity leading to knowledge sharing to be possible. In the study of Mäkelä (2006: 133) frequency of non-face-to-face interaction was found to facilitate sharing of information but not sharing of knowledge. On the contrary face-to-face interaction was not found to facilitate information sharing; it helped only the knowledge sharing process. When sharing knowledge MNC should not use only virtual communication because otherwise the important knowledge is not necessarily passed.

Information can be costly to gather; however social relations which may have been created for other purposes, constitute channels through which information can be gathered saving time and investment (Nahapiet & Ghoshal 1998: 252).

2.5.2 Interpersonal trust

The scope of the study being the knowledge sharing on the interpersonal level I will concentrate mostly on the relational dimension of social capital and trust as a facilitating force. Strong interpersonal attachments also facilitate the formation of trust, which may ease the exchange of knowledge (Reagans & McEvily 2003).

Relational dimension focuses on personal relationships which people have developed through their lifetime such as respect and friendship that influence their behaviour. It is through these on-going relationships that people fulfil such social motives as sociability, approval, and prestige. Nahapiet and Ghoshal (1998: 244) suggest that if there are two similar actors having similar network configurations, but their personal and emotional attachments to other network members differ, it leads to that their actions may differ also in important respects. For example a person who has important relational bonds to his fellow workers can choose to stay in a firm even though the economic advantages in that particular firm would not be the same than elsewhere. If these links are missing people can easily change the employer in order to have better options and career promotions. When using the concept of the relational dimension of social capital Nahapiet and Ghoshal (1998) refer to all those assets created and leveraged through relationships. Relational dimension includes such concepts as trust and trustworthiness, norms and sanctions, obligations and expectations, and identity and identification (Nahapiet & Ghoshal 1998: 244; Tsai & Ghoshal 1998: 465).

In the Oxford English Dictionary trust is defined as “confidence in or reliance on some quality or attribute of a person or thing”. As the Oxford English Dictionary states originally trust exists between two individuals; it is conditional on the bond between them. However in the organizational context trust can be also a collectively held asset when individuals form a bond to another organization (Zaheer, McEvily & Perrone 1998: 143).

Trust is critical because competition is imperfect. It is crucial to choose the right people who to trust in order to have confidence to passed information and to be sure that your contacts look out for your interests. Before helping someone out people often ask if this person will return the favour when they would need it. Even in the case of strong

relationship the risk factor will always be there. According to the research strong relationships and mutual acquaintances tend to develop between people with similar social attributes such as education, income, occupation, and age as well as mutual interests because persons who are more alike will feel the connection and are less likely to betray each other's trust (Burt 1995: 15). According to Abrams, Cross, Lesser & Levin (2003) trust leads to increased overall knowledge exchange, when relationships are high in trust people are more willing to engage in social exchange in general and cooperative interaction in particular. Trust makes knowledge exchanges less costly and increases the likelihood that knowledge acquired from a colleague is sufficiently understood and absorbed that a person can put it to use (Burt 1995: 15; Zaheer et al. 1998: 144). One can also find support from research of Nahapiet 1996 and Ring & Van de Ven 1992 to the claim that where there are high levels of trust people are more willing to take risks (Nahapiet & Ghoshal 1998: 254-255). There is a two-way interaction between trust and cooperation, trust lubricates cooperation, and cooperation itself breeds trust (Putnam 1993 in Nahapiet & Ghoshal 1998: 255).

Knowledge flows often better within these informal subgroups than between the groups. These informal subgroups are in fact compared to social capital theory and networking providing more tacit or relevant knowledge and early access to information. Nevertheless these subgroups can hinder the knowledge sharing in the whole organization creating barriers between different subgroups. However interpersonal homophily can work as a bridge bringing together people from different parts of the organization which would not otherwise be in contact. (Mäkelä et al. 2007:12-14.)

Nahapiet and Ghoshal (1998) argue that trust representing the relational dimension of social capital facilitates the sharing of intellectual capital. They suggest that trust helps to create necessary conditions to knowledge exchange and combination to take place. Mäkelä (2006: 133) found that in addition to know-how shared trust facilitates also the sharing of information.

According to Barner-Rasmussen (2003) (Walcor case study) relational social capital emerges over time, at its own pace, provided certain conditions are met e.g. that inter-unit conflict and competition remains at reasonable level and provided process is not disturbed by organizational changes (Barner-Rasmussen 2003: 31). Mäkelä and Brewster (2009) studied also social capital and the consequences what different interaction contexts may have on knowledge sharing. Authors discovered that cross-border and expatriate/repatriate interaction contexts are associated with more

interpersonal trust and shared cognitive ground than interunit meeting and project group ones, and the expatriate/ repatriate context with more shared cognitive ground than all other contexts. This means they are likely to be particularly fruitful approaches to addressing tasks that require collaboration, resource exchange, and innovative behaviour. The respondents of the study were from single cultural setting – Finland that can limit the usefulness of these findings in cross-cultural environment. It has been also discovered that the more emotionally involved two individuals are, the more time and effort they are willing to put forth on behalf of each other, including effort to share knowledge (Reagans & McEvily 2003).

2.5.3 Shared cognitive ground

The third dimension of social capital, the cognitive dimension, encompasses organizational phenomena such as shared representations, interpretations, language, codes, narratives, and systems of meaning among parties which facilitate a common understanding of collective goals and proper ways of acting in a social system (Nahapiet & Ghoshal 1998: 244; Tsai & Ghoshal 1998: 465). Shared language, codes and narratives represent important facet when considering the concept of intellectual capital (Nahapiet & Ghoshal 1998: 244, Barner-Rasmussen 2003: 11). In order to develop cognitive dimension of social capital and a shared vision, a set of common values are needed, which in turn facilitates individual and group actions that can benefit the whole organization (Tsai & Ghoshal 1998: 465). Language has direct and important function in social relations; it works, as an instrument of communication and often it is the first connecting or separating thing in social encounters. In other words, common language facilitates the access for information and when language and codes are different it keeps people apart. (Nahapiet & Ghoshal 1998: 253.)

What comes to people as carriers of knowledge, sharing of tacit knowledge will be easier and happen more quickly if these two parties will understand each other easily. This has been argued by Reagans and McEvily (2003) who found that knowledge sharing is easier process when two parties share a common knowledge base; it makes the sharing less complicated. Results of the study of Mäkelä 2006 indicated that shared cognitive ground has a significant positive relationship with knowledge sharing. However it should be taken into consideration that employees working for the same organization might share cognitive ground even though they do not have a specific interpersonal relationship. (Mäkelä 2006: 132.)

2.6 Connections based on cultural similarity

Knowledge sharing in the international context is a natural part of the employee's ordinary day in the MNC. Therefore people working in the multicultural teams for the global project need to be able to share knowledge with ease. In order to share knowledge effectively one must be aware of cultural differences and act based on those. Nevertheless there is not yet a robust theory of interpersonal knowledge sharing in the cross-cultural environment. Factors affecting knowledge sharing process on interpersonal level need to be understood and studied more profoundly.

2.6.1 Definition of culture

Culture has various definitions; it is a complex phenomenon, which is not easy to define properly. In order to be able to describe this complex phenomenon called culture one must simplify and make stereotypes. Geert Hofstede is one of the most influential scientists who have done research about culture. A Hofstede's book, *Culture's consequence*, was first published in 1980 and the data were gathered during 1968 and 1972. Cultural patterns or are not easy to measure. Hofstede's ability to elaborate the complex phenomenon of culture in simple and measurable terms explains the popularity of his work even today (Fang 2010: 156). To mention a few other important researchers in the area of culture Trompenaars's onion and Edgar Schein's visible and invisible culture conceptions have served as innovation for future studies (Holden 2002). Although Hofstede's work has been collected decades ago and cultures may have changed in their values or attitudes since Hofstede collected his research it remains one of the most extensive publication describing and comparing cultures.

Geert Hofstede defines culture as "the collective programming of the mind which distinguishes the members of one human group from another" (Hofstede 1980). In this view of culture distinctions between cultures are emphasized. Cultural differences and foreignness are seen essentially as a problem (Fang 2010: 256; Brannen 2004). According to this view internationalization of business adds the uncertainty and costs, which domestic firms do not need to worry about.

"In the era of globalization and Internet, culture and management philosophy are becoming less nationality-based and geography-specific but more situation-specific, context-specific, and time-specific. Cultural values and management skills can be learned, transferred and shared by corporations and professionals of different cultural

origins “ (Holden, 2002). Different from the Hofstede times, cross-cultural management in the twenty-first century, as implied by Yin Yang and dialectical thinking, is not about managing cultural differences but about managing cultural learning, cultural change, cultural paradox and cultural harmony in a globalized multicultural business world with workforces of multicultural minds and with markets of multicultural tastes. Nevertheless the clarity and consistency identifying cultural differences and juxtaposing one culture against another along cultural dimensions is the strength of Hofstede’s paradigm facilitating cross-cultural comparison (Fang 2010: 158).

2.6.2 Characteristics of culture

Hofstede has expressed that “Culture determines the identity of a human group in the same way as personality determines the identity of an individual”. This is the phrase that captures the whole meaning of the culture compared with personality, which is more easily distinguished. Culture shapes behaviour and influences one’s perception of the world (based on Adler 1991 and Guirdham 1999 from Holden 2002: 22).

Hofstede’s (2005) definition of culture includes systems of values being among the building blocks of culture. In many definitions about the culture there is also symbols mentioned as a way of transmit thinking, feeling and acquired ways to react on different situations. When running into a new situation, as human beings we are not acting randomly, we draw on our experiences and patterns of conduct, which we use in our daily life. This kind of innate behaviour gives an explanation of the mental programming.

Everyone has some unique and shared parts in one’s mental programming. Hofstede (1980) separates three different levels of uniqueness in mental programs. The base of the humankind is level of mental programming, shared almost with all mankind. In this basic part belongs a range of expressive behaviours as laughing, associative and aggressive behaviours, it can be seen as a biological “operating system” of the human body. The next level in the pyramid is the collective one and this part is shared with people belonging same groups or categories i.e. cultural groups or family. This level includes language, the deference what we show to elders, the physical distance from other people, the way how we perceive general human activities like eating, making love, and the ceremonials surrounding them. On the top of the pyramid is the individual level which is unique for everybody, even the identical twins are not similarly programmed even though they have same genes and they been raised in same kind of

circumstances. Environment has an impact on the personality although it is hard to separate the individual personality and collective culture or to define which phenomena are culture specific and which belong to human universals. (Hofstede 1980: 14-16, 25.)

Culture is a collective phenomenon; it is a product of people who have shared their lives together forming these unwritten rules of social game (Hofstede et al. 2010: 6). Culture is learned, not innate. It derives from one's social environment rather than from one's genes. Culture should be distinguished from human nature on one side and from individual's personality on the other, but where the borders lie is a matter of discussion among social scientists (Hofstede et al. 2010: 6).

Human nature is what we all have in common; it represents the universal level in one's mental software. It is inherited in our genes and it determines our physical and mental functioning. The human ability to feel fear, anger, love, joy, sadness, and shame; and the need to associate with others all belong to this level of mental programming. However, how one act in a situation, does with his feelings, expresses fear of anger is modified by culture. Every human has his own personality what one does not share with others. It is partly inherited and partly learned. In this context learned means, modified by the influence of collective programming (culture) as well as by unique personal experiences.

Mental programming is partly inherited and partly learned after the birth. The impact of learning can be seen in the collective level, whereas genes are influencing the programming in the individual level. This is shown by the fact that we share common values and experiences with people who we have been close to during our lives even though we do not have the same genes. At least a part of our programming must be inherited which is explained by the differences in capabilities and temperament between the children raised by same parents in a similar environment. (Hofstede 1980: 16.)

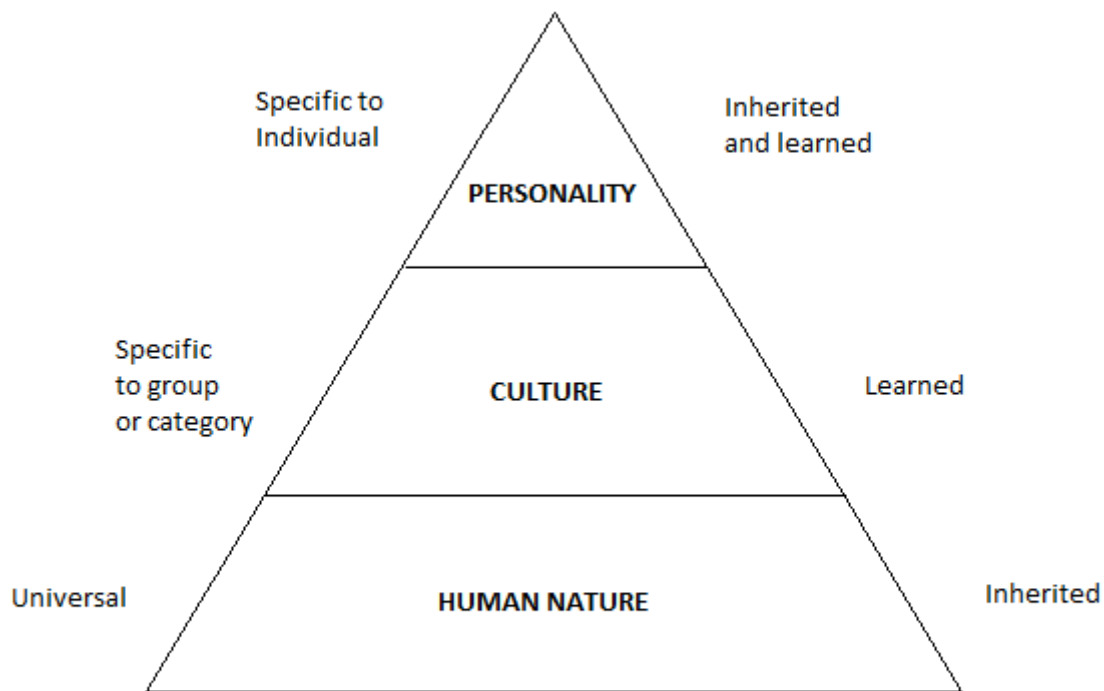


Figure 4. Three Levels of Uniqueness in Mental Programming (Hofstede 2005: 4)

Cultural differences manifest themselves in many ways. With onion-model Hofstede (2010) illustrates different levels of cultures and how these manifestations of culture are situated. Symbols represent the most superficial level of the culture manifestations and those are more easily changed than values, which are the deepest manifestations of culture and situated in the core of the onion. Heroes and rituals are in between these two. Words, gestures, pictures, or objects that carry a special meaning that is recognized only by those who share the same culture are considered as symbols. New symbols are easily developed when old one disappears, e.g. hairstyle or way to dress can change quickly. Symbols as flags or signs are also easily copied that's why symbols are put in the outer, the most superficial layer of the onion. Heroes serve models in a culture; they can be alive, dead, or even imaginary. The mission of a hero is to spread the wanted message with a story and give a model for normal citizens. Characteristics of a hero are highly valued in the culture and they are put above other people. Rituals are collective activities, which within the culture are considered socially essential. Way of greeting, paying respect to others and social and religious ceremonies belong to the group of rituals. In general they are carried out for their own sake. In the onion-model symbols, heroes and rituals have been subsumed under the term practices. Practices even though

they are visible to an outside observer their cultural meaning stays hidden if one is not familiar with the culture and their habits. (Hofstede et al. 2010: 7-9.)

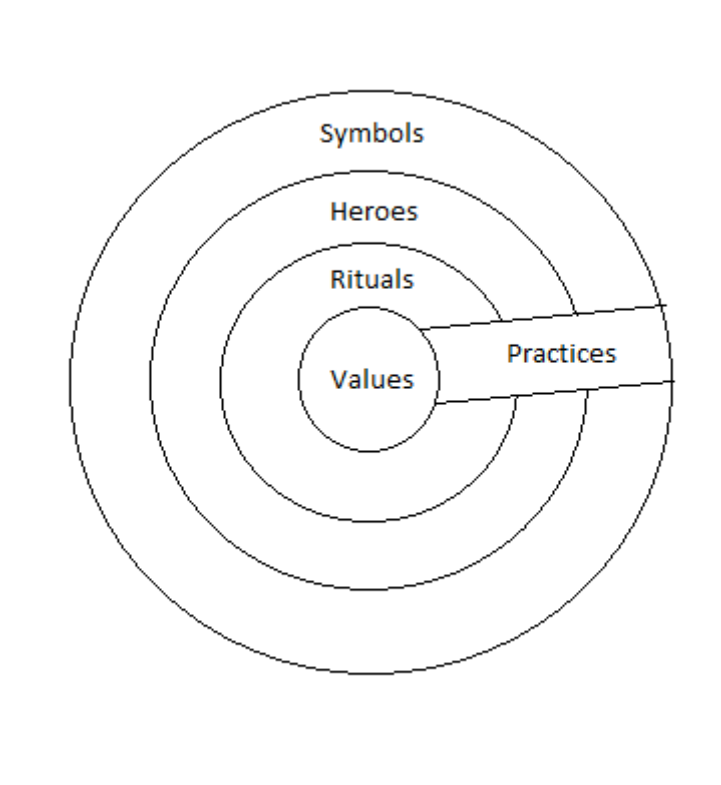


Figure 5. The “Onion”: Manifestations of Culture at Different Levels of Depths (Hofstede et al. 2005:7)

2.6.3 Layers of Culture

In the course of our lives we belong to a number of different groups and categories at the same time, and we unavoidably carry several layers of mental programming within ourselves, corresponding to different levels of culture. In particular:

- A national level according to one’s country (or countries, for people who migrated during their lifetimes)
- A regional and/or ethnic and/or religious and/or linguistic affiliation level
- A gender level, according to whether one was born as a girl or as a boy
- A generation level, separating grandparents from parents from children

- A social class level, associated with educational opportunities and with a person's occupation or profession
- For those who are employed, organizational, departmental, and/or corporate levels according to the way employees have been socialized by their work organization

The mental programs of these various levels are not necessary in harmony. In modern society they can be partly conflicting and make it difficult to anticipate one's behaviour in a new situation, for example if gender values are conflict with organizational practices. (Hofstede et al. 2010: 18.)

2.6.4 Values

Values are considered as the stable element in culture, more stable than practices, which can change more easily through time (Hofstede 2005: 21). Values are formed early in the childhood adapting parents' or other educator's values and beliefs. Human physiology provides us with a receptive period of some ten to twelve years, a span in which we can unconsciously absorb necessary information from our environment. This includes symbols (such as language), heroes (such as our parents), rituals (such as toilet training) and the most important our values (Hofstede et al. 2010: 9-10). Due to the early programming values are often non-rational even though of course for us they seem to be totally natural. Thus they are both consciously and unconsciously held (Adler & Gundersen 2008:20). Talking about our values is often difficult because it implies questioning our motives, emotions, and taboos (Hofstede et al. 2010: 23). Consequently it can be said that values determine our subjective definition of rationality. Values are especially important part of mental programs because nearly all our other mental programs such as attitudes and beliefs carry a value component inside them (Hofstede 1980: 17).

Culture has a power to reproduce itself and the behaviour and values what we have learned will automatically transfer to our children. Most parents do not question themselves or their cultural habits and consequently they are reproducing the education they received to their children whether they want to or not (Hofstede et al. 2010: 10-11).

2.7 The influence of culture on knowledge sharing behaviour

Hall (1989) explains that culture provides us a screening function. It is like we would watch the world through a lens that has selected what we ignore and what we pay attention to. There is an important purpose of this screening; it protects the nervous system from “information overload”. (Hall 1989: 85.)

Culture is reflected and expressed through the values held by the individual. Values impact attitudes and finally it defines behaviour of the individual (Adler et al. 2008: 19-20). The circular pattern of culture’s impact on behaviour and vice versa is illustrated in figure 6. I will use this pattern also as an assumption of culture’s impact on knowledge sharing behaviour.

Values determine what kind of behaviour is appropriate and accepted in a specific culture and thus in a long run it can also change cultural norms in a society (De Long & Fahey 2000). Therefore it can be said that culture, whether it is national or organizational culture, defines the context of social interactions by creating ground rules, expectations, principles that determine the environment where people communicate. In the model of Riusala & Suutari (2004) presented earlier in the literature review, social context was seen one of the forces influencing knowledge sharing process. Social context can be seen also affecting on interpersonal level, According to Hall (1989) understanding the context of communication is crucial to understanding the message. By the context Hall means the overall setting where the communication takes place. Codes, context and the meaning are mutually nondetachable (Hall 1989: 90). Hall created dimensions of communication where the context of communication is separated into high- and low-context cultures. In high-context cultures the message can be hidden in a nonverbal codes and gestures. On the contrary in low-context cultures message is explicit and interpretation is not needed (Hall 1989: 91). For example in the business negotiations, high-context cultures provide a context and setting, and let the point evolve. Getting to the point quickly is not valued in this indirect communication style (Andersen, Hect, Hoobler & Smallwood 2003: 84) In general high-context communication is economical, fast and efficient, however time must be allocated to programming of the message because otherwise communication is incomplete (Hall 1989: 101).

It has been argued by many authors in intercultural business communication that culture determines how individuals encode transmit and interpret messages (Freeman & Brown

2004; Kim 2005). While transmitting the message in an international setting, culture might function as a disturbing element and the intended meaning can be distorted (Lauring 2011: 234). Gudykunst and Kim (1997) argue that individuals cannot interpret or predict behaviour of a stranger without first understanding their cultural filters/background (Lauring 2011: 234). Similarly Beamer (1992) states that misinterpretation in a cultural setting is a common cause of problems i.e. when receiver interprets the message according to his own cultural frame of reference, which may be different to sender's intended message. In other words, intercultural communication becomes complicated when individuals use values and norms of one culture to interpret the behaviour of individual from another culture. The more individual learns about the foreign culture the better adapted one is to understand the message the way it was intended.

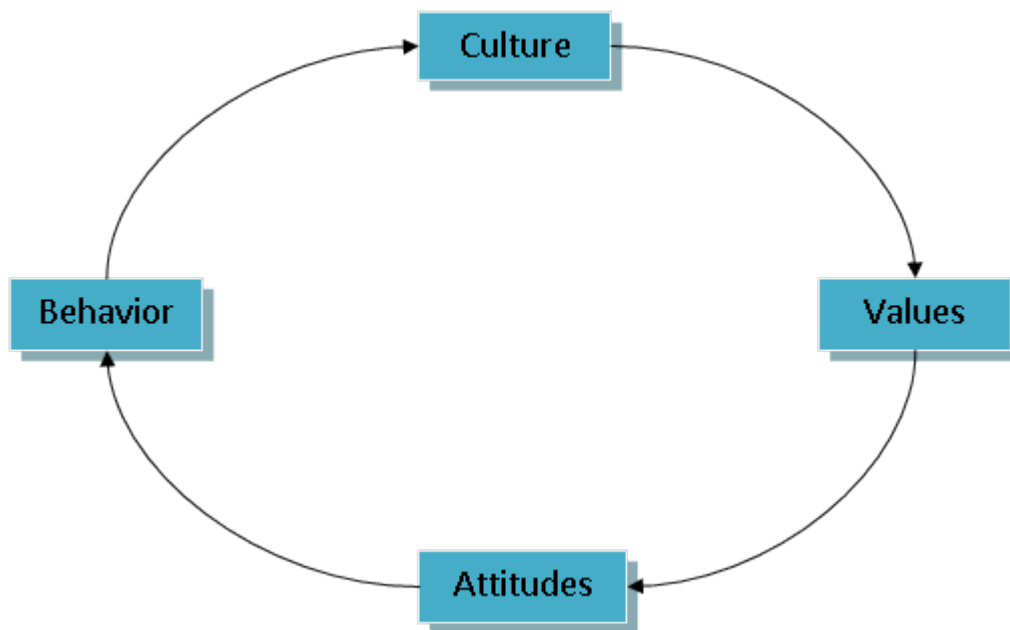


Figure 6. Influence of culture on behaviour and behaviour on culture (Adler et al. 2008:19)

Words, of which a language consists, are symbols in terms of onion diagram, which means that they belong to the surface level of a culture. Words are also the vehicles of culture transfer (Hofstede et al. 2010: 389). Since all communication is based on codes it is crucial to be able to read also the hidden messages during the communication process in order to understand the conversation partner. In addition individuals are often

unaware that they are not interpreting message similarly because they are concentrating on different aspects even though the language would be the same (Henderson 2005: 70).

Samovar, Porter and Jain (1981) cited in Brannen (2004) emphasize the meaning of culture in every day communication. They argue that culture dictates not only who talks with whom but also about what they are talking about and how the communication proceeds. Culture helps to determine how people encode and interpret messages and what kind of meanings they have for them. Their assumption is the more communicator's cultures overlap the more effective the communication is (Brannen 2004: 599-600). For example language is part of cultural traits, which bring a special challenge to cross-border knowledge sharing process.

Language and national-culture are interrelated but they do not always go hand-in-hand. Common language does not mean common cultural background and that can cause misunderstanding when two parties think to understand the hidden codes when they are speaking the same language. Shared language can drive interaction by facilitating communication, shared meanings, and shared systems of signification (Marshan-Piekkari & Welch 1999, Mäkelä et al. 2007).

Michailova & Husted (2003) studied individual's hostility against knowledge sharing in Russia. In Russia there has been a culture, which does not favour knowledge sharing. Cultural traits which made the knowledge sharing more difficult were: high uncertainty regarding how the receiver will use the knowledge, the high respect for hierarchy and formal power (power distance), strong group affiliation and suspicion for foreigners (related to a strong collectivistic culture).

The influence of culture on knowledge sharing has been identified also by Javidan, Stahl, Brodbeck & Wilderom (2005). Compared to Samovar et al., Javidan et al. (2005) share a more positive view on knowledge sharing. In their study called Project Globe they emphasize the fact that while any case of knowledge sharing may face obstacles and complexities, the cross-border knowledge sharing may face and some extra constraints. Success in a cross-cultural knowledge sharing does not depend only on the receiver absorptive capacity, but on the provider's transformative capacity and its ability to manage the knowledge sharing process. Therefore it is not the cultural differences per se what creates the impediments for knowledge sharing; it is rather the way they are managed. Effectively managed cultural differences may be the source of synergy and motivation for mutual learning. (Javidan et al. 2005: 73-74.)

According to Bhagat et al. (2002) people belonging in different cultural dimensions vary on knowledge sharing behaviour as well. In a vertical culture knowledge flows from top to the bottom, and managers or other people in high positions are making the decisions almost sole without consulting any experts, even if the area is unknown. In horizontal cultures knowledge can flow in both direction and more cooperation is made and advice is demanded more often. (Bhagat, Harveston & Triandis 2002: 209.)

2.8 The influence of culture on social capital

The study of Burt, Hogarth, and Michaud (2000) brought an empirical evidence for influence of culture on social capital. They studied effects of social capital on performance for American and French managers. Authors found similarities in the way the two groups distinguish between kinds of relationships, but differences in the way they develop social capital (Burt et al. 2000). The study explains how social capital can be created differently in different cultures but that it is equally important for the manager's success in both countries. This finding also supports the assumption of the importance of social capital for knowledge sharing.

Roth, Kostova & Dakhli 2011 argue that culture literature provides insight on the embeddedness of social networks. While formed by individuals, networks are embedded in the larger societal context and this embeddedness has not been fully explored. Roth et al. (2011) also argue that individualism will increase the fact that structural holes can be found and maintained. They assume that individualistic cultures have more ego-centred and less connected social networks, which can lead to larger number of structural holes. Individualistic cultures are also known to mobility. Mobility enables people to change circles and create new bridge ties among others that are not linked. (Roth et al. 2011: 20.) The arguments of Roth et al. would need an empirical study to clarify if individualistic cultures really are more effective in knowledge sharing because of the larger number of structural holes and facility to make a bridge ties among people not yet connected.

To conclude, culture has a huge impact on how we perceive the world and our behaviour. As mentioned earlier interpersonal level knowledge sharing occurs in our daily activities and our cultural background might be one of the elements that define to who we are talking to during a meeting or coffee break, and to whom we address for

help. Hence cultural homophily can be a big separating or connecting element leading to creation of social capital.

2.9 Theoretical framework

Interpersonal interaction between employees, which includes daily routines of an organization such as meetings, informal encounters, telephone calls, e-mails and various projects etc. creates the primary channel through which work of the MNC is conducted (Mäkelä 2006: 110). Considerable amount of knowledge is passed on during these encounters on interpersonal level. Knowledge can be shared intentionally or slipped unintentionally enrobed to other information. Nevertheless previous studies have concentrated more on unit level knowledge exchange; therefore knowledge sharing on interpersonal level should be clarified. The present study will try to fulfil this gap.

Previous research may have underestimated the importance of knowledge sharing on interpersonal level compared to transfer of best practices; nevertheless Cross et al. (2001: 101-102) discovered that interpersonal interaction was the main channel through which people prefer to seek and share knowledge. It was easier to turn to colleagues when looking some information compared to other means as intranet, documents, archives, or Internet.

In addition the research of Borgatti and Cross (2003) showed that one of the most important factors in a successful organization is its ability to map and leverage the expertise of its members in accurate and timely manner. The secret lies in the properties of the relationships which person has created and in how he manages to leverage expertise of his colleagues at the right moment in order to exploit the opportunity. (Borgatti & Cross 2003: 433.)

Interpersonal relationships create networks, which form important channels through which knowledge flows inside and between units. Individuals find it easier to go towards people that they have something in common with. Thus first contact is often created towards similar people, this attraction of similarity is called homophily in the literature. Homophily can be demographic, cultural, value based etc. It has been argued that homophily has an impact on creation of social capital and therefore I will use social capital theory examining knowledge sharing behaviour on interpersonal level. Quality

of relationship is measured by structural, relational, and cognitive dimensions of social capital developed by Nahapiet & Ghoshal (1998).

The structural dimension of social capital refers to ties and networks between individuals or units but it does not directly have an influence on knowledge sharing. Nevertheless it is highly important in the development of relational and cognitive dimensions of social capital. The more frequent encounters are, the better chance there is that relational and cognitive dimensions develop and alongside of these ties more knowledge can be shared. (Nahapiet & Ghoshal 1998: 251-252.) These ties make social interaction possible and work as a stimulus for development of relational and cognitive dimension of social capital. The cognitive dimension refers to shared interpretations and systems of meaning, and shared language and codes that provide the foundation for communication. (Gooderham 2007: 37.)

The interplay between these theories is illustrated in the heuristic framework below. Framework shows how homophily whether it is based on demographic characteristics like age, gender, national culture etc. or on values has both an indirect and direct influence to knowledge sharing. Homophily creates a channel through which knowledge circulates more easily between pairs of individuals or inside the group than between different groups. However homophily works also through social capital and its various dimensions as stated in the literature review. Homophily can be a powerful driver of social capital.

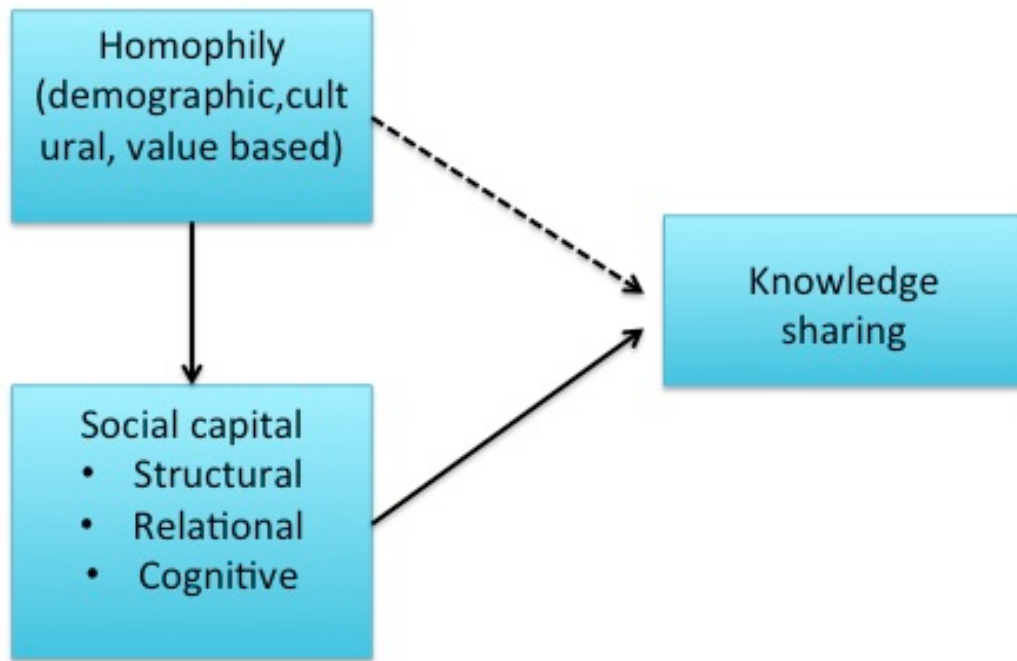


Figure 7. Framework of the study

The research question is twofold "to what extent is homophily useful in explaining (a) the development of social capital, and (b) interpersonal knowledge sharing.

Firstly it is willing to clarify how people develop connections, secondly how this impacts the development of interpersonal relationships (i.e. social capital), and lastly what is the combined effect on knowledge sharing. The core idea of social capital theory is based on the thought that "network ties provide access to resources" (Nahapiet & Ghoshal 1998: 252). I will test this framework (Figure 7.) with the qualitative interview study.

3. RESEARCH METHODOLOGY

The chapter contains the methodology applied for the empirical part of the study. In the beginning researcher demonstrates the research approach, which is used throughout the study and describes methods used for data collection. Further on the selection of participants is introduced.

3.1 Research approach

There are two main research approaches qualitative and quantitative. Qualitative study is often defined as the opposite of the quantitative approach, which uses more standardized methods where different perspectives and experiences can be fitted into limited number of categories, which have been previously decided on. Quantitative studies able testing of hypothesis and statistical analysis with broad and generalizable set of findings (Patton 1990: 13-14). Where as qualitative methods permits the researcher to evaluate selected issues in depth and detail but due to small amount of cases it cannot be generalized (Eriksson & Kovalainen 2008: 5; Patton 1990: 13-14). Both methods have internal variety, i.e. different forms of quantitative and qualitative studies, which makes straightforward comparison inadequate. The choice of the method depends on aims of the researcher because both methods give different kind of information about the research problem. Qualitative methods are highly important in business and management research because it is people who form organisations and these people are often the focus of the study. Organisations are both social systems and the setting for social behaviour (Maylor & Blackmon 2005: 220). As my research questions will provide answers that cannot be quantified or measured in numbers quantitative study is out of the consideration. Given my research question, which is highly based on people's assumptions, opinions and interpretations it is more suitable to use qualitative methods in the study.

3.1.1 Qualitative approach

In this thesis I have chosen to use qualitative research method because it enables in depth analysis and deeper understanding of specific situations. Qualitative approach sees reality as socially constructed, produced and interpreted through cultural meanings (Eriksson et al. 2008: 4-5). Therefore qualitative research allows for deeper cross-

cultural understanding and is less likely to suffer from cultural bias and ethnocentric assumptions on the part of the researcher than survey instruments. Qualitative research studies a phenomenon in its context and seeks to understand the meaning and beliefs underlying action. (Marschan-Piekkari 2004: 8.)

Present study uses qualitative approach because it is more suitable for researching people's assumptions, opinion and interpretations. In addition as Miles and Huberman conveyed "With qualitative data one can preserve chronological flow, see precisely which events led to which consequences, and derive fruitful explanations" (Miles & Huberman, 1994: 1).

3.1.2 Research strategy

There are three different research approaches, induction, deduction and abduction. The choice of research logic usually lies between induction and deduction however both logics are often too radical to be existed in pure forms. These two logics are better defined/thought as tendencies than an absolute distinction. Empirical evidence is the basis of induction, whereas logic is the basis of deduction (Ghauri & Grønhaug 2005: 14-15). Deduction follows the idea that theory is the first source of knowledge. Looking for what is known about the subject, researcher will deduce few hypotheses, which are then tested in an empirical study. In research by far it has been the strongest method to build up theoretical knowledge base. Contrary to deduction, logic of induction starts with data collection and generates a theory with the findings through a pattern analysis. Researcher can seldom use one of the logics alone and sometimes deduction and induction can be used in the different faces of the study, which means that researcher is moving iteratively between data and theory. (Eriksson 2008: 22-23; Bryman & Bell 2007: 11-14; Ghauri et al. 2005: 17.) The third logic abduction lies between the two. Abduction combines radical theory changes of inductive logic and deductive test of existing theories.

The research logic of the present study lies between induction and deduction because of descriptive research questions and explanatory nature of the study. The logic of deduction is used when examining theories about homophily and social capital in order to create the framework of the study. However the emphasis is mainly on induction approach and the empirical testing will take the form of inductive reasoning when exploring how homophily and interpersonal relationship affect knowledge sharing. I

will refer this study as interview study, in which respondents are from different firms. Semi-structured interviews will be used as a method of data collection.

3.2 Interviews as means of data collection

The most common data collecting methods in the qualitative study are interviewing, inquiry, observation or documentation (Tuomi and Sarajärvi 2004: 73). Interviewing lies in the heart of qualitative research as Stephens (2009: 93) puts it. Interviewing is used as a data collecting method when the researcher is looking things that are not observable like feelings, interpretation of events, thoughts or some situations, which preclude the presence of an observer. While interviewing is widely used data collecting method it has also some disadvantages. Interview enables the researcher to enter into other person's perspective and understand how interviewee sees the world. Nevertheless these are only representations of an individual's views and opinions' because during a short time it is never possible to fully understand what she/he has been experienced (Byrne in Silverman 2006: 117). Interviews do not give us direct access to facts or events; they only give some descriptions about those.

Yin (2003) defines interview as a guided conversation, which follows researcher's line of inquiry but allows a flexible question flow. During an interview researcher is able to ask more complex questions and follow up on the questions directly hence making the interviewing very flexible research tool. "Qualitative interviewing requires great sensitivity to the ways in which interview process shapes the data made" (Richards 2005: 38). Semi-structured in-depth interviews enable the researcher to control the interview towards to areas of interest that the interviewee will bring up during the interview and build on their responses. Interviewee may use words or ideas in a particular way, which can add significance and depth to the data. In the open-ended interviews there is also liberty to lead the discussion into areas that researcher had not previously considered but which are significant for the understanding of the research problem. (Saunders 2007: 315.)

The purpose of an in-depth interview is to make the interviewee to talk freely about his experiences, feelings, opinions and knowledge (Patton 1990: 278). In order to keep answers natural and spontaneous participants did not receive interview questions in advance. Nevertheless each interviewee received an e-mail explaining the study purpose, the theme of the study with some clarifications about the issues addressed

during the interview as well as the approximately duration of the interview. The matter of confidentiality was also considered in the e-mail.

Total of nine interviews were conducted during a three months time from June to August 2012. Interviews were scheduled in advance. Six interviews were conducted in France and three in Finland. Seven of the interviews were carried out face-to-face and two via telephone. Interviewing face-to-face is the best way to capture the most details from verbal and non-verbal communication (Maylor et al. 2005: 183). Additionally it is also best way to make the interviewees feel comfortable and create a rapport of confidentiality between interviewer and interviewee. Interviews were recorded and later transcribed for analysis and they lasted from 40min to 60 min. Interviews took place in the interviewee's office or meeting room except one which was done outside the corporate building. In general it was the most convenient way to the interviewees to interview them during their workday hence they did not need to change the location.

Interviews were held either in French, English or Finnish according to the wish of the participant. It is important for the interviewee to be able to speak freely and without language problems that's why the choice was left to the interviewee. Most respondents were interviewed in their native language. This approach was chosen on purpose because it is easier to build rapport when interviewing in interviewee's native language. In addition when interviewing in informants native language authenticity, richness, and accuracy of the data can normally be expected to be higher (Welch & Piekkari 2006). When using a semi-structured interview method, interview data is seen as a result of collaborative exchange between interviewer and interviewee, and therefore language is no more only medium of exchange but a constitutive act (Welch et al. 2006: 418). According to Tsang (1998) there are three reasons why it would be recommended to communicate in the language of the respondent: It allows the respondent to fully express himself, it establishes a good rapport, and enables the interviewer to interpret answers with cultural understanding.

The nature of my questions was personal, so it was not that easy to get people to open up from the beginning. In some cases interviewees talked more freely than in others and there was no need to guide them towards questions, which were interesting concerning my study. It was also easier to interact with the interviewee whenever we found a common ground where to build on. In order to get interviewees to speak about their personal choices and things, which would show if there were some connection between

homophily and social capital, I tried to get them to speak naturally about their ways to interact with their colleagues. Sometimes relevant answers came also in situations where I didn't expect them. It was important to listen carefully what interviewees told in order to be able to ask more specific questions when something interesting came up. It was challenging to get people to talk about the reasons why choosing someone over another. These are choices that come naturally for us and often we do not need to think or elaborate about those in detail.

The choice of participants was based on following criteria: individuals who were working in a multinational company and who were in contact with foreigners in their daily work.

	Title	Nationality	Experience in the company	Industry	Headquarter	Local unit
1	Head of Trade center	Finnish	20 years	Consulting	Finland	France
2	Head of Communications	French	20 years	Forest	Finland	France
3	Communications and Marketing manager	French	10 years	Paper/pulp	Finland	France
4	IT consultant	Finnish	1 year	Consulting	France	France
5	Commercial and export assistant	French	3 years	Forest	Finland	France
6	Group Deputy CPO	Finnish	3 years	Banking	France	France
7	Director, Employee communications	Finnish	16 years	Forest	Finland	Finland
8	Cost controller Import	Finnish	5 years	Shipping	Switzerland	Finland
9	First Officer	Finnish	7 years	Shipping	USA	Overseas

Table 1. Profile of the interviewees

3.3 Validity and reliability of the study

The aim of the study is to produce descriptions of the social world, which are as accurate as possible (Silverman 2004: 283). There are different methods to evaluate the quality of the study. The most common of those are validity and reliability. However validity and reliability have their roots in the quantitative approach and using them in

the qualitative study might be more challenging in order to measure right aspects of the study.

3.3.1 Reliability

According to Yin (2003) the goal of the reliability is to minimize errors and biases in a study. The methods of the study must be reliable in other words; a reliable study has to be replicable by another researcher later on, in order to ensure that a certain amount of consistency is needed.

In the present study empirical data was collected through semi-structured interviews, which are mostly led by the interviewer even though this form of the interview leaves more latitude also to the interviewee than structured interview. Consequently the interview responses may differ if conducted again nevertheless the core values would be expected to be relatively similar. In order to assure reliability of the study researcher followed subsequent procedures. Questions were formulated based on literature and checked in advance with the supervisor of the thesis. Interviews were conducted face-to-face by the same interviewer, which enhances the reliability because results are analysed through same lenses. In order to ensure reliability it is essential that “each respondent understands questions in the same way and the answers can be coded without the possibility of uncertainty” (Silverman 1993: 148). As interviews in most cases were conducted in respondents’ mother tongue I can ensure that interview questions were well understood. Reliability of the study was also addressed by using a voice recorder during all the interviews. Individual reports of each interview were written in order to enhance reliability, which is closely related to assuring the quality of recording and transcript.

3.3.2 Validity

When measuring validity the truth worthiness of the study is questioned (Silverman 2005). “The validity of research concerns the interpretation of observations: is researcher calling what is measured by the right name” (Silverman 2004: 289). A valid study measures what it is designed to.

External validity measures if the findings can be generalized across social settings, problem when there are small sample sizes in qualitative research (Bryman et al. 2007: 410). However the external validity in this study was addressed by using the replication process across 9 individual cases; they were tried to make as identical as possible.

Lincoln and Cuba (1985, 1994) proposed two alternative criteria for evaluating qualitative research: trustworthiness and authenticity. Trustworthiness is divided into a four criteria: credibility, transferability, dependability and confirmability (Bryman et al. 2007: 411). The major reason for the creation of new criteria for qualitative research was the description of reliability and validity, where only single absolute account of social reality is possible. It fights against the aims and principles of qualitative research, where multiples things can explain some phenomenon.

Credibility

Credibility criteria describes if the results of qualitative research are credible and believable from the perspective of the participant and if the research is carried out according to the canons of good practice (Bryman et al. 2007: 411). In order to ensure the credibility of the study, literature review, collected data, and methodology has been presented in a logical way. Thus reader can follow how the results of the study have been generated. In addition to enhance the credibility of the interview method interviewees received an e-mail containing relevant information before the interview took place.

Transferability

Transferability refers to the degree of which the results of qualitative research can be generalized or transferred to another context. Qualitative studies are often realized in a small sample and findings of the study tend to be unique and therefore not generalizable. (Bryman et al. 2007: 413.) However from qualitative point of view, researcher can enhance transferability by describing thoroughly the research context and assumptions that were central to conducting the research which I have tried to bring forward when describing the interviewing process and data analysis in the method section.

Dependability

The traditional concept of reliability of the quantitative approach is introduced as a dependability of the qualitative view in the criteria of evaluation of Lincoln and Cuba. In order to ensure dependability complete records has to be kept in all phases of the research in an accessible manner in order to look if proper procedures are being followed and theoretical inferences can be justified. (Bryman et al. 2007: 414.) In order to enhance the dependability of the study the data collection process was based on relevant or slightly similar research in the same field of research on homophily and

social capital. The construction of the interview guide & questions was started based on (Mäkelä 2006, Mäkelä, Kalla & Piekkari 2007) and revised by a supervisor of the study before conducting the research. Interview questions were tested with one pilot interview, which helped to adjust interview technic and identify the most relevant issues to concentrate on in the later interviews. The pilot interview also confirmed that the data obtained was sufficient conducting the study. Dependability of the study was also ensured by establishing a chain of evidence by developing theory through knowledge of literature before conducting interviews, recording the interviews based on the interview guide, transcribing the interviews and completing them with notes taken during the interview.

Confirmability

Confirmability refers to degree of objectivity of the study, in other words, if the results of the study can be confirmed and corroborated by others. While objectivity is impossible in business studies confirmability tends to ensure that researcher has acted in good faith, in other words researcher do not let personal values to influence the conduct of research and finding derived from it. (Bryman et al. 2007: 414.) In order to minimize the risk for personal bias when conducting the interviews, no excessive facial expressions during the interview were used and I tried to act as neutral as possible and avoid directing respondents' answers in any way.

3.4 Data analysis

Strauss and Corbin (1998: 13) define the analysis as "the interplay between researcher and data". For Stephens (2009: 98) analysis is the search for meaning in relation to research purpose or question. Meaning is to be found within the triangular relationship between theory, the data generated, and research context or setting. In qualitative research there is no single right or the most appropriate way to analyse qualitative data. However the most common way to analyse the data is to follow Miles & Huberman's (1994) example to divide analysis to three parts: data reduction, data display and conclusion drawing/verification. Data reduction comprehends simplifying the research material, selecting and focusing the most important parts of the data for later analysis. In addition this phase includes coding, theme separating and memo writing. However data reduction is a part of the analysis which function is to organize and focus the data for later conclusions to be made. In data display refers to presenting themes and clusters for

example in a form or matrix or other visual and compact form in order to facilitate the final conclusion drawing. (Miles & Huberman 1994:10-11.)

For the analysis of the current study the transcripts of 9 interviews were used. Author decided to follow the proposal of Miles and Huberman (1994) on data analysis. To start with the analysis transcripts were carefully read through several times. Author decided to keep the transcripts in their original languages in order to avoid misinterpretations at that stage. In the next phase common patterns and themes were pointed applying codes and key words. In the coding phase themes that came up were translated to English in order to facilitate data comparison and analysis. Then author gathered the quotes/material under coded parts and reorganized it by looking for connecting aspects. In order to make the visualisation of the data easier author decided to present findings in a sort of matrix or mind map where the cause effect relationship can be analysed more easily. This helped me to picture the findings as a whole and analyse them in more detail.

4. EMPIRICAL FINDINGS AND ANALYSIS

In this chapter findings of the interviews will be presented and analysed having as a guide the research questions and theoretical framework developed in the beginning of the research study. The influence of interpersonal relationships and social capital on knowledge sharing behaviour will be clarified. The study is based on respondents' insights and point of views.

All of the respondents were almost daily in contact with their foreign colleagues. Few of the respondents were in the same physical space thus the communication occurred naturally during the day. In other cases the contact was maintained mainly by e-mails, telephone calls or teleconferences. Nevertheless all emphasized that face-to-face interaction was the most important way to share know-how and in-depth information.

Respondents found knowledge sharing an extremely important issue inside an MNC and they brought interesting real life stories into discussion.

4.1 Homophily based characteristics

Throughout the study a tendency of having common experiences or characteristics that brought people together was clearly visible. These homophily based characteristics found from the data are presented below and their influence to the creation of social capital and knowledge sharing in analyzed.

Likeness was seen to make you feel more comfortable and ease.

“It’s a relief to be able to talk sometimes without having to explain oneself.”

4.1.1 Demographic characteristics

Status, age and gender belong in the Lazerfield’s and Merton categorization to the status homophily. These homophilic characteristics are often easily determined by looks.

Many of the respondents expressed that gender was strong connecting force, much stronger than researcher originally thought. When there is no competition among women involved gender was seen as a unifying fact. It seemed natural way to network among

women. One of the respondents felt that *“It’s easier to create the connection with women, there is no second guessing. You can just ask - let’s have a lunch together”*

“It’s more natural to approach people of the same sex that’s for sure. I think that it is the case for the majority of people”

“I feel more comfortable to ask for things from somebody who is the same sex or almost same age” These comments show that gender can work as barrier or connecting force. In the data both women and man felt that they would rather connect with a person of same sex than opposite sex. It was seen as a natural choice among respondents.

It was also easier to turn to people who have similar organizational status or age.

“You don’t want to ask stupid questions from somebody who is in the tolevel in the hierarchy so I would say that you would be tempted to ask that from someone who is in same competence level, same age in a way and trust that the person will not judge me.”

“Nevertheless there is this barrier of respect and age.”

“When you feel that you are in the same level with someone it’s easier to share your thoughts”

*“One who is also junior like me, he’s working more in the technical part of the project but we are both put in quite difficult context or projects, we have same kind of situation.
“*

4.1.2 Education

The data showed that in France education has significant role creating homophilic strong ties and that these ties breed social capital. French people establish strong ties in their childhood and youth and they tend to cherish these relations during their whole life. The importance of the relationships can be seen in work relations too. French have strong homophilic ties with their colleagues who they share e.g. the same educational background. They tend to maintain their relations made in the childhood or in the University for a lifetime. These networks can be helpful in many ways. Often along these ties information about job opportunities is passed and the places are filled by close connections.

“It’s rather that we have same kind of vision of things and same educational background, which brings us together“

“Managers are often recruited from French Elite Schools and the members of these schools are all networked with each other. They know from which year each person is graduated and it often means that they are “potes” i.e. friends together. When you know this tradition it helps you to understand how the relations function at work place; especially when you get to know that your boss is from the same school with this person and then you understand why they pull together. These school networks are so terribly strong. “

4.1.3 Shared non-native nationality

When being abroad, shared non-native nationality was considered as an important connecting point between individuals. *“We understand each other because we are outsiders, foreigners and women in a top management”* It is comforting to meet other outsiders to discuss with issues that bother in the foreign country, or share fears about how it is hard to connect with the locals. It is important to feel that you are not alone but there are other people in the same situation. Things in common give the comfort of understanding for individuals.

4.2 Effects of Homophily to knowledge sharing

According to findings the effects of homophily to knowledge sharing is twofold; homophily facilitates knowledge sharing creating channels for knowledge to flow between individuals. Nevertheless homophily may act as a barrier for knowledge sharing creating clusters and therefore hindering knowledge flow between these groups; this is called the paradox of homophily.

Interviewees mentioned that common interests help you to get along and create a bond between your colleagues. For example if you are both interested about same sports or music it is probable that this connection brings you together at some point if it is discovered.

“When I discovered that we had a common interest in horses it brought us closer. He has many of them and I have been riding for 5 years now.”

As one of the respondents stated:

“I think that in general people find it helpful to create relationships with their colleagues because otherwise there is always some kind of barrier between them whether it is gender, age or hierarchy but the barrier disappears when you get to know that person better.”

Having a relationship also moves away possible barriers hindering knowledge sharing, and everything flows more easily when you have relationship.

As stated below, similarity gives comfort and self-confidence, which enables the creation of connections also outside the friend circle or closest colleagues. However it is rather interesting that we need this kind of connection with similar people to feel confident even as adult age. It is like when we were teenagers and we did what was accepted by others, like when everybody is wearing same kind of clothes in order to feel to be part of the group. Do we search approval with homophilic behavior? At least it gives us peace and feeling that we can do more than usual.

Having someone whom to trust and who can advise you is naturally important at work context too. Interviewees felt that being surrounded by similar people gives you confidence. When you have someone you trust by your side, you'll feel more confident to approach new acquaintances and these acquaintances might turn to a fertile professional relationship:

“From my experience it's easier to start in the professional environment when you have someone like you on your side. It's like in the circle of friends; it's beneficial to have someone similar to you that give you confidence in the overall group. This person can also give you some advice when needed but at the same time you don't have that many things to exchange because you are so similar”

“When you feel confident you have more courage to approach different people or people that you don't necessarily have that much in common with but who can learn you many new things if you are just capable to approach this person.”

“It is shame if you approach only people like yourself because you could create a professional relationship and trust also based on facts how someone does its jobs etc...”

These comments also reflect the paradox of homophily in a way. It is certainly true that in general you are more attracted to approach people similar to you than for total

strangers. At least it is easier to approach these people because one can start conversation about some common interest. Nevertheless if one approaches only people who are similar it may close many interesting doors and possibilities to learn new things and exchange new knowledge.

4.3 Structural dimension/ Frequency of interaction

An issue, which was emphasized during the interviews, was the importance of network creation for access to information and thereby for overall performance. Interviewees expressed that a certain position in the organization guarantees you some level of information but if you don't create connections all over the organization you won't get any extra information.

“There is the formal position which gives you some information and then there is the informal what you get only if you build the relationship with technical people. That takes a lot of time; in a way you cannot force those people to tell those things. They tell you a certain level of things but it's a human nature if you don't get along with someone, and they don't make any effort to get to know you, you don't want to give any extra information to them, just the necessity.”

In order to be one step ahead of others in terms of internal knowledge one has to look for informal information from person's own networks. It can give you a considerable advantage over others. Among the interviewee's it was also seen helpful for the overall performance whenever individual had identified persons that can give you accurate information and share their know-how, they have formed kind of network of experts. The following statements reflect this:

“In different departments there are people who know more about things and they go to different meetings than I'm invited, so if I need help I'm counting on these persons because there are many people that aren't even interested to know something if it isn't their direct area of responsibility.”

“I have noticed about a year ago that communication between colleagues works through these lunches. If you arrange a meeting it is very formal and you need to have a reason for that but if you just want to maintain good relations and create new ones, lunch is an excellent way of communicating.”

However, the physical distance between actors reduces the number of opportunities for face-to-face interaction as mentioned in the following statement, *“The level of interaction decreases immediately if you are sitting in a different floor with somebody, because the communication is not that spontaneous.”*

“My ex-boss was based in Abu Dhabi, so we communicated only virtually. I think is very important to see people at least every once and a while. It’s good to have technology but it can’t replace face-to-face contact.”

“Virtual meetings cannot replace face-to-face interaction, because you don’t really get to know people if you do not meet them in person and share something together” On the other hand teleconferences are less costly and therefore widely used.

As efficacy and good performing are important qualities in the work environment, when needing an advice, people tend to turn to most qualified person for help. Another choice was to ask for a colleague, who is sitting close by or a good friend in the same unit. In the personal life people often rely on their closest friends and relations, so there is a difference how people act in a work environment and in their personal situations.

When different units are located in different floors, buildings or even countries the interaction loses its spontaneity. When the interaction between partners is scarce also less knowledge will be shared. Many of the informants noted that the organization is too fragmented and divided to various silos, which made it difficult to knowledge travel between these units. Physical distance was seen to be one of the main forces hindering the knowledge sharing process that came up from the data analyzed.

Lack of time was felt to be one of the reasons that hindered knowledge sharing in the organization. Working hours are limited and nowadays one has to do more in a shorter time. Also frequent meetings diminish the time that one has to use for normal tasks, so automatically it will also limit the time that is used for a communication with others. One just tries to handle the essential tasks. It is a loss for the company because as one of the respondents expressed *“In informal encounters it is possible to discuss openly, learn new things by exchanging in a different way than in the formal meetings.”* Unfortunately there is no time for extra chatting in the speed rhythm of today’s business environment. It can be said that people just perform their tasks without the possibility to sufficiently interact with others in order to share best practices. In general one asks how something is done only when it is critical.

Due to feminine aspect of my study one of the respondents also gave an advice for women and how they should behave in the business world and learn from men. *“Men come often a bit early to the meetings and while chatting they might have already decided most of the issues that were on the list before the meeting is even started. Women should take a note of that and come to the meetings a bit early to be able to network and they should leave the pile of papers at office.”* This example shows how important informal communication and knowledge sharing in the organization is. The persons in power often have large networks of which they can take advantage. Women have fewer possibilities to network due to smaller amount of women in top positions in the hierarchy. Therefore women should be active and not leave out from these discussions about important things.

4.4 Relational dimension/ perceived trust

What comes to the relational dimension trust was seen the most important factor in work based relationship. *“Mostly my closest contacts at work are people that I have shared things about my personal life too and vice versa. We have a mutual confidence and if ever I need help I know that I can trust them. They will make time for me and my questions.”*

“We work very well together and I can share more sensitive issues with him because I trust him.”

“We are in same kind of situation and if I hear some unofficial info I probably tell him because I trust him.”

“When you trust somebody you know that he/she won’t take advantage of the information that is revealed to him.”

These quotes tell how important part trust has in the relationship. When two people trust each other they are willing to give up important knowledge and information. Therefore it can be said that mutual trust increases the knowledge flow between individuals. Trust becomes even more important factor in MNC context where cultural, geographical and linguistic differences can create barriers between individuals. Trust can reduce these barriers and therefore enhance interaction in the MNC (Mäkelä 2006: 152).

Individuals want to feel trusted by others before they trust someone and start sharing: *“That takes time to see how people function and if they are loyal to you. Because if you always share info or your ideas, your thoughts, or some things that bother you and the other one never does, it’s kind of dangerous relationship because it means it’s not really open. So it takes a while to see if the other is sharing all the good and bad stuff in a way before you can start sharing.”*

“You have to observe people in the beginning and with experience you’ll know who to trust”

Respondents agreed that when in general you help someone in general the person will return you the favour. It is nicely described in a French expression “renvoi d’ascenseur” what means that when you help someone is like sending the lift back up/down.

As stated in the following quote informal connections are often the most important channel of knowledge. One must know the right people in order to get the knowledge needed to perform daily tasks or more demanding projects.

“It’s good to work with the top management, it’s interesting when you are in the beginning of your career but the real key to communication and informal knowledge lies in the relations with project managers and technical people and that I realized already a while ago but not in the beginning.”

One of the most important factors facilitating interpersonal communication was found to be close physical interaction. It takes time to create emotional bond, but when it exists the sharing of knowledge and know-how becomes possible.

“I was lucky to travel enough to actually meet my colleagues in UK and spend a little time with them and not just work. And when I went to London every week, 2 days a week in London, I was working with them but of course, when we had lunch and coffee it helps to build different kind of relationship, and afterwards it’s much easier to ask something even by mail because they know my name, and when Laura sends a message maybe I should actually do something. It’s not just a random name. So I became a person, there’s a person with a face and a history so that changes a lot. I think that’s the key.”

“In my earlier employment I got to visit the factories and met the people with whom I was working. It helped a lot the communication when you knew your interlocutor and there was less need for explications”

The collected data showed that common experiences and projects bring people together. For example one respondent described, *“A trusting relationship can be built when solving a problem together.”* Respondents also mentioned that concrete need can bring people together e.g. when a colleague needs consult or help it is one of the best ways to create a connection and start a relationship. Trust can be created with time.

“I try to create a relationship of confidence with my colleagues by helping them first, when I share with them what I know and in general it breaks the ice between us and creates trust instead. I prefer to create a professional relationship with my colleagues and not share my personal life with them. But when I show that they can count on me, if ever I need some help later on I know that I can count on them as well”

“Some people work by emotional base and they need to be friends in order to really trust and share things, for other people like me it is more important to show how you do your work and that you are trustworthy.”

These two arguments show the existence of two different origins of trust. The competence or experience based trust and the emotional base trust. It is important to notice how these two forms of trust may impact to knowledge sharing.

Additionally reasons why someone does not share knowledge are often based on relational issues as well. Respondents felt that:

“Sometimes it’s really hard to share things with someone you don’t have a feeling at all. And even if you make effort to share something with him, he won’t do anything towards you.”

“The exchange must be felt as reciprocal in order to work.”

One must feel that other party is involved in the exchange in order to be motivated to do it. It was also stated that if you have some this feeling / common ground with the person, it helps you to share knowledge with him.

E-mails were found to be handy in internal communication because an email is easily spread to many people at the same and it is a written proof about something that has been discussed. Nevertheless e-mails can also cause some misinterpretations because one cannot see the feeling behind the words. For example, some people have a certain style of writing based only to the facts without any lightning aspects and this kind of style may cause some misunderstandings if it is taken literally. It was brought up by

interviewees that especially in a virtual team, it is easy to break the trust and cause misunderstandings when e-mails are misinterpreted.

From the data analysed physical interaction, emotional bond, and common experiences were identified to be the main drivers behind the trust. On the contrary the absence of face-to-face interaction was generally seen to diminish trust and cohesion among actors and thus compromising knowledge sharing.

4.5 Shared cognitive ground

It was often mentioned in the data that discussions in one's native language might get more depth because one's understanding of nuances is much better. Nevertheless language was not seen to be creating problems for knowledge sharing unless the level of language proficiency was very poor. One respondent gave an example about her colleagues: *"My French coworkers have problems with the English language, so sometimes there were things which were misunderstood and sometimes they didn't take the call cause they were too afraid how they could explain this thing in English. That created a barrier for our team's communication and responsiveness towards the other team."*

4.5.1 Affinities

Respondents preferred to work with people having same kind of vision and values than they have because it helped the cooperation to become more smoothly e.g. people who were precise with time. Same vision can be seen as a result of common values and shared experiences.

"It is hard to take the project forward when someone is postponing the meeting 5 times."

"We get to know each other when we were working in the same project, we have been friends since."

Affinities were pointed out as the main reason for choosing someone over the other. To mention few phrases used by the respondents:

"They are like soul sisters to me"

“It is like in friendship outside the work, you are interested about same kind of things and you have common areas of discussion.”

“With our regional colleagues we have same kind of preoccupations and it is easier to share thoughts because we have the same mind set.”

“I think it is kind of natural thing that just happens, with some people it works better than with others.”

“It is intuitional choice who you’ll approach and trust later on.”

“I feel that with him I can say something a bit more sensitive, e.g. look do you think that this and this person is doing their job well?”

For the creation of affinities I use the concept of social chemistry. This so-called social chemistry brings people together, something in the personalities of two individuals clicks and bring these persons together. The concept is hard to define because of its personal nature. However it can be generalized that it is characteristics or values of an individual, which bring two persons together creating social chemistry. However the choice is often unconscious and made naturally.

According the data affinities are driven by value homophily i.e. shared values, beliefs and attitudes. In fact affinities can be categorized under two different concepts, the concept of cognitive social capital and value homophily which both includes shared values, attitudes and believes.

The collected data confirmed that affinities correlated with the knowledge sharing. In other words, stronger the bond between colleagues was, more knowledge was shared as well. In addition more knowledge was likely to be shared when interaction partners had same vision and goals.

4.6 Other drivers for knowledge sharing

It was stated among respondents that work ethic was driving to share knowledge. It is not always the most common reason but in my data respondents were especially conscientious and thought the best of the company in addition of their own good.

“I know that it is rare but I think about the best of the company and if ever I know how to do something better and if I can help somebody I will do without question”

“If you share things that you know it will make the company run better. The research for excellency is important. And when you know that you are quick learner you know that you’ll always be one step ahead of others even though you are not keeping the knowledge by yourself.”

4.7 The importance of context in the creation of interpersonal relationships

The context may change, diminish or strengthen the influence of homophily. For example this quote shows how context may reduce the impact of homophily:

“When Christophe arrived it was right away much easier to share things mutually with him even though he’s older too. Because you can learn him how things are done here and he wants to share he’s knowledge in order to integrate better. So both parties have things to learn from each other and the barrier of age is gone.”

There are many challenges to overcome when trying to create social capital in a foreign country. The creation of social capital and knowledge sharing cannot be explained only by homophily also the context in which interactions happen has an impact to the result. Culture is one the most important factors influencing the context in MNCs. As I was looking Finnish and French MNCs findings of the study will reflect the cultural differences between these two cultures. Here I will quote some of the findings that demonstrate in particular the importance of context.

In order to become member of the organization one must create relational bonds with individuals. In France it is remarkably important because people working in the same company may keep the know-how for them only if you do not know them personally even though you are working for the same company and for the same goal. Without a proper working relationship people may not want to help you more than a pure minimum. It is rather different approach than Finnish people are used to confront in a work environment and it shows that there are important cultural differences in a way to work that level too. In order to get help In France one must create a relationship with the person first. Otherwise people may not calculate you or your requests for help. It can also leave you as an outsider for the information and know-how, which circulates, only between members of the group.

Interviewees emphasized that one must take the initiative and create relationship and networks by himself. One of the informants expressed it as follows:” *So what I changed is that now that I spent more time with project managers, I have coffee with them, I laugh with them, and we talk about what ever, football or some informal things. I have made them feel that I care about their work and their progress and if they have problems I will try to help them and they’ll see that because maybe in a some point I wasn’t that reactive. So I think I have kind of succeeded to show them that I’m not there to police them, to annoy them and if I ask for info I need it and in return if they need something I’ll try do my best to help them. It has really changed a lot. Because when I have shown that I can help them they want to help me. It’s kind of mutual transactional exchange, I give you something you give me something, then it works, if you just want to have something from me and you never give me anything doesn’t work.*”

Secondly many respondents were surprised at the different working culture in France compared to Finland or Anglo-Saxon culture. Finnish way of going straight to the point and contacting directly to superiors did not work in France. For a Finnish coming from a low-context culture it wasn’t obvious to get used to high-context French culture. One of the characteristics of a high-context culture was that people at the same level speak together; one should not cross the hierarchical limits or the organization. These feelings are reflected in the following statements:

“The organizational hierarchy is quite formal here if compared with Anglo-Saxon culture. In the beginning I probably did some mistakes e.g. I was directly in contact with someone or I spoke to someone directly, because in general only people at the same level speak together, and rarely you can skip one floor and be in contact directly with the top management.”

“In France people in the same level communicate together because of the hierarchical reasons”

“But then I heard afterwards that I was being too direct, but I didn’t consider it as rude but I was being too direct for the French culture not in the UK one, there it worked perfectly well, you say hello how are you and then you ask these things but in France you have to take a coffee, ask how things are going, laugh a bit with them and then you can ask well actually I would need your help. In the beginning I just wanted to do things fast and efficiently and progress but actually it wasn’t the fast and efficient way to progress because we are in France.”

“You have to be more formal and informal at the same time. You have to build the trust in the relationship before you can ask anything. It’s considered as very strange if you just ask something.”

One of the respondents described how she felt cultural connection between Finland and United Kingdom because UK is closer to Finnish culture than French culture.

“At some point I was a bit frustrated with our French team because obviously I’m not French I’m Finnish. So I felt very often culturally speaking closer to the UK team than the French team.”

Data did not include many who had members from their own culture, for example if one is minority the fact that you have another member from the same culture might be a relevant factor. Nevertheless in the research data participants were either part of the majority culture or they did not have their compatriots in the organization so bonding was not possible.

4.8 Summary

Homophily occurs on many dimensions, including basic sociodemographic characteristics such as age and sex, acquired characteristics like education, prestige and social class called status homophily and personal attributes like attitudes and beliefs, which I refer as value homophily. Status homophily can be more easily determined by looks than things that may lead to creation of value homophily. Factors that are considered as status homophily bring people together because it is more easily observable than value homophilic characteristics. Nevertheless characteristics leading to a creation of value homophily can create a stronger bond between people than status homophily because common interest and values can be more profound. Of course it is possible that people who share same education or cultural background share also same values. However results of the data pointed out that status homophily creates the basis for the relationship to start nourish and value homophily came later on in the picture when two sides already knew each other.

After the first connection is established people are not so much interested in similarity anymore. Similarity definitely brings people together but it is not enough to build relationships of a deeper level. When you know someone better the effect of status homophily as a connecting force disappears. Relationship is created based on different

factors and being same age or gender does not count that much anymore. Nevertheless if you share for example some common values, they do tie people more tightly together and this indicates that value homophily or cognitive ground is more influential in creation of social capital than just some demographic characteristics that bring people together. After the creation of the first connection between individuals relationship can either starts to grow and mutual values and beliefs are the driver of this creation or it stays on the surface level and no social capital is created.

Emotional bond was found to be important factor in easing and liberating the communication between individuals. When you got to know someone personally you start to create a relationship and trust. Homophily i.e. attraction to similarity was found to be an important driver in the creation of emotional bond between individuals. Homophily influences knowledge sharing but it will also influence the development of social capital. Whereas social capital creates a network of relations where knowledge can flow through channels.

The findings of the study showed that homophily limits people's social interaction areas in such way that it has powerful implications to knowledge sharing. As knowledge is a natural product of interaction, it will circulate better between individuals who are connected. These interpersonal connections create bonds and ties of different strength, which has an impact to knowledge sharing.

5. DISCUSSION AND CONCLUSIONS

This chapter contains further discussion on the findings reported in the previous section. Findings from earlier studies are compared with the findings of the present study. Later on limitations and implications for future research are demonstrated.

5.1 Discussion of the study

The purpose of the study was to examine to what extent is homophily useful in explaining (a) the development of social capital, and (b) interpersonal knowledge sharing.

Theory of homophily helps us to understand how people form connections and especially based on what decisions these connections are made. The present study confirmed that creation of interpersonal connections depends a lot about similarities individuals share with others. In the data I found several similarity factors driving the connection between employees, these factors included gender, age, similar function, education, shared nationality, shared values and affinities.

This study contributes to our understanding of knowledge sharing within the MNC in several ways. First of all findings of the study showed that demographic characteristics make the first connection between individuals possible but that these connections aren't that important in sharing of knowledge. Characteristics like age, gender, and position were often mentioned as reasons to approach unknown persons. It was felt natural to look for people who shared some similarities, which may often be very visual by nature. The barrier to make the first step was lower. It is also easier to start a conversation with someone who shares similar interests because immediately you have something to talk about. These common characteristics are the basis of creating connection and afterwards individuals may begin to deepen their relationship and create a tie along with more knowledge can be shared.

In the light of the current findings personal values and attitudes appear to create stronger commitment between individuals than demographic characteristics. Interviewees mentioned affinities and a common mindset when talking about things that they share with each other. According to data affinities are driven by shared values, beliefs and

attitudes. These affinities, which originate from common values, same kind of mindset are in my framework categorized under shared cognitive ground. Common vision of things creates a strong connection between individuals and this connection helps sharing knowledge.

When questioning about reasons why respondents chose someone over another phenomenon, which I call social chemistry, was often mentioned. Social chemistry is the magical ingredient that brings people's minds together, therefore it can be said that it is fundamental to creation of ties. Social chemistry can be categorized under two concepts, these are value homophily and cognitive social capital. Lazerfeld and Merton (1954) defined value homophily as internal behavior reactions and attitudes that are formed through one's personal values. As cognitive social capital includes norms, values, attitudes and beliefs (Nahapiet & Ghoshal 1998) social chemistry can also be traced to back to cognitive social capital.

Author believes that status homophily and value homophily are not totally different types of homophily but that these concepts are interrelated. Mostly they are developed in different stages. It can be said that status homophily creates the connection between two individuals but in order the connection to become valuable for development of social capital and knowledge sharing there must be value homophily involved. Data showed that demographic characteristics like gender, age, education and shared nationality are behind the creation of status homophily. All these can enable and strengthen the creation of value homophily as well. Shared nationality for example can mean shared values, common attitudes and beliefs that brings two individuals closer together. It was noticed that status homophily transforms to value homophily when individuals develop their relationship further.

It was found that common experiences brought people together in a powerful way. Being a part of the same project gave a chance to get to know better. No encounter was meaningless, whether it was made during a coffee pause, solving a problem together or during a factory visit. These shared experiences also breed trust as mentioned in the findings earlier when describing the impact of dimension of social capital to knowledge sharing.

Findings showed that common cognitive ground, which means shared values; common mindset etc. is an important factor behind the creation of strong tie. Granovetter (1973) who is one of the first authors to write about strong and weak ties argues that stronger

relationships involve a high level of emotional closeness and relatively frequent interaction and reciprocity.

Data revealed that emotional bond was important factor in easing and liberating the communication between individuals. When you got to know someone personally you start to create a relationship and trust. In the literature it has been stated that ease of transfer is a primary explanation for why individuals transfer knowledge to some individuals but not to others (Reagans & McEvily 2003: 243). In addition emotional bond between individuals seemed to increase the willingness to use more time and effort to knowledge sharing endeavours. This reliance was asserted also by Reagans and McEvily (2003). In addition the research conducted by Collins and Smith (2006: 555) supports the fact that social climate can facilitate high levels of trust and cooperation and it allows employees to put forth greater effort, increase efficiency of interactions, and facilitate risk taking, which eventually lead to more fluent knowledge sharing.

Connelly & Kelloway (2003) argue that when colleagues talk with each other, the subject often turns to that what they have in most common their work. Inevitable non-work related conversations only bring people close and create trust between them. (Connelly & Kelloway 2003: 295.) It has been suggested by McAllister (1995) that interpersonal trust has two forms, a cognitive form and affect emotional form. The findings of the study can be related to McAllister's vision of two forms of trust. Cognitive-based trust is grounded in individual's beliefs about peer reliability and dependability. In other words the choice to trust someone is made based on knowledge about the person's trustworthiness and there are no emotions involved in the decision-making. Whereas affect-based trust is created through emotional ties between individuals, so friendship ties are involved. (McAllister 1995.) In the interview data these two forms of trust were founded. Some of the interviewees expressed that they created trust with their peers by showing them that they can be trustworthy by keeping their word and proposing to help them, which created a trust between them. In these cases trust was created without having deeper emotional connection with peers. However the other form of trust was also present in the data and very often relations where the trust was present were based on friendships and emotional bonding. It was found that emotional trust might be more important in the creation of social capital and consequently in the sharing of knowledge than cognitive form of trust. Emotional trust is also related to informal networks, which seems to create efficient channels to knowledge to flow within.

Granovetter was one of the first authors to recognize the clustering in social systems. Based on findings and literature this clustering can have a positive or negative effect to knowledge flow. It is this so called paradox of homophily, which can create tight entities where knowledge flows but unfortunately knowledge does not circulate between these groups. As respondents mentioned business units often work as a barriers to knowledge sharing. Business related knowledge does not cross the unit walls and this hampers the overall knowledge sharing in the company. Often it was felt that there were too many silos in the MNC and not enough communality.

Furthermore, scholars have differentiated between weak ties referring to acquaintance relationships which may be particularly effective as bridges between different groups (Granovetter 1973), and strong embedded ties useful for the sharing of tacit knowledge (Uzzi 1997; Reagans and McEvily 2003). Knowledge sharing is critical to a firm's success and knowledge sharing is more likely to occur when two individuals share a strong tie (Reagans & McEvily 2003). According to Perry-Smith (2006: 87) in strongly tied networks actor tend to receive the same information from various contacts but in contrast information received from a weak tie will originate from outside of one's immediate social circle.

Reagans 2011 studied the effect of similarity and propinquity on tie strength. He proposes that perhaps it is not that relevant what people actually have in common but what they believe they have in common. It is true that individuals often see what they expect to see and they pay attention to things they expect to be true (Reagans 2011: 846). However similarities whether they are true or invented bring people together even though it might be revealed later on that these were false premises from the beginning.

Gender particularities in creation of social capital

As Bouwen 2001 expressed organizational networking creates the key channel for the creation and sharing of tacit knowledge. There is evidence that some organizations fail to extract, codify and utilise the embedded knowledge especially among female employees (Durbin 2011: 91).

In the data collected eight of nine interviewees were highly educated women. Companies that they represent are in the industrial sector, banking or consulting business and in general these are known as male-dominated sectors especially in higher-level positions. In lower level positions as assistants or secretaries especially in banking sector majority of personnel are women. Thus in these sectors women's possibilities to

network with similar others is smaller than men's. Networking with men is also more complicated because of gender differences and some sexual barriers.

Actually one of the most reported problems faced by women and other minorities in the organization is the limited access to informal interaction networks (Ibarra 1993: 56). One of the respondents of the study had also noticed this discriminative fact during her career but decided to fight against it as much as possible.

Do women network easier together when there are only few women in the same organizational level in the MNC? At least they have fewer possibilities to find similar ones than men do. The results of the study indicated that gender was important connecting factor between women bringing them closer together and creating the connecting point where relationship can start to develop.

Individuals whose networks are broad and go beyond interaction with their own unit and required work based connections tend to be perceived as more powerful (Ibarra 1993: 61). Therefore women in higher positions should work a lot in order to gain these kind of advantages based on network benefits. They should be fearless and try to integrate themselves into men's social networks. Of course this so called grouping behavior is also culturally biased. In some cultures there is less social intercourse between genders and men and women are divided into separate groups compared to others where the group division is not gender based.

Cultural influence in the creation of homophily and social capital

Burt et al. point out that Social capital's etiology seems to be culture specific-story (Burt, Hogarth & Michaud 2000: 141). In other words, the way that social capital is created is culturally variable.

Culture shapes our description of the world and other individuals. Our brain needs to have some kind of "guidelines" to which things to focus on. It is crucial to pay attention to essential factors and choose what we leave out of consideration. Often these lenses through which we are looking the world, be it culture or other kind of limiting force, we classify people from the first look. This classification may have decisive impact on the fact if we are going to approach the person or not. Here homophily has an important role connecting or separating individuals. Nevertheless culture itself does not have an impact on knowledge sharing, it works through homophily and social capital.

As people tend to look for similarities in the group of strangers, homophily may act as an important connecting factor between individuals. Mäkelä et al. 2011 points out the possibility that it's not that much the similarity itself that matters for knowledge sharing but rather the fact that it drives social capital. Mäkelä et al. (2011) argue that cultural/linguistic (shared nationality) and functional (shared function) similarity leads to more structural, relational and/or cognitive social capital between interaction partners, and that this positively mediates their relationship to knowledge sharing. This points out that the similarity, as a driver of social capital is more important than the similarity itself. (Mäkelä et al. 2011: 3, 10.)

The role of national culture in the creation of homophilic ties seems to be only as important as other factors that create homophily between individuals. National culture can be a basis of common values and beliefs due to its power to shape the vision of an individual. Therefore national culture can be one of the reasons creating homophily based connection but it cannot be said that it would be more important than other factors in the creation of social capital.

French and Finnish cultures are quite far from each other if compared with high- and low context scale. The answer may be hidden in the fact that French culture is a mixture of high- and low context institutions and situations. It is not easy to predict for a foreigner in which situations high and low context will occur and in what proportions. (Hall 1989: 109.)

There is evidence that national culture influences social network patterns within organizations. For example, French employees prefer weak links at work (Monge & Eisenberg 1987) Therefore relationships between employees in France are quite formal and one can see that few of the relationships between French workers are so called strong ties. As mentioned in the previous chapter, this often happens when individuals have long history together. For example, if they have been in the same school and had close contact since. In France it is rather hard to form close relationships at work place; it may take a lot of time before one gets to the inner circle. This is because in high context cultures greater distinctions between insiders and outsiders are made than in low context cultures (Hall 1989: 113). It is an issue that was supported also by the empirical study. For example the elitist French system is one proof of division of people into insiders and outsiders. Many employments e.g. are available only for people from certain schools or social circles. Also the division of clerical workers (cadre) and basic

workers is highly visible. However creating interpersonal relationships is crucial in France because the relevant knowledge circulates primarily through these informal networks. If you don't create these networks you'll end up working twice as hard because getting information is so laborious.

People in high context culture expect that their interlocutor knows about what they are talking about and that one doesn't have to be specific even though talking around the issue without pronouncing the crucial words. (Hall 1989: 113.) In low context cultures Finland among them, predicting future confrontations or troubles is easier than in high context cultures due to more fragile bonds between people. When things are not going well people tend to take distance and withdraw which do not happen in high context cultures where people stick together until the explosion, which often comes without warning. Relationships between people are so strong that it can take a lot of pressure before it breaks. When the boundaries are overstepped it must be done in a way that there is no turning back. (Hall 1989: 127.)

The impact of context in the creation of homophily

The results of the study also argued for the influence of context in the creation of homophily. People prefer to interact with colleagues who are similar with them because they are more likely to have mutual interests and concerns (Reagans 2005). They have something in common and it is mutually beneficial. It is argued that the more two individuals identify with characteristics, the stronger their relationship is. They are also more likely to identify with a shared characteristic when their numbers are small in the group. This explains why minorities have so strong relations in a population. (Mehra et al. 1998.)

Although the study showed how homophily is important driver in the creation of bond between individuals the context may diminish this impact. For example, if an individual is a part of the cultural majority, homophily do not have importance in creation of connections; nevertheless it has a major impact in the case of minority position. Unfortunately in my data the respondents were either part of the majority culture or they didn't have anybody from their own country in the organization. However findings showed that shared-non-native nationality was significant force connecting individuals in a foreign country. It was natural to connect with people from other nationalities and it was felt important to be able to share common concerns about living in a foreign country. Being a stranger in a foreign country may unify individuals, which in another context may not connect at all.

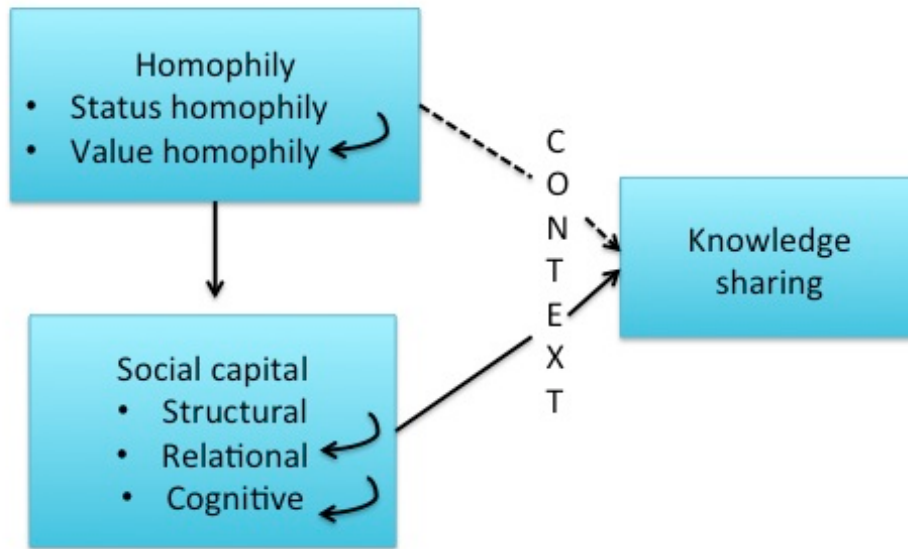


Figure 8. The revised framework of the study

5.2 Conclusions

The results of the study shed light to the process of tie creation. It was able to show the importance of homophily based characteristics in different phases of tie formation. Firstly homophilic characteristics were proved to create an interest between individuals and these common characteristics made the first approach easier. Nevertheless in order relationship to develop further common cognitive ground, which means common values and attitudes, was needed. Social chemistry is that special power that brings people's minds together and helps the relationship develop further and eventually lead to stronger connection between individuals.

In addition findings showed that face-to-face interaction was crucial to development of social capital and breeding trust. Homophily influences knowledge sharing but it will also work as an important driver in the development of social capital. Whereas social capital creates a network of relations where knowledge can flow through channels.

According to the study relationships, where cognitive and relational social capital are high, tend to be the most important informal channels for knowledge sharing. As knowledge sharing is byproduct of interaction it will flow better between individuals who share a strong connection where trust is present.

5.3 Managerial implications

Many companies invest in information or knowledge management systems in order to enhance knowledge sharing. Companies often choose the easiest way to carry out the knowledge sharing endeavours. Nevertheless people stay the most important channel through which knowledge is shared. I quote Fahey and Prusak: “Although IT is a wonderful facilitator of data and information transmission and distribution but it can never substitute for the rich interactivity, communication, and learning that is inherent in dialogue. Knowledge is primarily a function and consequence of the meeting an interaction of minds” (Fahey & Prusak 1998: 273). Managers and organizational deciders should acknowledge this and it would greatly benefit the organization. Interpersonal relationships can provide access to resources that managers didn’t know existed.

Sometimes by doing few phone calls and gathering information from one’s own network is faster and easier than trying to find the answer from a database or from knowledge management systems. Therefore companies should encourage this kind of behaviour. Another point defending interpersonal sources against technology is that most knowledge simply cannot be stored on a computer or a database due to complexity or knowledge as well as time and expense required inputting it. Knowledge would be more efficiently shared in a conversation with an expert of the field who can give some practical examples. (Connelly & Kelloway 2003: 296.) In addition knowledge loses a part of its richness and value when it is separated from its actual context (Nonaka & Konno 1998).

Connelly and Kelloway (2003: 299) believe that organization, which is conducive to social interaction, is also conducive to knowledge sharing. This matches up with the findings of my study. Respondents of my study thought that social interaction should be better promoted in a company and more time to social interaction should be made. They were aware of importance of knowledge sharing in the organization but lack of time was seen as a biggest obstacle for that. Also senior management’s example in the use of intranet was pointed out during the interviews. Respondents felt that senior management should show example and share a bit more of themselves in the conversations, also other than work related issues, in order to build the trust between the members of the organization, which could facilitate knowledge sharing.

The study of Connelly and Kelloway (2003) supported the fact that management's positive attitude and example about knowledge sharing is significant factor enhancing a positive knowledge sharing culture of the organization (Connelly & Kelloway 2003: 298). According to Connelly and Kelloway (2003: 299) it is possible to encourage knowledge sharing by increasing social interaction. In other words people look more likely knowledge from their peers when they know what kind of knowledge they possess and social interaction makes this possible by learning to know each other better. Finally stronger interpersonal relations increase the possibility of knowledge sharing between these two individuals.

If the power of homophily is acknowledged by managers, they might also use it for their advantage or reduce its impact to knowledge sharing. Homophily is reduced when members of the organization have experience interacting with colleagues who are different from themselves, for example if they are different nationality.

5.4 Limitations of the study

While I believe that the study has advanced our understanding about knowledge sharing on interpersonal level especially in French and Finnish MNCs, it is important to highlight features of the research design, which may limit the generalizability of the findings. While the results are rather consistent with the theoretical arguments presented, some of the main concepts used in the study are complex and there is no single truth about them. In addition the sample is still relatively small and the study is explanatory by its nature, therefore author had to make limitative choices concerning the scope of the study, which may have left some important things out of consideration.

First of all the concept of knowledge has been widely discussed in earlier studies and it has been looked through various lenses from individual to organizational point of view. The present study was looking knowledge sharing on interpersonal level however the concept of knowledge is not fixed and seen the same by everyone and this might add some bias to the responses of the interviews. In other words, knowledge is related to several contents in business environment and this might be interpreted differently by firms and individuals working for them. Nevertheless the content of knowledge is not discussed extensively in the study and the data did not distinguish the difference between tacit and explicit knowledge.

Secondly the research of homophily acknowledges great variety of characteristics nevertheless in order to be able to categorize and analyse the results, author made a choice and concentrated only on certain number of homophilic characteristics. This might cause a limitation on the generalization of the results.

On the other hand social capital, which means the possibility to take advantage of personal ties or network where the knowledge circulates, may concern also other types of knowledge than just business-related knowledge. It is not easy to rule a line between business-wise knowledge and mostly personal knowledge, because both of them are shared through interpersonal networks.

In the data collected eight of nine respondents were women, which may have an impact to the generalization of results of the study. Consequently the study shows a feminine side of homophilic characteristics and their influence to creation of social capital and knowledge sharing. The study was carried out by doing one face-to-face interview per respondent, thus these interviews are so called participant's self-reports. Therefore findings were influenced by the opinion of the respondent at the time of the interview. Even though the questions are easily understandable, it leaves interviewing as a method open to various interpretations from both sides i.e. interviewee and interviewer. In addition it is not easy to discover the real cause-effect relationship behind the stories when investigating what has had impact on what.

Another limitation for the study might be author's own nationality. The fact that respondents of the study are from French or Finnish cultures and that author is Finnish nationality may have an impact to the results of the study because author is looking the responses through her own cultural classes, which are mostly dominated by Finnish culture and Finnish way of thinking. Of course author was aiming to neutrality in her interpretations.

Finally, like all methods, the qualitative methods used in this study supply unique insights while leaving some key questions open to further analysis.

5.5 Implications for future research

The present study showed how homophily based characteristics influence the creation of interpersonal relations and how knowledge is shared through these informal networks. In my study majority of the respondents were women, therefore in the future

it would be interesting to compare gender differences in the creation of interpersonal relations and knowledge sharing and evaluate if there is notable differences in this behavior between two genders.

It would be also interesting to investigate how hemophilic behavior differs among cultures and if its impact on knowledge sharing is stronger e.g. in low-context or high-context cultures.

Many of the informants felt that corporate culture passed over national culture in the companies therefore it would be interesting to look separately these two cultures and study their influence to knowledge sharing behavior. However organizational culture gets some of its form/nature from national culture, e.g. many Nordic firms have a Nordic or Anglo-Saxon culture where as French companies have more Latin culture with French adjustments.

In general the area of knowledge sharing on interpersonal level offers various possibilities to future research. It is rather challenging research area because of its personal nature and various possibilities of interpretation; however it is highly rewarding to understand the reasons behind the human behavior.

REFERENCES

- Abrams, Lisa C., Cross, Rob, Lesser, Eric & Daniel Z. Levin (2003). Nurturing interpersonal trust in knowledge-sharing networks. *Academy of Management Executive* 17:4, 64-77
- Adler, Nancy J. & Allison Gundersen (2008). *International dimensions of organizational behavior*. 5th ed. OH: Thomson South-Western.
- Adler, Paul S. & Seok-Woo Kwon (2002). Social capital: Prospects for a new concept. *Academy of Management Review* 27:1, 17-40
- Andersen, Peter A. Michael L. Hecht, Gregory D. Hoobler & Maya Smallwood (2003). Nonverbal Communication Across Cultures. *Cross-cultural and Intercultural Communication*. Ed. William B. Gudykunst. CA: Thousand Oaks, SAGE Publications Ltd.
- Argote, Linda, Ella Miron-Spektor (2011). Organizational learning: From Experience to Knowledge. *Organization Science* 22:5, 1123-1137
- Arrow, Kenneth J. (1974). *The Limits of Organization*. New York: W. W. Norton & Company
- Babuji, Hari & Mary Crossan (2005) Co-evolution of Social Capital and Knowledge: An extension of the Nahapiet and Ghoshal (1998) Framework. *Academy of Management Best Conference Paper 2005*
- Barner-Rasmussen, Wilhelm (2003). *Knowledge Sharing in Multinational Corporations. A Social Capital Perspective*. Helsinki: Yliopistopaino. p. 169
- Beamer, Linda (1992). Learning Intercultural Communication Competence. *The Journal of Business Communication* 29:3, 285-303
- Bhagat, Rabi, Paula Harveston & Harry Triandis (2002). Cultural variations in the cross-border transfer of organizational knowledge: An integrative framework. *Academy of Management Review*, 27: 204-221

- Borgatti, Stephen P., Rob Cross, Andrew Parker & Laurence Prusak (2001). Knowing what we know: Supporting Knowledge Creation and Sharing in Social Networks. *Organizational Dynamics* 30:2, 100-120
- Borgatti, Stephen P. & Rob Cross (2003). A Relational View of Information seeking and Learning in Social Networks. *Management Science* 49:4, 432-445
- Brannen, Mary Yoko (2004). When Mickey loses face: Recontextualization, semantic fit, and the semiotics of foreignness. *Academy of management review* 29:4, 593-616
- Brass, Daniel J., Joseph Galaskiewicz, Henrich R. Greve & Wenpin Tsai (2004). Taking stock of networks and organizations: a multilevel perspective. *Academy of Management Journal* 47:6, 795-817
- Brown, John Seely & Paul Duguid (1998). Organizing Knowledge. *California Management Review* 40:3, 90-111
- Bryman, Alan & Emma Bell (2007). *Business research methods*. 2nd Edition. NY: Oxford University Press.
- Burt, Ronald S. (1995). *Structural holes: The Social Structure of Competition*. 2nd ed. Cambridge, MA: Harvard University Press p.313
- Burt, Ronald S., Robin M. Hogarth & Claude Michaud (2000). The social capital of French and American managers. *Organization Science* 11:2, 123-147
- Cohen, Wesley M. & Daniel A. Levinthal (1990). Absorptive Capacity: A new perspective on Learning and Innovation. *Administrative Science Quarterly* 35: 128-152
- Collins, Christopher J. & Ken G. Smith (2006). Knowledge Exchange and Combination: The role of Human Resource Practices in the Performance of High-technology Firms. *Academy of Management Journal* 49:3, 544-560
- Connelly, Catherine E. & E. Kevin Kelloway (2003). Predictors of employees' perceptions of knowledge sharing cultures. *Leadership & Organizational development Journal* 24: 5/6, 294-301

- Davenport, Thomas H. & Laurence Prusak (1998). *Working Knowledge: How Organizations manage What They Know*. Boston: Harvard Business School. p. 199
- De Long, David W. & Liam Fahey (2000). Diagnosing cultural barriers to knowledge management. *Academy of management Executive* 14:4, 113-127
- Doz, Yves, Santos, José & Peter Williamson (2001). *From Global to Metanational: How companies win in the knowledge economy*. Boston: Harvard Business School.
- Durbin, Susan (2011). Creating Knowledge through Networks: a Gender Perspective. *Gender, Work and Organization* 18:1, 90-112
- Edelman, Linda F., Mike Bresnen, Sue Newell, Harry Scarbrough & Jacky Swan (2004). The Benefits and pitfalls of Social Capital: Empirical evidence from two Organizations in the United Kingdom. *British Journal of Management* 15, 59-69.
- Eerola, Marko (2010). Tieto kulkee solmuissa. *Talouselämä* 38, 62
- Eriksson, Päivi & Anne Kovalainen (2008). *Qualitative Methods in Business Research*. London: SAGE Publications Ltd.
- Fang, Tony (2010). Asian management research needs more self-confidence: Reflection on Hofstede (2007) and beyond. *Asia Pac J Management* 27, 155–170. Springer Science + Business Media
- Fahey, Liam & Laurence Prusak (1998). The Eleven Deadliest Sins of Knowledge Management. *California Management Review* 40:3, 265-276
- Foss, Nicolai J. (1996). Knowledge-based Approaches to Theory of the Firm: Some Critical Comments. *Organization Science* 7:5, 470-476
- Foss, Nicolai J. & Torben Pedersen (2002). Transferring knowledge in MNCs: The role of sources of subsidiary knowledge and organizational context. *Journal of International Management* 8, 49-67
- Freeman, Susan & Emma Brown (2004). The influence of national culture on dissolution communication strategies in Western versus Asian business relationships: A theoretical model. *Supply chain management* 9:2, 169-182

- Ghauri, Pervez & Kjell Grønhaug (2005). *Research Methods in Business Studies: A practical guide*. Harlow: Financial Times Prentice Hall.
- Ghoshal, Sumantra, & Christopher A. Bartlett (1990). The multinational corporation as an interorganizational network. *Academy of Management Review* 15:4, 603–625.
- Ghoshal, Sumantra, Harry Korine & Gabriel Szulanski (1994). Interunit communication in multinational corporations. *Management Science* 40:1, 96-110
- Granovetter, Mark S. The Strength of Weak Ties (1973). *American Journal of Sociology* 78: 6, 1360-1380
- Grant, Robert M. (1996). Toward a knowledge-based theory of the firm. *Strategic Management Journal* 17, 109-122
- Gooderham Paul N. (2007) Enhancing knowledge transfer in multinational corporations: a dynamic capabilities driven model. *Knowledge management research and practice* 5, 34-43
- Gupta, Anil K. & Vijay Govinrajan (2000). Knowledge flows within the multinational corporations. *Strategic Management Journal* 21:4, 473-496
- Hall, Edward T. (1989) Beyond culture. NY: Anchor Book, Doubleday Dell Publishing Group Inc.
- Hansen, Morten T. (1999). The search-transfer problem: The role of weak ties in sharing knowledge across organization subunits. *Administrative Science Quarterly* 44, 82-111
- Henderson, Jane Kassis (2005). Language Diversity in International Management Teams. *International Studies of Management and Organization* 35:1, 66-82
- Hofstede, Geert (1980). *Culture's Consequences: International Differences in Work-Related Values*. London: Sage Publications, Inc
- Hofstede, Geert & Gert Jan Hofstede (2005). *Cultures and organizations: software of the mind: intercultural cooperation and its importance for survival*. 2nd ed. United States of America: McGraw-Hill. p.436
- Hofstede, Geert, Gert Jan Hofstede & Michael Minkov (2010) *Cultures and organizations: software of the mind: intercultural cooperation and its importance for survival*. 3rd ed. United States of America: McGraw-Hill. p.561

- Holden, Nigel (2002). *Cross-cultural management: A knowledge management perspective*. Harlow, England: Financial Times/Prentice Hall. p .328
- Ibarra, Herminia (1993). Personal Networks of Women and Minorities in Management: A Conceptual Framework. *The Academy of Management Review* 18:1, 56-87
- Javidan, Mansour, Gunter K. Stahl, Felix Brodbeck & Cleste P.M. Wilderom (2005). Cross-border transfer of knowledge: Cultural lessons from Project GLOBE. *Academy of Management Executive* 19:2, 59-76
- Kanter, Rosabeth Moss (1977). Some Effects of Proportions on Group Life: Skewed Sex Ratios and Responses to Token Women. *American Journal of Sociology* 82:5, 965-990
- Kedia, Ben L. & Rabi S. Bhagat (1988). Cultural Constraints on Transfer of Technology Across Nations: Implications for Research in International and Comparative Management. *Academy of Management Review* 13:4, 559-571
- Kim, Young Yun (2005). Inquiry in Intercultural and Development Communication. *Journal of Communication* 55:3, 554-577
- Kogut, Bruce & Uno Zander (1992). Knowledge of the firm, combinative capabilities, and the replication of technology. *Organization Science* 3:3, 383-397
- Kogut, Bruce & Uno Zander (1996). What firms do? Coordination, Identity, and Learning. *Organization Science* 7:5, 502-518
- Kostova, Tatiana (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of management review* 24:2, 308-324
- Laurent, André (1983). The cultural diversity of western conceptions of management. *International Studies of Management and Organization* 13:1-2, 75-96
- Lauring, Jakob (2011). Intercultural Organizational Communication. *Journal of Business Communication* 48:3, 231-255
- Lazarsfeld, P.F., & Merton, R.K. (1954). *Friendship as a social process: a substantive and methodological analysis*. In *Freedom and Control in Modern Society*, ed. M. Berger, pp 18-66. New York: Van Nostrand.

- Lin, Nan, Cook, Karen & Ronal S. Burt (2001). *Social Capital: Theory and research*. New York: Walter de Gruyter, Inc. p.333
- Marschan-Piekkari, Rebecca, Denice Welch & Lawrence Welch. (1999). In the shadow: the impact of language on structure, power and communication in the multinational. *International Business Review* 8, 421-440
- Marschan-Piekkari, Rebecca & Catherine Welch (2004). *A Handbook of Qualitative Research Methods for International Business* Cheltenham UK: Edward Elgar Publishing Ltd.
- Maylor, Harvey & Kate Blackmon (2005). *Researching Business and Management*. New York: Palgrave Macmillan.
- Mannix, Elizabeth & Margaret A. Neale (2005). The Promise and Reality of Diverse Teams in Organizations. *Psychological Science in the Public Interest* 6:2, 31-55
- McAllister, Daniel J. (1995). Affect- and Cognition-based Trust as Foundations for Interpersonal Cooperation in Organizations. *Academy of Management Journal* 38:1, 24-59
- McPherson, Miller & Lynn Smith-Lovin (1987). Homophily in Voluntary Organizations: Status Distance and the Composition of Face-to-face Groups. *American Sociological Review* 52:3, 370-379
- McPherson, Miller, Lynn Smith-Lovin & James M. Cook (2001). Birds of a feather: Homophily in Social Networks. *Annual review of sociology* 27, 415-444
- Mehra, Ajay, Martin Kilduff & Daniel J. Brass (1998). At the Margins: Distinctiveness Approach to the Social Identity and Social Networks of Underrepresented Groups. *Academy of Management Journal* 41:4, 441-452
- Michailova, Snejina & Kenneth Husted (2003). Knowledge-sharing Hostility in Russian Firms. *California Management Review* 45:3, 59-77
- Miles, Matthew B. & A. Michael Huberman (1994). *Qualitative Data Analysis* 2nd Edition. CA: Thousands Oaks, SAGE Publications
- Minbaeva, Dana B. & Snejina Michailova (2004). Knowledge transfer and expatriation in multinational corporations: The role of disseminate capacity. *Employee relations* 26:6, 663-679

- Monge, P. R., & Eisenberg, E. M. 1987. Emergent communication networks. In F. M. Jablin, L. L. Putnam, K. H. Roberts, & L. W. Porter (Eds.), *Handbook of organizational communication: An interdisciplinary perspective*: 304–342. Newbury Park, CA: Sage.
- Mooradian, Todd, Birgit Renzel & Kurt Matzler (2006). Who trusts? Personality, Trust and Knowledge Sharing. *Management Learning* 37:4, 523-540
- Moran, Peter & Sumantra Ghoshal (1996). Value creation by firms. *Academy of management proceedings*, 41-45
- Mäkelä, Kristiina. (2006). *Essays on interpersonal level knowledge sharing within the multinational corporation*. Helsinki: Helsinki School of Economics
- Mäkelä, Kristiina, Ulf Andersson & Tomi Seppälä (2011). Interpersonal similarity and knowledge sharing within multinational organizations. *International Business Review* 21, 439-451
- Mäkelä, Kristiina & Chris Brewster (2009). Interunit interaction contexts, interpersonal social capital, and the differing levels of knowledge sharing. *Human Resource Management* 48:4, 591-613
- Mäkelä, Kristiina, Hanna K. Kalla & Rebecca Piekkari, (2007). Interpersonal similarity as a driver of knowledge sharing within multinational corporations. *International Business Review* 16, 1-22
- Nahapiet, Janine & Sumantra Ghoshal (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of management review* 23:2, 242-266
- Nonaka, Ikujiro (1994). A Dynamic Theory of Organizational Knowledge Creation (1994). *Organization Science* 5:1, 14-37
- Nonaka, Ikujiro & Hirotaka Takeuchi (1995). *The Knowledge-creating Firm: How Japanese Companies Create Dynamics of Innovation*. New York: Oxford University Press, Inc. p.284
- Nonaka, Ikujiro (1991). The Knowledge Creating Company. *Harvard Business Review* July- August 2007, 162-171
- Nonaka, Ikujiro & Noboru Konno (1998). The concept of “Ba” Building a foundation for knowledge creation. *California Management Review* 40:3, 40-54

- Patton, Michael Quinn (1990). *Qualitative Evaluation and Research Methods*. 2nd Edition. Newbury Park, CA, SAGE Publications Ltd.
- Perry-Smith, Jill E. (2006) Social Yet Creative: The Role of Social Relationships in Facilitating Individual Creativity. *Academy of Management Journal* 49:1, 85-101
- Reagans Ray & Bill McEvily (2003). Network Structure and Knowledge Transfer: The Effects of Cohesion and Range. *Administrative Science Quarterly* 48, 240-267
- Reagans, Ray (2005). Preferences, Identity, and Competition: Predicting Tie Strength from Demographic Data. *Management Science* 51:9, 1374-1383
- Reagans, Ray (2011). Close Encounters: Analyzing How Social Similarity and Proximity Contribute to Strong Network Connections. *Organization Science* 22:4, 835-849
- Richards, Lyn (2005). *Handling qualitative data: A practical guide*. 1st Edition. London: SAGE Publications Ltd.
- Riusala, Kimmo & Adam Smale (2007). Predicting stickiness factors in the international transfer of knowledge through expatriates. *International studies of management and organisation* 37:3, 16-43
- Riusala, Kimmo & Vesa Suutari (2004). International Knowledge Transfers through Expatriates. *Thunderbird International Business Review* 46:6, 743-770
- Roth, Kendall, Tatiana Kostova & Mourad Dakhli (2011). Exploring cultural misfit: Causes and consequences. *International Business Review* 20:1, 15-26
- Saunders, Mark, Philip Lewis & Adrian Thornhill (2007). *Research Methods for Business Students*. 4th Edition. Harlow: Prentice Hall.
- Silverman, David (1993). *Interpreting qualitative data: Methods for analyzing talk, text and interaction*. London: SAGE Publications Ltd.
- Silverman, David (2004). *Qualitative Research: Theory, Method and Practice*. 2nd Edition. London: SAGE Publications Ltd.
- Silverman, David (2005). 2nd Edition. *Doing Qualitative Research. A Practical Handbook*. London: SAGE Publications Ltd.

- Silverman, David (2006). *Interpreting qualitative data: Methods for analyzing talk, text and interaction*. 3rd Edition. London: SAGE Publications Ltd.
- Spender, J.C. (1996) Making Knowledge the Basis of a Dynamic Theory of the Firm. *Strategic Management Journal* 17, 45-62
- Stephens, David (2009). *Qualitative Research in International Settings*. 1st Edition. NY: Routledge
- Strauss, Anselm & Juliet Corbin (1998). *Basics of Qualitative Research: Techniques and procedures for Developing Grounded Theory*. 2nd Edition. Thousand Oaks, CA: SAGE Publications Ltd.
- Szulanski, Gabriel (1996). Exploring internal stickiness: Impediments to the transfer of best practice within the firm. *Strategic Management Journal*, 17, 27–43.
- Szulanski, Gabriel (2000). The Process of Knowledge Transfer: A Diachronic Analysis of Stickiness. *Organizational Behavior and Human Decision Processes* 82:1, 9-27
- Tortoriello, Marco, Ray Reagans & Bill McEvily (2012). Bridging the Knowledge Gap: The Influence of strong ties, network cohesion, and Network Range on the Transfer of Knowledge Between Organizational Units. *Organization Science* 23:4, 1024-1039
- Tsai, Wenpin & Sumantra Ghoshal (1998). Social capital and value creation: The role of intrafirm networks. *Academy of Management Journal* 41:4, 464-476
- Tsang Eric W. K. (1998). Inside story: Mind your own identity when conducting cross-national research. *Organizational studies* 19:3, 511-515
- Tuomi, Jouni, Anneli Sarajärvi (2004). *Laadullinen tutkimus ja sisällönanalyysi*. Tammi: Helsinki
- Uzzi, Brian. (1997). Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness. *Administrative science quarterly* 42:1, 35-67
- Welch Catherine & Rebecca Piekkari (2006). Crossing Language Boundaries: Qualitative Interviewing in International Business. *Management International Review* 46:6, 417-437

- Yin, Robert K. (2003). *Case Study Research: Design and Methods*. 3rd Edition. Applied Social Research Methods Series. Thousand Oaks, CA: SAGE Publications Ltd.
- Zaheer, Akbar, Bill McEvily, Vincenzo Perrone (1998) Does trust matter? Exploring the Effects of Interorganizational and interpersonal Trust on Performance. *Organization Science* 9:2, 141-159
- Zander, Uno & Bruce Kogut (1995). Knowledge and the speed of the Transfer and Imitation of Organizational Capabilities: An Empirical test. *Organization Science* 6:1, 76-92

APPENDIXES

APPENDIX 1. Interview guide

Dear Respondent,

I am a Master's degree student at the University of Vaasa and working for the moment as a trainee in Finpro Paris office.

I would like to interview you concerning my master thesis. This interview is intended to be part of an in-depth study, which will contribute to the empirical part of my thesis about knowledge sharing on interpersonal level.

I am interested to know how you communicate with your co-workers/colleagues inside the company and across different units. I will focus on how people form interpersonal networks, so the ideal respondent would be a person who in his daily work is in contact with people around the world.

The duration of the interview will be approximately 45 minutes. It is assured that your personal data responses will be kept confidential. In addition to that, special precautions will be taken for not disclosing your personal identity while using the interview feedback. For my personal further data analysis I will be audio-recording our session if agreed with you.

Please let me know about your availabilities in order to arrange the meeting.

Thank you for your time in advance and don't hesitate to contact me if you have any further questions.

Best regards,

Marjo Karhunen

APPENDIX 2. Interview template

Background of the interviewee

Interview date and time:

Place:

Name:

Job title:

Organizational level:

Foreign assignments:

When did you start working for this company?

What does your current job entail?

Please provide practical examples in your responses.

1. What are the typical ways and situations in which you communicate with your foreign colleagues?

2. When you need information or advice for a work-related problem, what do you do? To whom do you turn and in what kind of situations?

Can you describe the level of bonding with that person?

What are the criteria for choosing someone over the other?

Do you have something in common?

3. How would you describe your relationship?

What is the function of trust in it?

Who do you trust?

4. With whom do you share best practices or innovative ideas within the firm?

5. Do you share more in depth knowledge with these people that you are more in contact with? (e.g. informal situations like during a coffee pause)

6. Do you feel that whom you know has an impact on what you know inside the company?

7. What motivates you to share your ideas with people you know?

8. Are there any reasons why you don't share knowledge with others? (what is blocking the information)

9. Does anyone contact you to ask information, advice or help? In what kind of situations? Why you?

10. What is the role of culture in miscommunication situations? Give examples.

11. In terms of international communication (both written and oral) within the firm, are there any areas of improvement that you would like to suggest?