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KNOWLEDGE SHARING

FROM "EAST TO WEST" THROUGH EXPATRIATES

A social capital perspective

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ABSTRACT

The role of expatriates in MNCs has been regarded as strategic significant on knowledge transfer process; moreover the expatriation process is conducive to establish fruitful personal relationship as to enhance the development of social capital. Due to lack of sufficient study on knowledge transfer from "East to West", the study of "East" expatriates seems to be significant to examine their social capital development that is helpful to understanding if knowledge flow from "East to West".

The purpose of this study aims to examine the factors that have impact on expatriates' social capital development at interpersonal level in order to understand whether knowledge is possible to flow from "East to West", which facilitate knowledge transfer from Chinese expatriates. Since such sharing of ideas and personal beliefs would be affected with lots of factor, the study is delimited to explore different dimensions of social capital theory as well as examine best practices transfers with dominance effect theory in order to dig out the whether dominance mentality play significant role in sharing knowledge.

This study adopted case studies; furthermore the findings are based on 6 in-depth interviews that provide the empirical basis for case analysis. Finally it was found that tacit knowledge from Chinese expatriate hardly transfers to local Finnish subsidiaries, and explores that Chinese expatriates do hold certain knowledge, however because certain strict working process and large distinction technical background, these make tacit knowledge flows hardly to Finnish firm. It is also approved that dominance effect has a strong influence on the view of what is best practices and useful knowledge, even though Chinese expatriates have high willingness to transfer certain practices to local Finnish colleagues.

1   INTRODUCTION

In this chapter, it concerns about the background of the study and introduction of research problem. For in-depth understanding, the main objective of the study will be discussed and the research questions will be presented. In the study the main concepts will be defined and the main assumptions made are acknowledged. At the end of this chapter, the thesis structure will be provided.

1.1   Study Background

The idea of knowledge as a source of economic wealth has been stated about 110 years ago. Alfred Marshall *(1890)* addressed: *Capital consists in a great part of knowledge and organization ... Knowledge is our most powerful engine of production* (Little, Quintas & Ray, 2002, 1-2). Knowledge as an important resource for firm can be managed within and between organizations and this awareness has been a rapid growth since mid-1990s (ibid). Scholars view firm as a knowledge-based organization and as a market institution that integrates special knowledge resided in individuals into goods and services (Kogut and Zander, 1992; Grant, 1996a). Furthermore, the critical source of competition advantage over other competitors requires the capability of knowledge integration to permit the generation of new knowledge rather than knowledge itself (Grant, 1996b).

Many researches have explored the essential role of organizations in acquisition, processing, storage and application of knowledge (Argyris and Schon 1978, Levitt and March 1988, Starbuck 1992). Also, Spender *(1992)* recognizes firms are engaged not only in knowledge creation but also in knowledge application. As knowledge is the critical input into all production process, new capabilities are attributed to extending existing capabilities to encompass additional types of knowledge and reconfiguring existing knowledge into new types of capability (Grant, 1996b).

The central competitive dimension of what firms know how to do is to create and transfer knowledge efficiently within organizational context (Kogut and Zander, 1992). However knowledge is intangible asset with difficulty of imitating and diffusing individual skills. Due to cognitive limits of human brain, knowledge foundational form indicates that an increase in depth of knowledge implies reduction in breadth (Grant, 1996b). Non-technological problems e.g. insufficient understandings, unable to cooperate and integrate tasks, lack of motivation etc. jeopardize the potential benefits of investments in knowledge management.

Many researchers (e.g. Almeida, Song & Grant, 2002; Gupta & Govindarajan, 2000; Kogut &Zander, 1993; Mudambi, 2002) have conceptualized Multinational Corporations (MNCs) as organizations whose advantage is derived from their ability to acquire and utilize knowledge across borders and which are superior to alternative organizational configurations in terms of transferring knowledge. Compared to domestic companies, MNCs possess unique advantages in the way they source, generate, transfer and utilize knowledge. In line with traditional hierarchical structure of the MNC, numerous studies that examine knowledge flows in MNCs focus primarily on how headquarter (HQ) transfer knowledge to their subsidiaries (Michailova and Mustaffa, 2011).

Since the changes from more traditional hierarchical structures to network-based and heter-archical configurations of the MNC, knowledge flows from headquarter (HQ) to subsidiaries is no longer the focal unit of analysis, however the attention has been shifted to subsidiaries as the central knowledge source that might be geographically spread into different continents under various cultural backgrounds, the source of subsidiaries gradually has acknowledged as the focus of analysis in MNCs (Michailova and Mustaffa, 2011).

The knowledge flows in MNCs classified into two main clusters: knowledge inflows and knowledge outflows. Knowledge inflows indicate that recipients have absorptive capability (Cohen and Levinthal, 1990) to receive the knowledge from HQ and/or subsidiaries, on the other hand, when the sources of organizational best practices are motivated (Burgess, 2005) to transfer their knowledge into subsidiaries, this indicates knowledge outflows (Michailova and

Mustaffa, 2011). In other words, MNCs' subsidiaries might perform dual role in knowledge transferring process that are either recipients or sources of knowledge in MNCs.

In order to effectively utilize MNCs' subsidiaries knowledge base, the knowledge management systems have been designed and implemented within MNCs. The knowledge management systems design derives from primarily two perspectives: technology and human resource. The technology perspective applies the information technology platform into knowledge management system to motivate sources in MNC to contribute their knowledge into technology database (Paik and Choi, 2005; Voelpel et al., 2005). On the other hand the IHRM perspective contributes to the knowledge flows by convergence of best practices through expatriation process (Riusala and Suutari 2004; Riusala and Smale, 2007), in order to establish accessible network, good quality of relationship and trust.

Knowledge flow through expatriates has been studied within business literatures (Bonache and Brrewster 2001; Riusala and Suutari 2004; Riusala and Smale, 2007; Mäkelä 2007), which is one of the key area in the field of international human resource management concern. Business literatures have stated the significance of expatriation for cross-border assignments. Expatriates can and have been deployed for a number of reasons: for specific staffing needs (a vacancy exists in a foreign unit), for management development purposes (development of an internationally experienced management team), and for organization development purposes (control and coordination, knowledge transfer, and instilling corporate culture) (Riusala and Suutari 2004, Riusala and Smale, 2007).

Expatriate, as a form of human agency, is argued to be one of sophisticated transfer mechanism, which is a third perspective-"view from the middle" that argues to benefit from more balance in view of their typical role as intermediaries in transfer processes (Riusala and Smale 2007). Bonache and Fernandez *(1999)* argued that recognition of key strategic roles expatriates play in the international operation of the firm has subsequently led to exploring the possible link between the deployment of expatriates and competitive advantage from a resource-based view of the firm (Riusala and Smale 2007).

The track of the expatriation research can be directed into two perspectives. The first track of research focuses on a learning process that has been found to take place during the international assignments. Thus the emphasis of this track of research is increasingly on identifying what kind of learning takes place and what kind of connection between international assignments and careers after the assignment. Alternately, the second track is more relevant to knowledge transfer to foreign affiliates through the expatriates. While MNCs decide to diffuse knowledge, particular tacit knowledge between different units, it often dispatches key expertise to the foreign operations (Riusala and Suutari 2004).

Therefore the purpose of this study is to examine knowledge diffusion through expatriates, particular with a focus on Chinese expatriates' knowledge sharing. The socio-cultural effects will be taken into a consideration in the study.

1.2   Research Problem

As previous chapter presented, the knowledge embedded in individuals located in cross-border units has been emphasized as potential resource of competitive advantage for the organization by strategy and management scholars (LiLi et al, 2007). Knowledge sharing among globally dispersed units has been commonly acknowledged as a strategic priority.

Units can benefit from inter-learning from each other, knowledge transferring provides the opportunities for inter-unit cooperation so that new knowledge can be recognized, created and applied for the innovation (Tsai, 2001). However knowledge transferring as dyadic exchange between source and recipient encounters stickiness (Szulanski, 1996). Also, Kogut and Zander *(1996)* argues members identify normative territory in firms; this identification implicates conventions and rules by their behavior and decision making coordination; and learning process socially through the formation of values and convergent expectations. While the identity with a group is associated with a normative implication; members are faced with

the cognitive dissonance between their normative attachments to an identity and evidence that the groups, or other members, have not behaved appropriately.

Many literatures argued the important strategic role of expatriates as a sophisticated transfer mechanism (Bonache and Brewster 2001, Riusala and Suutari 2004, Riusala and Smale 2007) for knowledge that more likely resides in the human mind and manifests itself in behavior and perception (Nonaka and Takeuchi, 1995); nevertheless expatriates from outside of members' normative territory, might face this cognitive dissonance and frustrated with inappropriate behaviors.

Geographical distance moreover increases the difficulty of knowledge transfers among MNCs (Barner-Rasmussen & Björkman, 2005). Since knowledge is embedded in individuals, people's various culture background shapes their perceptions and behaviors, and their cultures represent the rules and practices that determine the environment within which people communicate (Long and Fahey, 2000). Merely single economy entity is able to isolate from global economy influence, business is tempting to be worldwide, and the cultural differences however are not disappearing and vanishing (Javidan et al. 2005).

Moreover with a competitive internal work environment, optimal knowledge from contributor however may be personal vulnerability by revealing the secrets of his or her competitive edge (Cabrera, 2002). Consequently, knowledge sharing is attributed to a paradigmatic social situation – social dilemma (Cabrera, 2002). Kollock *(1998)* addressed social dilemma describe paradoxical situations in which individual rationality – simply trying to maximize individual pay-off, leads to collective irrationality. Eventually social dilemma balances at deficient equilibrium. Once deficient equilibrium reached, no individual would like to break it and the social fence however appears to prevent accessing optimal benefit from entire group (Cabrera, 2002).

Expatriates' interpersonal relationship significantly determines the extent of knowledge sharing in the organization. Effective and high-quality of relationship is essential for

knowledge to be successful shared among people, it will based upon several elements such as network tie, shared codes and narratives, mutual trust, shared identity as well as learning obligation (Kogut and Zander, 1996; Nahapiet and Ghoshal, 1997; 1998).

The mainstream of knowledge transfer research is conducted more from "West to East" (e.g. Wang et al., 2004, Stephen and Wang, 2005, Smale and Suutari, 2011), in other words, knowledge flow frequently from Western developed economic entity to Eastern developing economic entity. However a few have turned the spotlight onto the countries in "East" like Asia transferring knowledge to western countries. Knowledge flow from "East to West" research seems not to be sufficient, even scarce; a few scholars (e.g. Chang and Adam, 2012) have studied knowledge transfers from "East to West". This study defines the "East and West" as China and Finland subsidiaries and tries to fulfill the gap of knowledge transfer research from "East to West" through Chinese expatriates in Finnish subsidiaries in order to find out whether from "East to West" knowledge transfers face the similar obstacles.

While being very importance for understanding of knowledge flow through expatriates in international assignments, the influences of expatriates' social capital on knowledge transfer have not been dispersedly studied, particular from Chinese to Finnish local context ("East to West"). The researches undergone so far seem not to emphasize the impact of identity dissonance and neglect expatriates' social capital from developing countries. Furthermore, when socio-culture context has been involved in knowledge sharing, different culture identity reflected on expatriates is a crucial aspect so that knowledge from "East", like Chinese expatriates, may not be paid much attention on the value of such best practices, which happen in certain situations prevent knowledge transfer from "East to West".

1.3 Research Questions

The purpose of this study is to examine knowledge sharing through expatriate, particular with a focus on Chinese expatriates' knowledge sharing in Finnish subsidiaries. The primary research question as follows:

What factors possibly influence assigned expatriates' knowledge flow from "East to West"?

This question further break into two main sub-questions as below:

To what extent does assigned expatriates' social capital affect knowledge transfer in Finnish organization?

To answer this research question is to examine each dimension of social capital. All of these dimensions to some extent have influence on knowledge sharing practices particularly relationship of expatriates in personal level. The quality of relationships is the key measurement to examine the influences on knowledge sharing. Hence, good quality of social relations in conjunction with shared narratives determines the degree of knowledge flow from expatriates to foreign unit.

What is the role of individual attitudes toward knowledge transfer in local context from expatriates' perspectives?

Socio-culture context determines different social identity particular in large culture different context. Superior economic status with social identity determines the value of useful knowledge and which knowledge is worth managing, also defines the relationship at individual level and creates context of social interaction of using knowledge (Long and Fahey, 2000). Therefore, the study will concern social identity theory and dominance effect as theoretical foundation to diagnose how the social identity affects the quality of relationship between assigned expatriates and other local colleagues, as well, the role of expatriates' attitude from "East" for transferring their knowledge to Finnish local subsidiaries, influence on knowledge flow from "East to West".

This study is intended to contribute to the research on knowledge sharing from East to West Country through expatriates by using social capital theory lens as major literature support to

examine the context of interaction in MNCs. The study will contribute to fill the gap of knowledge transfers from "East to West" through expatriates and to reinforce the understanding to what extent of these factors have influences upon expatriates' personal relationship with other parties, also the role of attitude embedded with them is also explored as to have clearly picture of knowledge flow stickiness factors from "East to West".

1.4   Scope of Study

The role of expatriates, as carriers of knowledge has already been recognized by several prominent scholars (Bartlett and Ghoshal, 1989; Doz et al. 2001; Nohria and Ghoshal 1997; Riusala and Suutari 2004). Expatriates have traditionally been viewed as exporters of knowledge and organizational practices from headquarters to subsidiaries (Edström and Galbraith 1977, Harzing 2001a, 2001b). Thus the expatriates from headquarter to host country is named as parent country nationals (PCNs); moreover, expatriates might come from neither parent country nor host country, however they are assigned from third country called as third country nationals (TCNs) literally. Nevertheless, the flow of expatriates in this study is limited between the subsidiaries in MNCs, and the expatriates are defined as assigned expatriates who should have minimum six months stay in Finnish subsidiaries from China rather than from third countries.

Some scholars have also emphasized the definition of approach of knowledge flow as knowledge sharing, rather than knowledge transfer within the MNC, in the sense of mobilizing dispersed knowledge that is scattered around corporation (Doz et al. 2001; Westney 2001). The term "knowledge transfer" typically refers to a formally organized activity with specific boundaries (Szulanski, 2000), but "knowledge sharing" relates to a wider range of knowledge exchanges in interpersonal and organizational interaction (Mäkelä, 2007). However the term- "knowledge transfer" and "knowledge sharing" are not separated in this study is defined as interpersonal-level knowledge transfer from sources ("East") to recipients ("West") in MNCs through daily interaction which indicated as official activities hold by the organization and as unofficial at spare time.

Knowledge has been regarded as significant competitive resources by firms and new strategy theory from scholars' perspective (Pettigrew et al., 2002). In this study, the knowledge defined as tacit knowledge which is embedded in individual and difficult to articulate; however the explicit knowledge transferring is not the purpose for this study to examine.

The study also concerns culture issues since expatriates carried their own national culture in MNCs. The national culture can be the most significant noises while daily interaction between expatriates and other parties. The culture distance causes lack of contact, relationships, common perspectives among people who do not work side by side and "not-invented-here" syndrome (O'Dell and Grayson, 1998) even hostile attitude to foreign expatriates (Michailova and Husted, 2003). Even though the organizational culture to some extent has also importance influence, however the purpose of study is not to examine interconnections between them, rather than to take national culture as noise of social interaction.

1.5   Structure of Study

The thesis is structured in five chapters as indicated in Figure 1. The first Chapter of the study is an introduction to the research. It discusses the general background of the study, consider the problem area, explore the research questions as well as outline the basis structure in this study.

Chapter 2 concerns the theoretical perspectives of the study. The major relevant theories, concepts and terms are presented and discussed in this chapter. It provides a theoretical review of previous relevant literatures concerning knowledge sharing. Also it presents social capital theory and dominance effect theory as to examine their impacts on the effectiveness of knowledge sharing. The conceptual framework of the study from the literature review will be presented at end of this chapter.

Chapter 3 presents research methodology philosophies and various practical research

approaches for conducting research. The main methodological approach and research strategy used in this study is well discussed. The multiple case study as primary research method will be argued and the process of the data collection will also given in this chapter.

Subsequently, the chapter 4 presents empirical data analysis collected from designed interviews. The main findings of the study are systematically discussed according to theoretical framework in order to answer two key research questions: social capital dimensions & tacit knowledge sharing behaviors and impact of dominance effect theory on knowledge transfer process.

Finally, Chapter 5, discuses the main research results and contributions of the thesis. Limitations of the study and contribution to the working ambient and the discipline also are provided. Diagrammatic representation of the contents of the study shows different chapters and important themes discussed along with chapters as following:

Figure 1 Structure of the Study
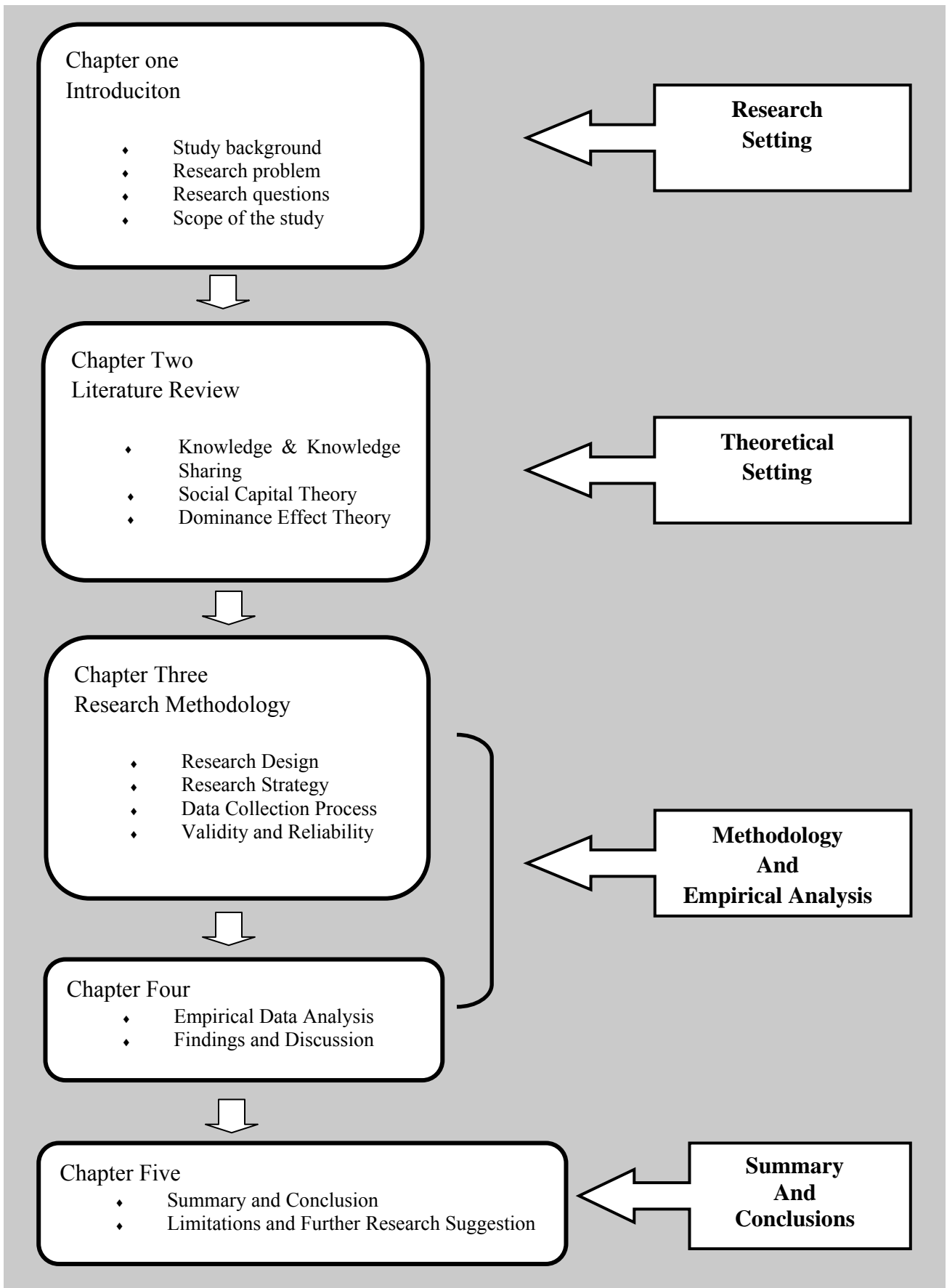
2 LITERATURE REVIEW

This chapter aims to present the relevant theoretical perspective of the study. It will start by discussing the concept and characteristics of knowledge and understanding of knowledge sharing reviewed along with existing research at interpersonal level. The study will continue with discussion about social capital concept and theoretical framework which will be broken down into different dimensions in order to understand the relation between social capital and knowledge sharing. Expatriates embedded with their culture factors; therefore culture dimension theory is also included along with reviewed influences upon knowledge sharing. Finally the theoretical framework is attempted to draw for this study on the ground of literatures concerning the research subjects.

2.1 Knowledge Definition

Knowledge is multifaceted concept with multilayered meanings. The process for searching the answer of "what is the knowledge" can be retrieved back to ancient Greek period. Knowledge has been defined imperfectly by philosophers and scholars, Nonaka and Takeuchi *(1995)* defined knowledge as 'justified true belief' a concept that was first introduced by Plato, and Sveiby *(2001cited from Chini, 2004)* defines knowledge as 'the capacity to act' (Chini, 2004). The useful way of arriving at a definition of what knowledge is can be achieved by differentiating it from what it is not. One of the most common distinctions to define knowledge is between knowledge, information and data. Data is a set of discrete, objective facts about events and can be defined as raw number, images, words and sounds which are derived from observation or measurements and are not analyzed. In contrast, information as a message in the form of a document or an audible or visible communication represents data arranged in a meaningful pattern, where some intellectual input has been added to the raw data. However, knowledge is neither data nor information, though it is related to both and the differences between these terms are often a matter of degree (Davenport and Prusak, 1998; Hislop, 2005).

Knowledge emerges from the application, analysis and productive use of data and/or information that can be seen as *"data or information with a further layer of intellectual analysis added, where it is interpreted, meaning is attached and is structured and linked with existing systems of beliefs and bodies of knowledge"*. Therefore knowledge provides the means to analyze and understand data/information, provides beliefs about the causality of events/actions, and provides the basis to guide meaningful action/thought (Hislop, 2005).

Knowledge combines various pieces of information with an interpretation and meaning (Chini, 2004). While information derives from data, knowledge derives from information (Davenport and Prusak, 1998). Data, information and Knowledge are interrelated is in a hierarchical structure where the relationship between them is dynamic and interactive, the data and information can provide the building blocks of knowledge, equally knowledge can be used to generate data and information, further, knowledge shapes the type of information & data collected and the way it is analyzed (Hislop, 2005). Figure 2 clarifies the complexities among data, information and knowledge.
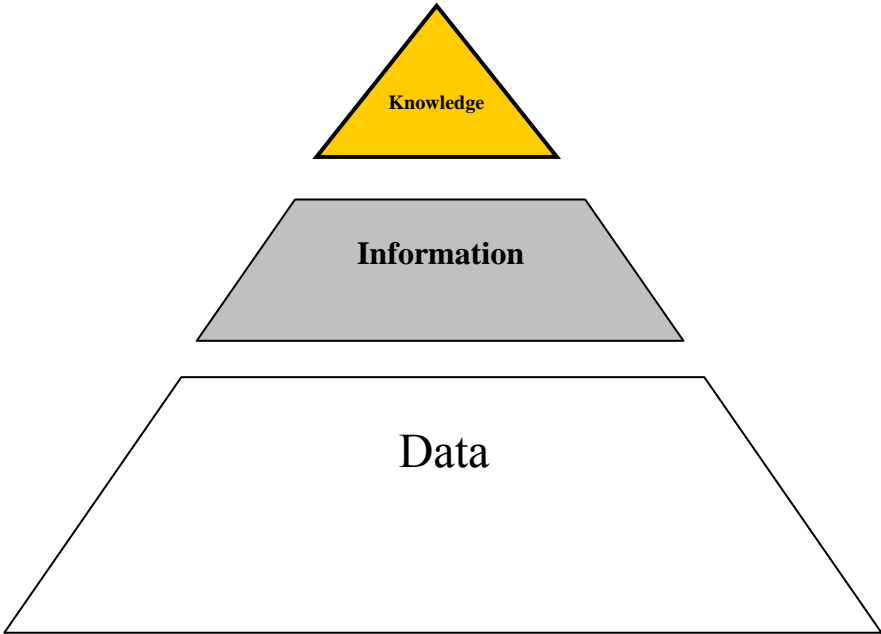
Figure 2 Hierarchical Structures of Data, Information and Knowledge

Probst et al., *(1999) cited from Chini, (2004)* describe the transition from data via information to knowledge as a continuum; an approach especially applicable to an investigation of knowledge transfer in MNCs. Figure 3 illuminates the transition from data via information to knowledge.

| **Data** | **Information** | **Knowledge** |

Unstructured   Structured
Isolated   Embedded
Context-independent   Context-dependent
Low behavioral   High behavioral control
control   Cognitive behavioral
Signs   patterns
Distinction   Mastery/Capability
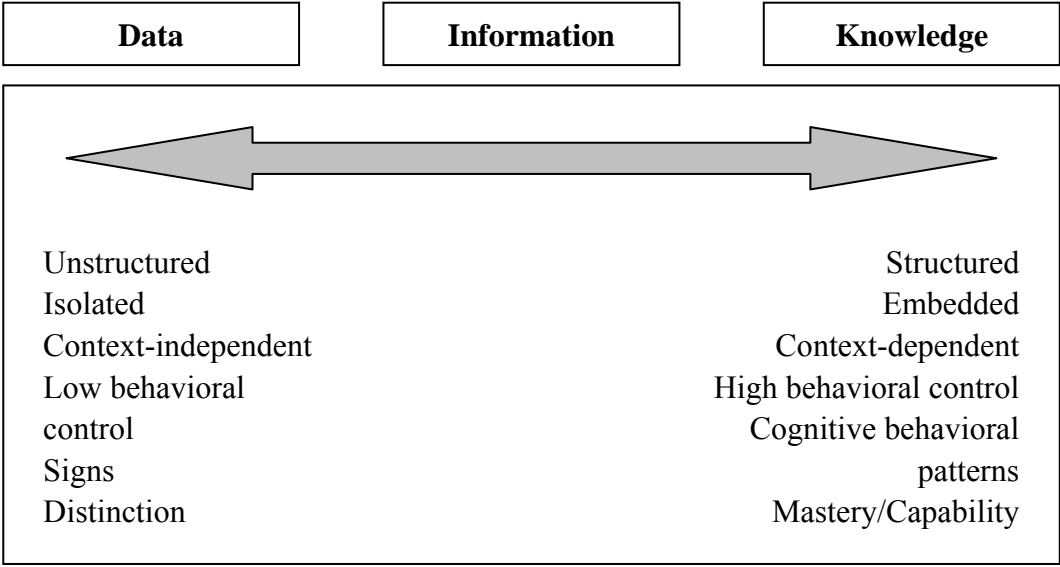
Figure 3 the continuum of data- information- knowledge

Davenport *(1998)* indicates that to make this transformation happen, people have to compare the information in different situations through the combination of various bits of knowledge, conversation with others about information, or assessing the consequences of the information for decision-making. In organizations, data can be recorded, and information become messages, whereas knowledge is embedded in documents or databases, in processes, routines and norms, and is obtained from individuals, groups, or organizational routines either through structured media or through person to person contact (Chini, 2004).

Scholars have classified knowledge as dichotomy from various views. One of dichotomy distinguished knowledge as "knowing what" and "knowing how", that former can be called declarative knowledge; the latter refers to procedural types of knowledge. The other

classification distinguished between specific and general knowledge and divided them into three aspects- cognitive knowledge, skills and knowledge embodied in artifacts. Generally knowledge is distinguished by two dimensions explicit and tacit knowledge along with philosopher *Michael Polanyi (1966).* This dichotomy is largely ubiquitous and refers to the type of knowledge that differentiates between explicit or articulated and tacit or implicit knowledge (Chini, 2004; Hislop, 2005).

Explicit knowledge refers to knowledge that is transmittable in formal systematic language and is codified through blueprints, manuals and documents (Rusala and Suutari, 2004); Riesenberger *(1998)* states this codification makes it amenable to transfer (Nonaka, 1994; Chini, 2004). In contrast tacit knowledge is non-verbalized, intuitive and unarticulated linked to the experience of individual, includes beliefs and emotions, personal skills and acquired knowledge (Nonaka, 1994; Chini, 2004). The subjective and intuitive nature of tacit knowledge makes it difficult to process or transfer the acquired knowledge and seem to be possible to learn this type of knowledge only through observation and doing.

Nonaka and Takeuchi *(1995)* have given the most prominent model building on the dichotomy of tacit and explicit knowledge. Table 1 exhibits the tacit and explicit knowledge

Tacit Knowledge (Subjective)	Explicit Knowledge (Objective)
Knowledge of experience (body) Simultaneous knowledge (here and now) Analogue knowledge (practice)	Knowledge of rationality (mind) Sequential knowledge (there and then) Digital knowledge (theory)

Table 1 Tacit and Explicit knowledge (Nonaka and Takeuchi, 1995)

As *"We can know more than we can tell" (Polanyi, 1966 cited from Nonaka, 1994)* was quoted by Nonaka (1994) and Nonaka and Takeuchi (1995) to define the typology of knowledge by illuminating the form of iceberg. The words and numbers only represent the tip of iceberg which is visible above the waterline as explicit knowledge that can be codified and transmitted in systematic languages and database to another. The underneath part of iceberg refers to tacit knowledge that is difficult to visualize and is embedded with specific context, thus difficult to transmit. Figure 4 illustrates the tacit and explicit knowledge
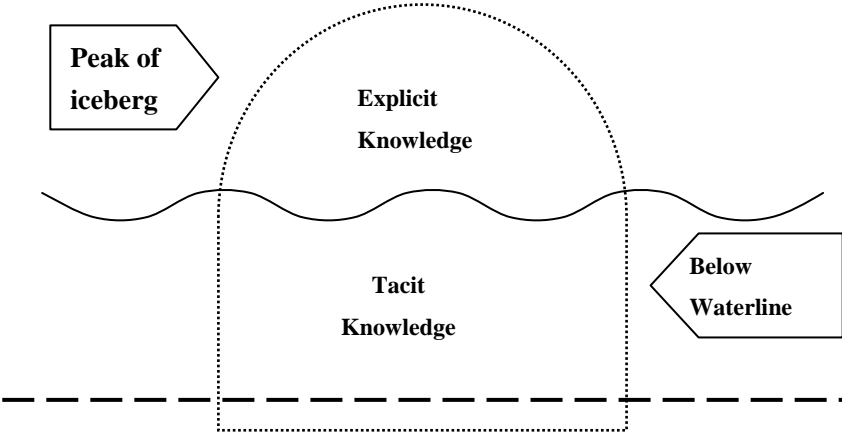
Figure 4 illumination of tacit and explicit knowledge (adapted from Nonaka, 1994, 1995)

According to Figure 4, the illustration clarified the difference between tacit and explicit knowledge and presented the difficulty to realize this tacit knowledge even much harder to transmit it to others when not embedded with specific context. The characteristics of tacit and explicit knowledge can be summarized in the Table 2.

Tacit Knowledge	Explicit Knowledge
Inexpressible in a codified form Subjective Personal Context specific Difficult to share	Codifiable Objective Impersonal Context independent Easy to share

Table 2 The characteristics of tacit and explicit knowledge (Hislop, 2005)

The different arguments on the epistemology of knowledge have existed in many literatures. Scholars view on knowledge range from objectivist to practiced-based perspective, which concern difference between "epistemology of possession" and "epistemology of practice". Cook and Brown *(1999)* refer to "epistemology of possession" as knowledge is regarded as an entity that people or group possess. On the other hand "epistemology of practice" refers to the embeddedness of knowledge in human activity and emphasizes the extent to which it is embedded within and inseparable from practice. The practice-based perspective regards two aspects of knowledge as inseparable and mutually constituted and suggests there is no such thing as fully explicit knowledge, as all knowledge has tacit dimensions (Hilop, 2005).

Since tacit knowledge is the most difficult part of the knowledge to be visualized and transmitted to others, the study is inclined with objectivist perspective on knowledge to examine tacit knowledge sharing. Thus, the tacit knowledge in this study is adopted the conceptualization with relevant to Nonaka's *(1994)* definition as "non-formalizing and non-communicating type of knowledge that is deeply rooted in action, commitment and involvement in a specific context and deeply linked to individual's experience, perspective, belief and emotion". This definition represents the most traits of tacit knowledge residing in human's tacit mental models that is hard to covert and codify in the visible form.

2.2 Knowledge-Based View of Firm

Pettigrew et al., *(2002)* highlight firms can be viewed as different community-of-practice embedded with heterogeneous knowledge bases and capabilities. Knowledge has been swept through the field of strategy on variety of topics within strategy, thus this perspective considers knowledge as the most strategically significant resource of the firm regarded as "a new theory of strategy". However KBV is still an emerging theory without consensus understanding but it was built upon and extended out resource-based view of firm that such resource can be acquired, transferred or integrated to achieve sustained competitive advantage.

KBV based on the distinction between tacit and explicit knowledge (Polanyi, 1962) identifies tacit knowledge as the most strategic resource of firms, since tacit knowledge is difficult to imitate and relatively immobile, which can constitute the basis of sustained competitive advantage (Grant, 1996a; Decarolis and Deeds, 1999).

The foundations for KBV concerns organizational learning and dynamic capabilities. Organizational learning is thus perceived as an adaptive change process that is influenced by past experience, focused on developing and modifying routines (Nonaka and Takeuchi, 1995). Nelson and Winter *(1982)* see individuals as responding to information complexity and uncertainty through their own skills and routine organizational activity in line with the behavioral tradition. On the other hand, dynamic capabilities defined as the firm's ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments; therefore, the ability to quickly learn in accordance to market change becomes crucial to performance (Pettigrew et al., 2002).

The KBV refers knowledge especially tacit knowledge as strategic resource that is unique, relatively immobile and inimitable. The KBV emphasizes firms are capable to realize, exchange and combine internal and/or external knowledge in a novel and distinctive way to

rapidly keep step with changing environment. Thus, the KBV offers a theoretical basis for understanding a number of recent organizational innovation and trends. The absorptive capability of individuals is also recognized in the KBV; Grant *(1996a)* highlights knowledge is embedded in individuals and identified the primary role of firm as integrating knowledge resident in individuals. Therefore, this approach is rooted in cognitive psychology and sociology and focuses more on the process of knowing than on knowledge as an objective and transferable resource; moreover the knowledge is considered socially constructed and the creation of meaning occurs in ongoing social interactions grounded in working practices (Weick and Roberts, 1993; Cook and Brown, 1999), and the specifics of the social and cultural setting (Blackler, 1995; Galunic and Rodan, 1998). The competitiveness of firm will depend on how well the firm to manage knowledge sharing among knowledgeable individuals through channel of communication and distribution of knowledge in the firm.

2.2.1 Knowledge Sharing

The researches on knowledge sharing have been broadly studied and applied in many contexts; Wang and Noe *(2010)* indicated various contextual studies range from organizational context, interpersonal characteristic and culture, individual characteristics, motivational factors and knowledge intention and behavior etc. With help of prior studies, knowledge sharing can be found as important concerns in knowledge management, thus knowledge sharing has attracted more attentions.

Knowledge sharing is one of the most important processes of knowledge management, which gradually evolves and improves the production system and its constituting elements. As a result, knowledge sharing is closely related to long-run performance and competitiveness of a firm. Knowledge sharing is the fundamental means through which employees can contribute to knowledge application, innovation and ultimately the competitive advantage of the organization (Jackson et al., 2006). Knowledge sharing refers to the provision of task information and know-how to help others and to collaborate with others to solve problems, develop new ideas, or implement policies or procedures and it can occur via written

correspondence or face-to-face communications through networking with other experts, or documenting, organizing and capturing knowledge for others (Cummings, 2004; Pulakos et al., 2003).

The study follows the concept of knowledge sharing as referring to formal and informal knowledge exchanges that take place at different levels within the organization. This concept of knowledge sharing differentiates from often used term knowledge transfer. Knowledge transfer typically has been used to describe the movement of knowledge by sharing of the knowledge source and the acquisition and application of knowledge recipient between different units, divisions or organizations rather than individuals (Szulanski et al., 2004). Whereas knowledge sharing occurs naturally in interpersonal interaction and may or may not be planned or even intentional, knowledge sharing can take place constantly during daily work process, and meeting even informal discussion in casual time (Mäkelä, 2007).

Boh *(2007)* discussed different knowledge-sharing mechanisms and defined it as the formal and informal mechanisms for sharing, integrating, interpreting and applying know-what, know-how, and know-why embedded in individuals and groups that will aid in the performance of project tasks. To understand the mechanisms can enhance the stocks and flows of learning in the organization (Crossan, Lane, & White, 1999, cited from Boh, 2007). Prior studies classified knowledge-sharing mechanisms by personalization versus codification and individualization versus institutionalization. Codification versus personalization distinguishes between mechanisms that enable the sharing of codified knowledge versus tacit knowledge. On the other hand, Individualization versus institutionalization distinguishes between mechanisms that enable the sharing of knowledge at the individual level or at a collective level (Boh, 2007). The knowledge-sharing mechanism can be interacted by two dimensions in Table 3.

	Individualized	Institutionalized
Personalization	Individ. Personalization Mech.	Institu. Personalization Mech.
Codification	Individ. Codification Mech.	Institu. Codification Mech.

Table 3 The classification of knowledge-sharing mechanism (Boh, 2007)

This study focuses on two interactive dimensions individualized–personalization mechanisms, which describes mechanisms that create opportunities for individuals to share knowledge at the individual level in an ad hoc and informal manner. The role of social network can be crucial and network of individuals can be a powerful means of storage and retrieval for the organization's experiential knowledge (Boh, 2007).

The value of knowledge sharing requires not only the capability of realizing what the knowledge is, but it also relies on a sustained effective and systematic management approach. Hislop (2009) argues that the most fundamental assumption to manage knowledge is that knowledge is a resource amenable to control and management. The essential is to link knowledge management initiatives to concrete business strategies; Zack (1999) suggests that the linkage represents the primary way that such initiatives can be made to effectively contribute to the creation of economic value and competitive advantage.

Arguably to manage knowledge for an organization virtually has an infinite number of ways. Thus to take account of its diversity, knowledge management is an umbrella term which refers to any deliberate efforts to manage the knowledge of an organization's workforce, which can be achieved via a wide range of methods including directly, through the use of particular types of ICT, or more indirectly through the management of social processes, the structuring of organizations in particular ways or via the use of particular culture and people management practices.

Knowledge management is a concept term in which an enterprise can gather, organize, share and analyze its knowledge in terms of resources, documents and people skills. The purpose of knowledge management in the organization is to leverage the knowledge of individuals and groups so that this knowledge becomes available as a resource for the entire organization and supports the organization in becoming more competitive (Davenport and Prusak, 1998).

To manage knowledge flow in the organization requires managers to understand knowledge transformation cycle. The following diagram shows the trails of knowledge transferring in the organization (Carlile and Rebentisch, 2003).
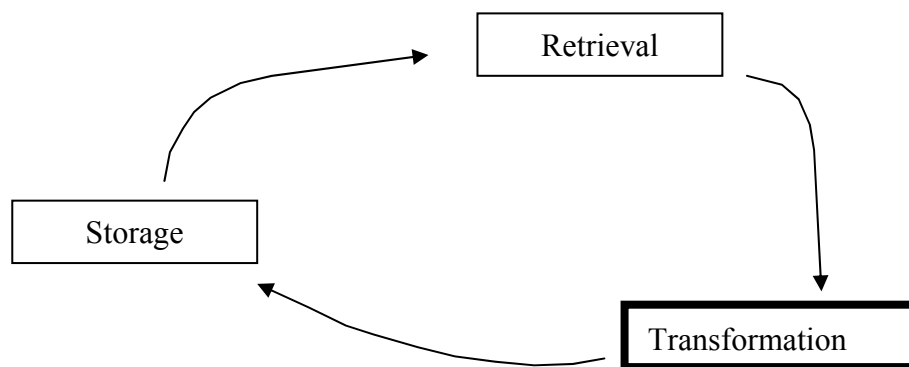
Figure 5 illustrates knowledge transformation cycle (Carlile and Rebentisch, 2003)

Carlile and Rebentisch *(2003)* argue the model starts with the storage stage, emphasizing that stored knowledge often serves as a source of path dependency or constrains any retrieval effort. Also transformation over acquisition to highlight the more active effort required to address the path-dependent nature of knowledge when novelty is present. In practice, it is not always easy to uniquely define one stage in the absence of others or define where one begins and another ends. More complicating situation is that, as different individuals, groups, or organizations collaborate, they may be at different stages in the cycle in relation to each other.

The focus of this study is on knowledge transformation stage and issues related to knowledge sharing between individual Chinese expatriates in Finnish organization, such as enabling and stimulating the process of knowledge sharing. It is indicated in the figure above dark box highlight the focus of this study.

2.2.2   Interpersonal Level Knowledge Sharing

Recent research has given much more attention to understanding knowledge flows between MNCs' subsidiaries. Knowledge sharing could occur at different stratifications for instance between headquarter and subsidiaries, among subunits, within organization viz. individuals, interpersonal, as well as cross-border transformation (Wang, et al., 2004; Steven and Garry, 1999; Barner-Rasmussen, et al., 2007; Mäkelä, et al., 2006; Mäkelä, 2007). Below is the diagram showing the different levels on which knowledge flows in and among organization.

Inter-national level (Cross Boundaries)

Inter- unit level (Within national boundaries among various units of organization)

Interpersonal-level (Among individuals who share same vision and maintain relationship through interaction)

Individual level (Single individuals motivated to share knowledge)
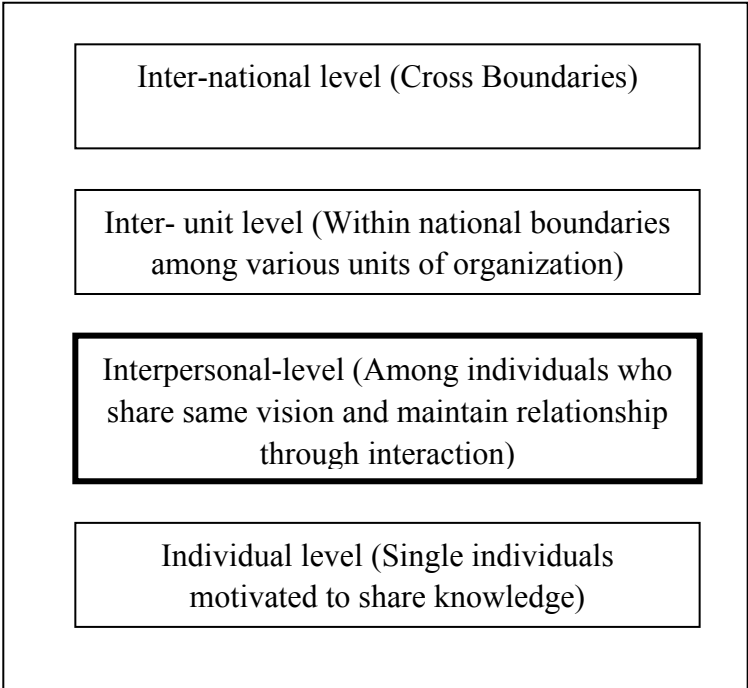
Table 4 Showing various stratification of knowledge sharing could occur (Adhikari, 2008)

Mäkelä (2006:31) argues the importance of interpersonal level of knowledge mobilization

within the firms has been recognized by several prominent scholars (e.g. Doz et. al 2001, Nohria & Ghoshal, 1997, Nonaka & Takeuchi 1995, Tsai & Ghoshal 1998) and has provoked dramatically interest (Foss & Pederson 2004); however the empirical studies on interpersonal knowledge sharing is scarce. Mäkelä (2006:32-33) claims to put efforts to deal with interpersonal level knowledge sharing incorporating it into aggregate level measures of unit level interaction such as the number of inter-unit meetings and visits or training (e.g. Bjökman et. al 2004, Subramaniam & Venkatraman, 2001), rather than focusing on interpersonal interaction in its own right.

Interpersonal knowledge sharing occurs as a natural product of interpersonal interaction does not always intentionally planned; however to provoke interpersonal knowledge sharing requires certain HR practices to motivate individual to engage in interaction. Littel et al., *(2002)* stated the critical linkage for firms to achieve competitive strategies through human recourse management practices; knowledgeable individuals play the essential role for the sharing. Since knowledge is not like a commodity that can be passed around freely, it is tied to a knowing subject. The interaction built the relationship between individual possessed knowledge and the other required knowledge; solid personal relationship provoked even more frequent interactions so that tacit knowledge could be flow from sources to recipients.

Expatriates as knowledge transfers are assigned by MNCs to oversea tasks, that they play crucial role of transferring knowledge in order to synergy the knowledge base for product and/or service innovation for the entire organization. Wang et al., *(2009)* discussed that the utilization of expatriates as a strategic resource to facilitate knowledge transfer with motivation and adaptability for knowledge transfer enhanced subsidiary performance and that this relationship was mediated by knowledge transferred into the subsidiary; using expatriates with technical skills did not directly affect subsidiary performance but indirectly have influence on performance via knowledge transferring into the subsidiary.

The focus of this study is on interpersonal level and to examine issues related to expatriates' interaction within the organization and the role of their social capital development in tacit

knowledge sharing. It is indicated in the figure above dark box highlight the focus of this study.

2.3   Role of Expatriates in Knowledge Sharing

As previous discussion, expatriates as sophisticated transfer mechanism for knowledge have an important strategic role (Bonache and Brewster 2001, Riusala and Suutari 2004, Riusala and Smale 2007). From an MNC perspective, the motives behind deploying expatriates have incorporated the simultaneous need for control, coordination and know-how transfer (Torbiorn 1994). In conjunction with knowledge-based capabilities within MNCs, the expatriate's ability to assimilate and teach often complex forms of knowledge, particularly when the knowledge sharing across the national borders where culture, personal relationship and common cognition often accompany with the process. Their assignment is, in fact, considered as an effective means to increase the knowledge accumulation within subsidiaries by "grafting" knowledge that is useful to the overseas operations (Wang et al., 2009). This knowledge-based view on expatriation has thus prompted several studies in this area (e.g. Hocking et al. 2004; Hébert, Very and Beamish, 2005; Fang et al. 2010).

In a similar vein, expatriates have been viewed as an important facilitator of best practice transfer. Firstly, expatriates assist in the communication of explicit and tacit forms of knowledge within MNC subsidiaries (Gamble 2003); secondly expatriates (particular parent-country nationals) are described as "culture carriers" in terms of their capacity to exercise cultural control via the promotion of common corporate value and norms (Ouchi, 1979); thirdly, expatriates are able to facilitate knowledge and practice transfer with headquarter through their existing connections which not only provides them with key knowledge resource, but also develops within expatriates a stronger commitment to headquarters (Torbiorn, 1982; Banai and Reisel 1993); and fourthly, expatriates are likely to have greater experience in understanding and implementing corporate best practices as a result of their previous work experience (Brewster and Suutari, 2005).

As mediator between the home and host organizations, expatriates can be considered as knowledge recipients when knowledge and best practices are transferred from corporate headquarters, and knowledge sender when these needs to be communicated to host subsidiary employees. Thus the absorptive and disseminative capacities define as crucial capability for expatriates (Chang and Smale, 2012).

2.3.1   Expatriate Absorptive Capacity

Efficient knowledge transfer is likely to be not only dependent on the absorptive capacity of receiving units in general, but also on the absorptive capacity of knowledge transferors, such as expatriates, who are frequently tasked with acquiring and communicating this knowledge (Chang and Smale, 2012). Expatriates must absorb and learn from the parent in order to facilitate the diffusion of know-how and skills (Wang et al., 2004), which means transfer stickiness will appear in knowledge transfer process if expatriates are unable to absorb, retain, and apply knowledge in cross-border settings due to them possessing an insufficient, pre-existing stock of certain knowledge. Extant research reveals that selection of expatriates is mainly based on technical and managerial competencies (Wang et al., 2009).

To leverage different knowledge and transfer strategic practices, thus expatriates should possess superior technological and management knowledge, MNCs need to rely on expatriates' professional management and technological knowledge to ensure effective business operation overseas (Wang et al., 2009). In fact without possessing a valuable knowledge stock in the first place, the expatriates may simply have little to transfer to the foreign operations and to help the subsidiaries improve their competitive position. Moreover Hamel, *(1991 Cited from Wang et al., 2009)* states the knowledge background of expatriates can also affect knowledge recipients' learning capacity, for instance Chinese employees tend to learn more actively from expatriates who possess superior technical skills, however not all expatriates possess required by an oversea post (Björkman and Schaap, 1994). Therefore, expatriates with superior technical skills will have more valuable knowledge available for transfer, and they are also heterogeneously distributed across firm.

2.3.2 Expatriate Disseminative Capacity

The disseminative capacity of expatriates is also likely to affect knowledge transfer process, which defines as the ability and motivation to transfer knowledge where and when it is needed within the firm (Minbaeva and Michailova, 2004). Szulanski *(1996)* argues that lack of motivation and credibility in the eyes of recipients will lead to increased levels of stickiness.

In order to implement an effective knowledge transfer program, expatriates also should establish and develop their personal social capital that contributes both possibility and motivation to transfer superior tacit knowledge in MNCs' subsidiaries. Wong and Law *(1999)* argue expatriates with valuable knowledge to overseas affiliates must be willing to impart hard-earned professional skills and knowledge to local employees. However lack of good quality of relationship does not motivate expatriates to transfer knowledge, in the other hand, recipients will not treat expatriates' knowledge as superior to learn. Wang et al., *(2009)* suggest the assignment of expatriates with certain attributes such as motivations for knowledge transfer may also make a difference. When the knowledge of parent firm is critical to subsidiary's development, expatriates play a strategic key role and it is highly valuable for the MNC to send them motivated for knowledge sharing. Without social capital development, expatriates may be unwilling to decide what knowledge and skills are valuable to oversea operations, they might not motivated to exert effort to share that may prevent knowledge dissemination.

The disseminative capacity of expatriates also refers to as 'pedagogical ability' (Evans, Pucik, and Björkman 2011). This will be problematic if this is combined with low familiarity of host context. The adaptability therefore is critical for expatriates. The obstacle adjusting to the foreign context is also critical element of failure for sharing knowledge. To adapt to foreign context, it requires expatriates to be well positioned to operate in host context where cultures, values and business norms may differ from their home country. Pulakos et al., *(2000)* argue

the ability to adapt to a new context is crucial to successful expatriation. However, adaptability across contexts also poses challenges to knowledge sharing. With adaptability, expatriates can implement changes in knowledge sharing activities where appropriate to host context (e.g. Huber, 1991, *Cited from Wang et al., 2009*). Following Kostova, *(1999)* the institutional distance also may reinforce frustration sensation for expatriates who can not cooperate with foreign employees even misunderstand for certain matters so that strategic practices may not be adapted to host organization.

In conclusion, expatriates play a potentially pivotal role as knowledge transferors, as both recipients (from headquarter) and sources (to host employees) of best practices. The characteristics of expatriates may increase the stickiness of knowledge transfers. In this study, it focuses on factors relating to expatriates' absorptive and disseminative capacity.

2.4   Social Capital Theory

The term "social capital" initially appeared in community studies, highlighting the central importance –for the survival and functioning of city neighborhoods –of the networks of strong, crosscutting personal relationships developed over time that provide the basis for trust, cooperation, and collective action in such communities. The concept has been applied into wide range increasingly to focus the role of social capital as influence on the development of human capital, economic performance of firm, geographic regions and nations (Nahapiet & Ghoshal, 1998).

Social capital is a theoretical umbrella concept that has various stratifications studied in number of different research fields. The stratifications of social capital concerns individual social capital (Mäkelä, 2007; Riusala and Smale 2007; Riusala and Suutari 2004), group social capital (Oh et al., 2004), organizational social capital (Leana and Buren, 1999) even customer, business partner and governing agency social capital (Griffith and Harvey, 2004).

2.4.1 Social Capital Definition

The concept of social capital therefore has been defined in different way especially across disciplines. Coleman *(1990)* and Burt *(1992)* suggest that social capital springs from the relationship among people. Tsai and Ghoshal *(1998)* suggested that the values and norms associated with relationship that contributes to social capital (Hitt et al., 2002). Moreover, social capital was classified by Adler and Kwon *(2002)* into internal and external relation foregrounds, which a focus on external relations called "bridging" form of social capital, whereas a focus on internal ties within collectivities foregrounds called "bonding" forms of social capital. Thus, most conceptions of social capital includes relations or networks of relationships among individuals and organizations and this relationships facilitate action thereby create value (Hitt et al., 2002).

This study focus on the individual social capital and following Nahapiet & Ghoshal *(1998)*, social capital can be defined as *"the sum of actual and potential resources embedded within, available through, and derived from the network of relationship possessed by an individual or social unit"*. Therefore it has comprised both network and asset that may be mobilized through that network (Mäkelä, 2007).

According to Bourdieu *(1986) Cited from Nahapiet & Ghoshal, 1998*, the central proposition of social capital theory is that networks of relationship constitute a valuable resource for conduct of social affairs, providing their members with the collectivity-owned capital and creditability in various senses of the word (Nahapiet & Ghoshal, 1998). Commonly this capital embedded within networks of mutual acquaintance and recognition and durable obligation arises from feeling of gratitude, respect and friendship or from institutionally guaranteed rights derived from membership from family, a class or a school. Moreover contact and connection networks produce other resource through weak tie for instance friend's friends. Network members therefore can benefit from privileged access to information and to opportunities.

2.4.2 Social Capital Dimensions

Social capital has many different attributes as a set of resource. Nahapiet & Ghoshal *(1998)* examine these facets from three clusters, which named structural dimension, relational dimension and cognitive dimension. These three different dimensions has been analytically separated however they are in fact highly interrelated.


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┌─────────────────────────────────────────────────────────────┐
│  ┌──────────────────────────────┐                           │
│  │ Structural Dimension         │           ┌──────────┐    │
│  │    Network ties              │──────────▶│          │    │
│  │    Network configuration     │           │          │    │
│  │    Appropriable organization │           │          │    │
│  └──────────────────────────────┘           │          │    │
│                                              │  Social  │    │
│  ┌──────────────────────────────┐           │ Capital  │    │
│  │ Cognitive Dimension          │           │ Factors  │    │
│  │    Shared codes and language │──────────▶│          │    │
│  │    Shared narratives         │           │          │    │
│  └──────────────────────────────┘           │          │    │
│                                              │          │    │
│  ┌──────────────────────────────┐           │          │    │
│  │ Relational Dimension         │           │          │    │
│  │    Trust                     │──────────▶│          │    │
│  │    Norms                     │           └──────────┘    │
│  │    Obligation                │                           │
│  │    Identification            │                           │
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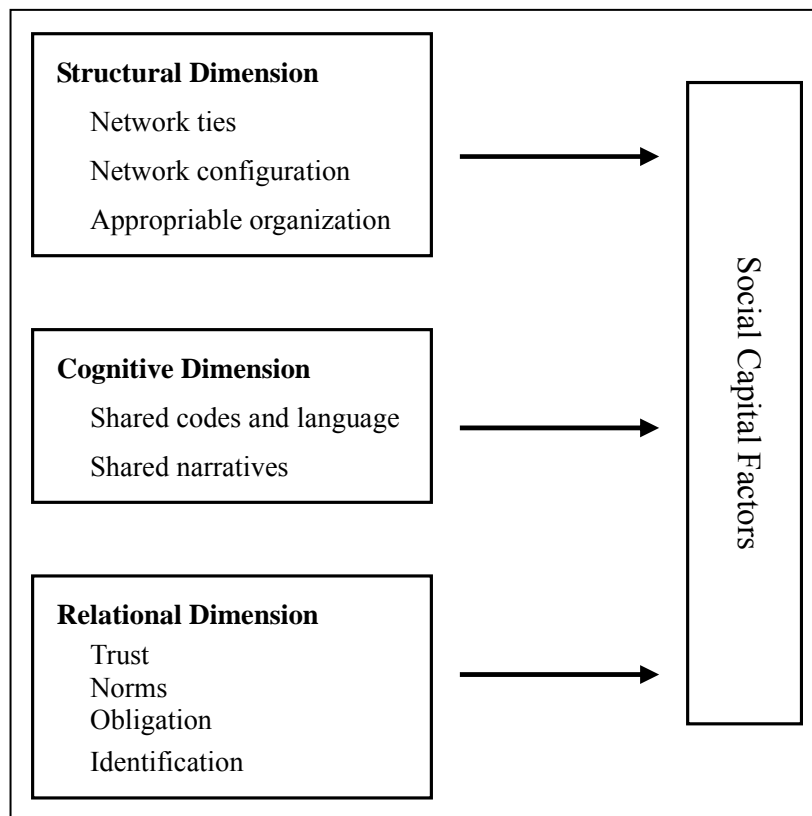
Figure 6 Social Capital Three Dimensions Framework (Nahapiet & Ghoshal, 1998)

According to Coleman *(1990)*, social capital has two major characteristics which are 1) they constitute some aspect of the social structure; 2) they facilitate the actions of individuals within the structure (Nahapiet & Ghoshal, 1998). Therefore, social capital rooted in the relations between persons and among persons. Parties embedded in the relationship jointly own social capital and no one has or is capable of having exclusive ownership right.

Agndal et al., *(2008)* view social capital as highly dynamic, while its structural and economic dimensions change over time. As the firm commences operations, it starts to develop more social capital in the form of relationships with customers and suppliers. The number of relationship increases, the variety and the extent of resource that firms can access through these relationships also increase. However, without social capital, the achievement of end may be either impossible to make or only at extra cost. As result, social capital could increase the efficiency of action.

The good quality of relation can foster high levels of trust which diminishes the probability of opportunism and reduces the need for costly monitoring process. Furthermore as aid to adaptive efficiency and to the creativity and learning, social capital can encourage cooperative behavior as to facilitate the development of association and innovative organization.

2.5   Structural Dimension

The term describes the impersonal configuration of linkage between people or units, and this concept refers to the overall pattern of connection between actors- that is, who you reach and how you reach (Nahapiet & Ghoshal, 1998). In other words, such pattern of connection is intangible channel and the linkage on the same platform between actors or among actors cultivates on the basis of previous collaboration, cooperation, fostered relation and experience. There are several important facets in this dimension. According to Nahapiet & Ghoshal *(1998)*, they are the presence or absence of network tie between actors or morphology describing the pattern of linkage in terms of such measures as density, connectivity and hierarchy and appropriable organization.

2.5.1   Network Tie

The presence or absence of network tie fundamentally affects the access to valuable resource within social network, for instance "who you know" affects "what you know". Network tie is a prerequisite for knowledge transfer between persons or units, moreover such tie can be

established through commencing on same project or through expatriation, however time-consuming due to different position, location even culture. With network tie, the actor is able to have benefits from three forms: access, timing and referrals (Burt, 1992). The term "access" within knowledge transfer, actor is able to know from whom to receive valuable piece of information as well as knowing who can use it, which provide an efficient information-screening and-distribution process for members of those networks.

According to Mäkelä *(2007)*, expatriate's relationship in network due to conduct frequently on various international assignments has much richer access to other units than arm's-length relationship; thereby they have multitude of different type and levels of both formal and informal relationship. The term "timing" refers to the time of information flows within network (Burt, 1992). The actor who has such network resource is able to acquire the information or knowledge sooner than people without such contacts, which reduce the time cost as well as increase the efficiency of knowledge transfer.

Referrals are those processes providing information on available opportunities to people or actors in the network, hence influencing the opportunity to combine and exchange knowledge (Burt, 1992). The term "referrals" identifies the role of people or actors who have connection to bridge disconnection on between-group ties. Through them, the new connection is easy to build up or to turn weak tie into strong tie between groups, therefore the knowledge can be combined and exchanged on available opportunities. For instance through expatriate relationship who knows both resource and recipient side, however both are disconnected, may pass the knowledge to available recipients, ultimately new knowledge combination may be invented.

2.5.2   Network Configuration

The configuration of network ties constitutes one important facet of social capital. Network structure-density, connectivity and hierarchy have impact on the development of intellectual capital (Nahapiet & Ghoshal, 1998). The various network configurations on density,

connectivity and hierarchy form two types of network tie which is either weak tie or strong tie between people and units and different position of each unit in the inter-unit network.

2.5.3 Weak & Strong Tie

The knowledge classified as explicit and tacit knowledge, which reserve different characteristics. However both types of knowledge did not flow cost-efficiently and effectively within weak tie and strong tie of network. According to Hansen *(1999)*, weak tie and strong tie both cause a "search-transfer" problem, moreover neither of them are exclusive perfect for knowledge sharing. Hansen *(1999)* addressed the relation between network ties with types of knowledge, which weak tie has more advantage on search position than strong tie due to less provided redundant knowledge when the knowledge is highly codified and stand-alone, however due to lack frequent connection in weak tie, complex knowledge sharing has more problems in weak tie. On the other hand, strong tie has no benefit on search but advantage on transferring non-codified knowledge. From this relation, it can identify that knowledge flew through weak tie or strong tie is primarily relevant with characteristic of knowledge itself. Therefore configuration of network structure associated with weak or strong tie may inhabit knowledge sharing either for explicit or tacit knowledge within inter-unit network, which needs to be paid attention on managing knowledge.

2.5.4 Network Position

The position in inter-unit network indicates unit's access to knowledge; absorptive capability, R&D investment and learning capability. According to Tsai *(2001)*, an organizational unit's network position reveals its capability to access external information and knowledge. Furthermore more central position the unit locates in the inter-unit network, the more likely the unit desires to generate new idea by access to external information; however apparently such knowledge is distributed unevenly within the organization. Therefore knowledge transfer action is much more frequent conducted with central located unit; however due to lack of

opportunities to access to knowledge from other units and low level of absorptive capability, peripheral unite has few information and knowledge to share with.

Knowledge share regarded as a strategic priority for multinational corporations, therefore appropriable organization should fit with strategic alternatives; moreover lubricate the transfer of social capital development in one social setting to another. Organization structure is tangible channel to develop social capital between persons and units and consists of only one dimension rather concerns these three dimensions within such organization context.

2.6   Cognitive Dimension

According to Tsai & Ghoshal *(1998)*, cognitive dimension is embodied in attributes like a shared code or a shared paradigm that facilitates a common understanding of collective goals and proper ways of acting in social system.

This dimension indicates that source and recipient have shared vision, shared code and shared paradigm which can direct all actors into the final common goal. With such attributes of insider view, it can make actors understand the discourse and expect ways of behaving in the other units. Mäkelä (2007) addressed managers with expatriate experience has much more understanding of the thought collectives, tacit codes of conduct, and language system and codes prevalent in their assignment unites.

With such shared cognitive ground, it drives actors to be on the same platform. On the platform, actors from different units are able to communicate, perform and collaborate effectively and efficiently, otherwise it prevents knowledge sharing between source and recipient due to lack of common understanding, communication code or large distance on cultural context.

Nahapiet & Ghoshal *(1998)*, addressed that this sharing may come about in two main ways, 1) through the existence of shared language and codes; 2) through the sharing of collective narratives. The language and codes indicates the knowledge sharing more often conducts

between same cultural contexts or under the same language and language skill. Common culture background and same language or language skill are able to propel communication and interaction between source and recipient so as to establish or consolidate reliable relationship; furthermore through such relation, the explicit and tacit knowledge can be easily translated and interpreted to recipient units. Michailova & Worm *(2003)*, explain the two socialism personal relationship- "Guan Xi" in China and "Blat" in Russia. Under these two relationships, the outsiders have difficulty to enter both network of relationship, moreover outsiders are lack of understanding about how to communicate, collaborate and behave within such relationships. In other words out-group members do not know the code of such relationships. Therefore, it is necessary to conduct business with Chinese or Russian to have local agent in order to interpret as well as consolidate the trust.

On the other hand, knowledge can also be shared between two persons who have same experience, metaphors, stories and so on even they might not to be under same cultural context. Under this situation, it provides the same platform as to perform, cooperate and communicate much more frequent than those who do not. Knowledge is also able to transfer easily and smoothly on this platform.

2.7   Relational Dimension

Relational dimension refers to assets that are rooted in these relationships (Tsai & Ghoshal, 1998). The relational dimension is emphasized as the significant dimension of social capital. Nahapiet & Ghoshal *(1998)*, stress the three facets of relational dimension- trust, norm and obligation and expectation. According to Tsai & Ghoshal *(1998)*, the term "trust" has been classify into trust and trustworthiness, which trust is an attributes of relationship, and trustworthiness is an attributes of an individual actor involved in the relationship.

2.7.1 Trust

According to Mishira *(1996)*, argued that trust is multidimensional and indicates a willingness to be vulnerable to another party, moreover the willingness arises from four aspects: 1) belief in the good intent and concern of exchange partners, 2) belief in their competence and capability; 3) belief in their reliability and 4) belief in their perceived openness (Nahapiet & Ghoshal, 1998).

The trust relationship can be derived from any multiple facets of belief such as these four aspects mentioned above. With high level of trust, it can reduce possibility of opportunism between source and recipient, and also makes source and recipient willing to take risk and uncertainty in knowledge exchange and combination. Especially when transferring tacit knowledge to others, trust has to reside in source's good intent, capability and reliability within the quality of personal relationship. Moreover trust increases the potential of a system for coping with complexity, diversity even compatibility as to enhance the cooperation for knowledge sharing, on the other hand, close cooperation with great openness for value creation can propel and consolidate trust between source and recipient.

According to Michailova & Worm *(2003)*, Trust is also constrained in particular cultural contexts such as Chinese "Guan Xi" and Russian "Blat". Both relationships naturally have a few distinctions and also differ from western networking; however under these relationships, insiders are much more trustworthy, who are willing to share what they know within their group rather than outsiders. In this sense, trust only functions within particular cultural context; in contrast, it is quite difficult to establish trustworthiness as outsider with Chinese and Russian.

In addition, the subunits of MNC has been dispersed globally from developed countries to developing countries, however trust does not evenly distributed among all the subunits. Li Li et al (2007) and Paik & Choi (2005) indicate that due to ethnocentrism particular in developed countries, managers may screen out knowledge from subsidiaries located in developing

countries. Lack of trust under this circumstance inhabits knowledge sharing on the regional level, especially from developing countries to headquarter or developed countries.

2.7.2 Norms & Obligations and Expectations

These two terms are an expansion for trust in relational dimension of social capital. Norms & obligations and expectations indicate the "rule of game" within relation between source and recipient. Both terms explain and indicate what action needs to control as well as identifying the obligation source should conduct and expectation recipient is willing to receive, visa versa. Any rule broken action may ruin the vulnerable trust relation, therefore both terms restrict both source and recipient within relationship what should do or should not in order to lubricate the knowledge sharing process under trustworthiness.

2.8 Social Capital and Knowledge Sharing

Social capital can easily form a mindset of clear boundary between in-group and out-group for network members and it can be useful and valuable for facilitating certain action with in-group members which either shared identical and/or similar culture background, or used to cooperate for previous project or have same experience, however it may be unvalued or useless for out-group. Therefore, from a social capital perspective, these three dimensions of social capital influence the degree of knowledge transfer within organization.

Social Capital → Combination and Exchange of Intellectual capital → Creation of new intellectual Capital
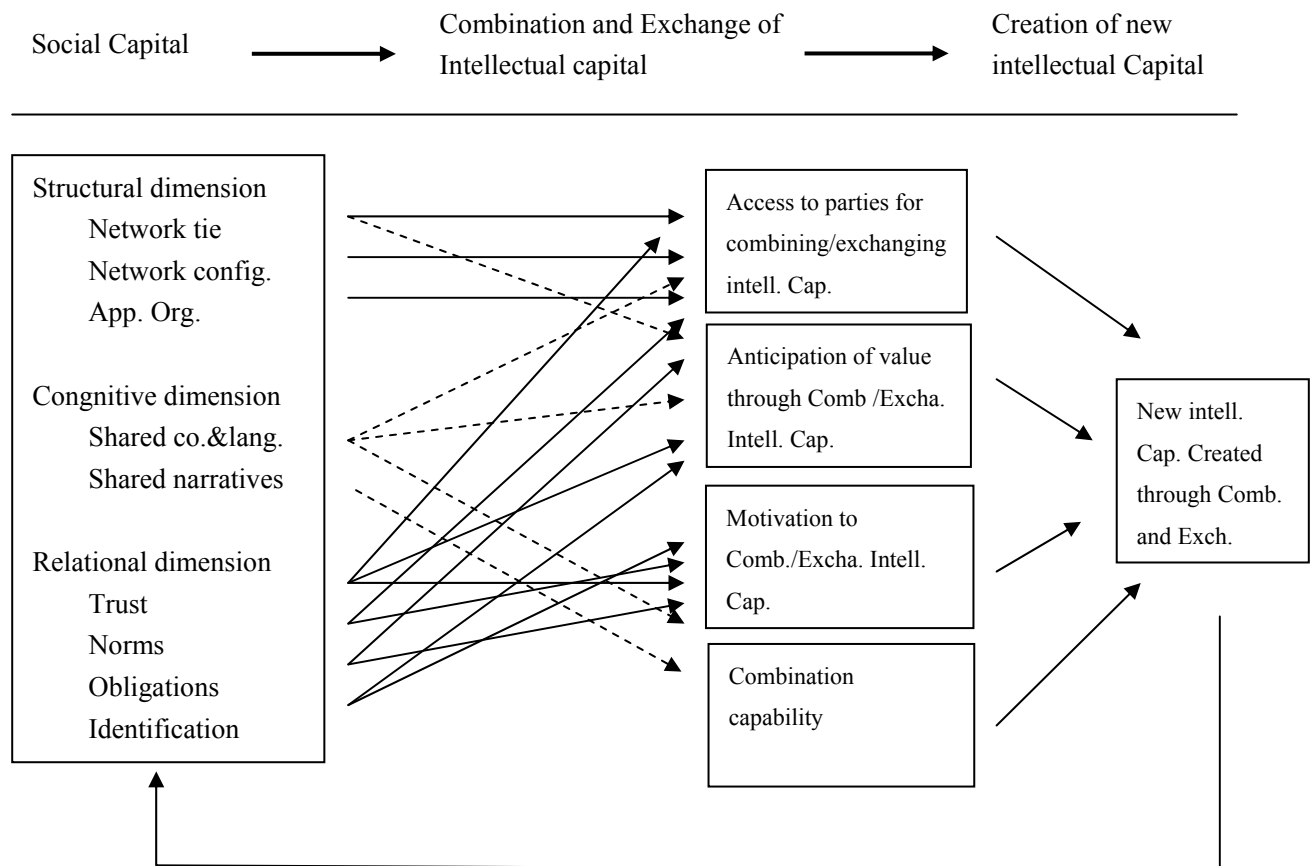

Figure 7 Social capitals in the creation of Intellectual Capital (Nahapiet and Ghoshal, 1998)

Structural, relational and cognitive dimensions frame content of social capital. Each single dimension has influence on degree of knowledge sharing within MNCs; moreover three dimensions are also highly related and interact among each other as showed in the Figure 8.

Structural
Dimension

Relational
Dimension

Cognitive
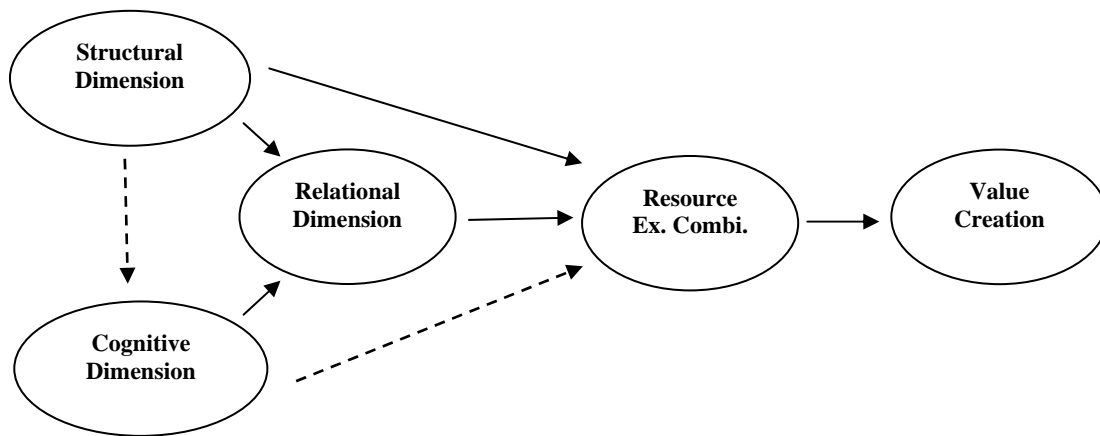Dimension

Resource
Ex. Combi.

Value
Creation

Figure 8 A Models of Social Capital and Value Creation (Tsai and Ghoshal, 1998)

Many researches (Tsai & Ghoshal, 1998; Yli-Renko et al., 2002; Mcfadyen and Cannella, 2004; Chow and Chan, 2008; Yang and Farn, 2009) empirically provide evidences that new knowledge creation is dependent upon the number and frequency of direct and indirect social interaction. Tsai & Ghoshal *(1998)* argue that social capital facilitates value creation and the three dimensions assessed- social interaction, trustworthiness and shared vision- had significant effects, directly or indirectly on resource exchange and combination. Informal social relations and tacit social arrangement encourage productive resource exchange and combination and thereby promote product innovations. Among the three dimensions of social capital, the relational dimension represented by the trustworthiness is significantly associated with both social interactions and shared vision exercised positive effects on trustworthiness.

Following Chow and Chan *(2008),* social network and shared goals positively support the attitude toward knowledge sharing and subjective norm about knowledge sharing that both can facilitate the knowledge sharing behaviors between sources and recipients. Furthermore, Yang and Farn *(2009)* state tacit knowledge sharing intention is affected by affect-based trust, shared value and internal control. Internal control indicates intrinsic control factors such as self-efficacy, whereas external control includes extrinsic control factors like the concept of

facilitating condition. External control factors are described as opportunities and available resource to access that is similar to concept of structural dimension. Thus social capital can reflect strong interpersonal connections and extensive investment in interpersonal relationship. As an individual has higher social capital in his/her social network, he/she will be likely to behave in ways that benefit other members in order to maintain an interpersonal friendship in their social network. Therefore, tacit knowledge will be shared in his/her interpersonal network through the reciprocal relationship when he/she has a stronger social capital. Figure 9 illustrates the links between social capital and tacit knowledge sharing as following:
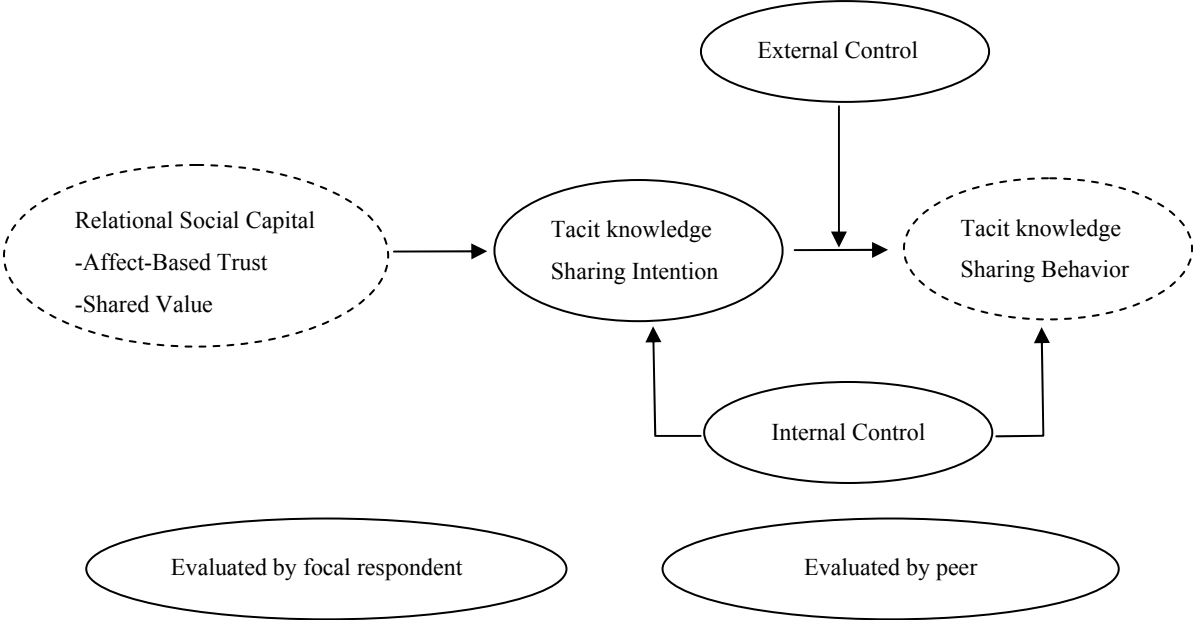
Figure 9 Models of Social Capital and Tacit Knowledge Sharing (Yang and Farn, 2009)

Concerning knowledge transfer in MNCs, three dimensions of social capital theory have direct or indirect impact on process of knowledge transfer from sources to recipients. The association between the structural and cognitive dimension shapes a common set of goals and values that is conducive to social interaction and relationship establishment between sources and recipients. Thus good relationship and frequent social interaction could lead to resource exchange and combination, consequently to the value creation. In order to lubricate the

knowledge flow within organization, it requires investment in interpersonal social capital development and extension. To conceive managerial approaches relevant to three dimensions of social capital could help to improve knowledge transfer effectiveness in organization.

2.8.1　Social Capital Development and Expatriation

Managerial approaches aim to increase social interaction within organization in order to frame interpersonal network tie so that through network ties expatriates located in different subunits are able to have opportunities to communicate, collaborate and conduct mutually, moreover frequent cooperation and communication arise the level of understanding to each other and shape the common values and shared goals that encourage development of trust relationship.

This social interaction can be achieved through either tangible channel or intangible channel in organization. Tangible channel was adopted an advanced information technology (IT) platform to store data and useful information for sharing. The intangible channel for social interaction can be achieved through human resource management practices.

Barner-Rasmussen & Bjorkman *(2005)* addressed that lateral relation referred to informal, nonhierarchical direct contacts provides an important mechanism for enhancing the capacity of organization to process information. One of important mechanism for enhancing lateral relations within organization is sending expatriates. Expatriates are to establish task forces with other colleagues. Meeting, conference and casual discussion can make expatriates create strong network ties; through such programs personal contacts can be created, and trust can emerge automatically and relationship can be reinforced among expatriates and other colleagues so that it lowers the threshold of subsequent interaction and trustful relationship also can lead to the sharing of tacit knowledge.

Mäkelä *(2007),* addressed that expatriate relationship consist of three characteristics which are richer than arm's-length relationships, long term and multiple effects beyond the home-host unit continuum. Due to previous cooperation, expatriates are much more trustworthy than

other managers located in units. Moreover, expatriates may serve a control function, embracing responsibility for seeing that operations in the focal unit are conducted in accordance with parent company interests. Furthermore, staffing of managerial positions with foreigners may be done to reduce barrier to share knowledge because of large culture distinction.

Social interaction channels can not guarantee the flow of knowledge within organization. In order to encourage source proactively share their knowledge and motivate recipients to use other's shared knowledge rather than have "not-invented here" syndrome, social interaction channels are not adequate for knowledge transfer. Management should also utilize rewards and selective incentives to motivate knowledge sharing in the organization. However, the focus of this study dose not concern examining the consequence of knowledge sharing through expatriate.

2.9   Socio-Culture toward Knowledge Transfer

Since knowledge strategically is viewed as critical competitive resource in MNCs, the adoption of best practice either from home country (country-of-origin) or localized practices (localization), has empirically implemented in knowledge management process. However as best practices frequently develop under the specific cultural and institutional context of the country of origin, adoption of those practices will be particularly difficult for countries that operate under very different socio-cultural contingencies. Socio-cultural issues therefore, have influence on knowledge transfer attitudes and behaviors. Hislop *(2009)* argues a diverse range of socio-cultural factors play in shaping the character and dynamics of knowledge management processes.

Many studies (see, Empson 2001b; Flood et al. 2001; Kim & Mauborgne 1998; Morris 2001; Robertson & O'Malley Hammersley 2000) find that socio-cultural factors were determinants of knowledge management initiatives, and that reluctance by workers to share their

knowledge was not uncommon (Hislop, 2009). The table below presents evidences of socio-cultural issues in knowledge management.

Table 5 Obstacles to the success of knowledge management initiatives (Hislop, 2009)

Author	Survey details	Survey results
Ruggles (1998)	431 respondents in USA and Europ, conducted in 1997	1. Biggest problem in managing knwledge: changing people's behavior (56% of respondents) 2. Biggest impediment to knowledge transferral: culture (54% of respondents)
Management review (1999)	1600 respondents in the USA, conducted 1998-99	Three most common problems: 1. Getting people to seek best practice 2. Measuring results 3. Getting people to share their knowledge
KPMG (2000)	423 large organization from USA, UK, France and Germany	Two most important reasons for the failure of knowledge management initiatives to meet expectations: 1. Lack of user uptake due to insufficient communication (20% of respondents) 2. Everyday use did not integrate into normal working day (19% of respondents)
Pauleen & Mason (2002)	46 respondents in New Zealand from organizations (public and private)	The single largest barrier (identified by 45% of respondents) to knowledge management was culture
Edwards et al. (2003)	25 academics and practitioners involved in KM field	People and Culture are the most important issues organizations should emphasize in their KM initiates
KPMG (2003)	Survey of knowledge management practices in 500 companies from the UK, France, Germany and the Netherlands.	Two of the main difficulties with effectively implementing knowledge management initiatives are that: 1. knowledge management is not a daily priority for people 2. There was a lack of a knowledge sharing culture in organizations

Every person carried with his/herself patterns of thinking, feeling and potential acting that were acquired from social environment through their lifetime. Hofstede *(1994, 1997 and 2005)* stated these perception and behavior was programmed by software of mind-culture. Culture as mental program has instructed human behaviors that consist of the unwritten rules of the social game indicating as *"the collective programming of the mind that distinguishes the members of one group or category of people from others"*. Hofstede *(2005)* also described manifestations of culture by four terms: symbols, heroes, rituals and values. The "onion" diagram depicts manifestations of culture at different levels of depth.
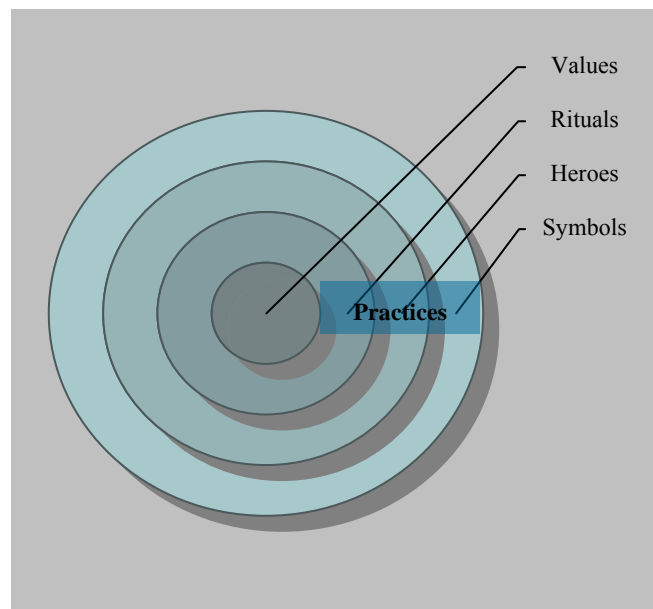
Figure 10 The "Onion": Manifestations of Cultures at Different Levels of Depth (Hofstede, 2005)

The symbols, heroes and rituals term at different levels of "Onion" subsumed under the term practices, that are visible to outside observers, however the core of culture is formed by invisible values that are broad tendencies to prefer certain states of affairs over others (Hofstede, 2005). Hofstede *(1994, 1997and 2005)* also depicts that values were acquired at early lives by absorbing necessary information from the environment, that symbols, heroes and rituals gradually includes in the basic values.

2.9.1 'East and West' Socio-Culture

The remarkable differences between "East and West" exist from many various perspectives. Following Hofstede *(1994, 1997 and 2005)*, the "East and West" socio-cultural environment presents large difference on cultural dimensions; also, the economic performance between "East and West" generally position at unequal level. "East and West" refers to China and Finland in this study. Thus China and Finland in Hofstede's (2005, pp. 43, 83 & 121) cultural dimensions also fall into quite opposite group, which indicate large different socio-cultural context.

Since Finland joined into European Union (EU), the model of economy and political integration converge members of EU, socio-cultural context slightly drops into one group, which defines as "EU identity". EU membership has significant constitutive effects on European national identity that refers to cohesion and integration. To be more specific, it means European citizen's feeling of belonging to the EU based on their awareness about their common historical and cultural heritage and common values such as freedom, democracy, human right, peace and prosperity (Wang, 2009). Finland as a low-context culture with femininity society carries the "European consciousness" of which identities are culturally structured and people determine their social position or identity by their culture.

However, China is a high-context culture with complex, interwoven *guanxi* network. It is not unusual for western investor to flounder, as their social capital differs from the Chinese norm (Szeto et al., 2006). Trust and commitment to another secured by the potential damage to one's social position or face *(mianzi)* which may result from failing to honor exchange obligations. The preservation of "face" and the accumulation of favors owed *(renqing)* are the key driver underling the concept of *guanxi*, which has been defined as personal relations or connections (Lee and Ellis, 2000). People linked by this kind of tie have overlapping social networks; as such their conduct is bound by the imperative to consider the *renqing* implications whenever making a request of someone (Lee and Ellis, 2000).

As a multidimensional construct, *guanxi* has been defined in terms of reciprocal but unequal exchanges, giving face, trust and commitment, wining and dining, and interpersonal bonds. Through *guanxi* network, benefits have been identified rang from access to information about government policies and business opportunities, to the procurement of resources such as raw material, import license even land. Given the obligatory nature of *renqing*, the advantage of *guanxi* derives from anticipated benefit or rewards, and the ease of future transactions. Furthermore, Chinese *guanxi* may offer a more broadly flexible approach to business than legalistic and contract-bound Western alternative (Lee and Ellis, 2000). From Chinese cultural perspective, Chinese perceive *guanxi* as the only efficient means to conduct business in countries where business infrastructures are not yet fully functional (Wong and Chan, 1999).

Social identity theory (Tajfel, 1981; Turner 1982) suggests that the bias towards member of their own group and tend to hold negative view about the members of the out-group in order to enhance the relative standing of their own group. "Us versus them" syndrome can be the greatest while there is a perceived external threat, such as a takeover attempt and when the out-group is perceived very different from the in-group. Chakrabarti et al., *(2009)* found some support for positive synergies from acquisitions involving an acquirer from a nation that is economically stronger than the target's nation. In other words, knowledge sharing might be fewer obstacles from economically strong national identity to economically weak nation identity, thus expatriates' socio-cultural identity determinates the possibility of their knowledge sharing. Stahl and Voigt *(2008)* clearly suggested that socio-cultural difference seem to present as "double-edged sword", thus may be positively or negatively associated with synergies.

From social psychological literature that people tend to be attracted to those whose attitudes and values are similar to their own. The perceptual biases and basic cognitive processes such as social categorization, negative characteristics and intentions are often attributed to members of the out-group (Kramer, 1999). This may generate or reinforce feelings of suspicion because the members of the out-group are being evaluated as uniformly unethical or

malevolent, incompetent and ill-informed and in-group is viewed in the opposite term (Sitkin and Stickel 1996). For MNCs, the best practices of across-cultural subsidiaries are embedded in the local environment (localization) in which the firm operates (Björkman et al., 2007). However the feelings of hostility, bias, resentment and distrust may be further fueled by cultural stereotypes and xenophobia so that knowledge may be either seen as personal asset and value, or dumped as useless and out-of-date knowledge in accordance to socio-cultural identity.

Therefore, the greater difference in socio-cultural profiles, the greater the likelihood of certain stereotype is conjunct with value of knowledge, which may derive from the socio-culture, economy and social identity so that knowledge transfer may not be well proceed from "East to West".

2.10 Dominance Effect

To converge across countries in MNCs, the "best practices" can be adopted by home country (country-of-origin), by host country (localization) or according to the standards for what are perceived "best practices". In this context, the dominance effect assumes particular importance, it occurs when practices of subsidiaries are shaped according to neither the host country nor to the home country, but according to that country that sets the standards for what are perceived global "best practices" (Pudelko and Harzing, 2007). Following Smith and Meiksins *(1995)*, this form of standardization of practices is labeled as dominance effect.

Smith and Meiksins *(1995)* argue that it is clear from history that between economies always has been a hierarchy, and those in dominant positions have frequently evolved methods of organizing production or the division of labor which have invited emulation and interest. These "dominant" societies are deemed to represent "modernity" or the future, and act, either in total or through aspects of their system, as a measure of "progress" and "development". (pp. 255-256)

One reason a country is accorded dominant status is superior economic performance; however as economic performance and growth paths vary over time, the role of a "dominant" economy also rotates among countries (Pudelko and Harzing, 2007). The diffusion of best practices in MNCs is considered to be effective in transferring knowledge across national borders (Bartlett and Ghoshal, 1989). The actual outcome of the transfer process also depends on relative openness or receptiveness to dominant best practices of the receiving country. Following Smith and Meiksins *(1995)*, how global standards from a dominant model will be implemented in practice can therefore only be determined ex post, and not a priori. Therefore, dominance effects certainly determine best practices for organization and the attitude toward transferring knowledge from other parties to local context.

2.10.1 Individual Attitudes toward Knowledge Transfer

Bock et al. *(2005)* Kolekofski, Jr and Heminger *(2003)* and Hendriks *(1999)* argue that knowledge-sharing attitudes should be divided into phases, namely, self-worth, symbol of power, expected return. "Self-worth" refers to the extent to which members of the organization think knowledge sharing will be beneficial; "symbol of power" refers to the extent to which knowledge is regarded as a symbol of personal power; and "expected return" refers to the extent to which a person believes that sharing knowledge will lead to external and internal rewards. Hence three phases of such attitude may impede knowledge sharing.

Szulanski *(1996)* and O'Dell and Grayson *(1998)* find that many employees are unaware of the importance of sharing and transferring knowledge. Some individual possess an attitudinal "unwillingness to share" due to personal insecurity, such as a fear of being seen as ignorant and therefore unfit for job advancement or new career opportunities (Yang, 2008). Employees may fear a loss of superiority and knowledge ownership after sharing their personal knowledge (Bartol and Srivastava, 2002; Szulanski, 1996). Hislop's *(2003)* study reveals that most important factor in knowledge sharing is the question of employee attitudes, not motivation that leads employees to share. This is sometimes described as a notion that "knowledge is power" (Dunford, 2000; Grandori and Kogut, 2002; Hendriks, 1999).

When the source is not perceived as reliable, is not seen as trustworthy or knowledgeable, initiating a transfer from that source will be more difficult and its advice and example are likely to be challenged and resisted (Szulanski, 1996). In other words, with attitudes of unreliable source, knowledge from source hardly is accepted and taken so that personal subjective attitude toward source impedes the flow of knowledge transfer. Under this attitude, the source might not be motivated to transfer certain information or data even produce hostile attitude between sources and recipients.

Moreover Katz and Allen *(1982)* address the "Not Invented Here" syndrome in their study that indicate long-term and stable membership may begin to believe that it possesses a monopoly on knowledge in its area of specialization. Such a group therefore does not consider very seriously the possibility that outsiders might produce important new ideas or information relevant to the group. The reluctance of some recipients to accept knowledge from the outside is well documented by "NIH" syndrome. With such attitude, it may result in foot dragging, passivity, feigned acceptance, hidden sabotage, or outright rejection in implementation and use of new knowledge. In addition, from an efficacy perspective, employees who are less able to share knowledge may also be less motivated to do so, without self-believing attitude, they may not perceive that sharing knowledge will be more difficult for them or they may perceive have a lower likelihood of success, and/or they may feel coworkers will not able to learn from them (Gist and Mitchell, 1992).

The attitude for knowledge transfer plays an essential role to motivate people to share their knowledge into local context. Super-economic performance dominates the attitude toward reviewing outside information and knowledge; non-acceptance attitude might be dominated by the origin of source (e.g. from developing countries). "NIH" syndrome embedded with reluctance to accept the knowledge from outside of group certainly rejects potential technical improvement or innovation even other possible knowledge synergies. The notion of "knowledge is power" is the extent to which people fear to loss their superiority in certain field, therefore knowledge has been hoard as powerful asset for advancement and

opportunities. Furthermore those who lack of self-believing may not able to transfer their knowledge because of the worries that they might lack of capability or the coworkers are not learning from them.

To sum up, the chapter initiated with relevant literature review concerning the various aspects of knowledge and its types. Knowledge was defined in various ways and classified in different categories. Explicit and tacit knowledge difference was discussed and tacit knowledge as the most important strategic practices embedded with people is able to synergize the best practices in order to acquire sustainable competitive advantage. However the difficulties of transferring knowledge are referred as "stickiness" factors by Szulanski *(1996)* in his seminal work. Expatriates in MNCs fulfill various roles, one of strategic roles as mechanism is knowledge transfer (Torbiorn, 1994). In conjunction with knowledge-based view of firm, expatriates' ability to assimilate and teach complex form of knowledge has rendered their role of strategic significance (Bonache and Brewster, 2001). Thus the knowledge can be shared by formal or casual interaction at interpersonal level between expatriates and local employees. The absorptive and disseminative capacities of expatriates seem to be critical necessary to have superior technical skills, motivation to share and adaptability of foreign context. These attributes of expatriates for MNCs are crucial to successfully synergize strategic practices across the borders.

The complex form of knowledge such as tacit knowledge flew out through expatriates' personal relationship with recipients in subsidiaries. The expatriates' network tie, trust and shared narratives with recipients contribute the combination and exchange of intellectual capital. Thus, the section followed the literature on definition of social capital theory as an important literature for this study and highlighted its influences on knowledge sharing from crucial three dimensions. The knowledge can be transferred through expatriates' social capital lens, however the knowledge transfer behaviors might or might not take place due to lack of external motivation factors.

Moreover, the identity derives from entire socio-cultural bases. Socio-culture context differs from "East and West", which not only culturally by Hofstede's culture dimensions *(2005)* but also economic performance and business study position. China and Finland as independent nations respectively carries their own typical socio-cultural mental of program and different self-defined social identity. Such large distinction between socio-cultural context and non-similar self-defined social identity can shape the view of useful knowledge and definition of "best practice" with certain stereotype, bias and distrust even "us and them" group. Socio-culture context also affects the quality of expatriates' social relationship and the willingness, attention and motivation to transfer. With those, useful knowledge might be adopted neither from home country (country-of-origin) nor host country (localization), but rather by dominant best practices. Dominance effect took place in knowledge transfer process is determined by superior economic performance, strength of business school research, education and consultancies etc. all these significant factors (Pudelko and Harzing, 2007). Dominance effect phenomena root in people's mind of what are the most useful knowledge and the best practices for transfer process. Best practices foster from specific cultural and institutional context. Without specific context, best practice in certain environment will be difficult implemented in very different socio-cultural contingencies. Dominance effect makes subsidiaries of MNCs become part of the same population of facing the same set of environmental conditions, consequently lead to mimetic isomorphism. Therefore, dominance effect is beyond culture and institution influences view, particular between "East" and "West" economic environment.

There had been quite close contributions from Mäkelä *(2007)* as well as Riusala and Suutari *(2004)* on the similar subject of the research study. These studies provided the basic foundations for the literature on the topic of research along with the classical contributions from Nahapiet & Ghoshal *(1998)* on the field of knowledge sharing with social capital theory. Though the literature on the topic has not been scant, the knowledge transfer from "East to West" has not been studied sufficiently. Thus it is assumed the primary relevant literatures from more than one specialization field of academic literature that developed theoretical framework of the study represent the true picture of the current status of the research problem.

2.11 Theoretical Framework

To review main research question, this research studies the knowledge transfer to across-border units in Finland through Chinese expatriates as the key strategic mechanism from social capital perspective; the initial understanding of constituent parts of the research question is presumed to have been substantially done. However there is variability for researcher to develop a theoretical framework along with relevant theories to explore the research problem.

As previous chapter discussed, the research question of this study mainly concerns two important sections. First, social relationship with recipients has influence on the personal interaction between expatriates and local recipients. The weak network tie, lack of trust and isolation with narrative can not access, build and motivate transferring of complex form of knowledge to recipients. Second, the large distance of socio-cultural context between China and Finland, such as the value, norms (Hofstede; 2005) and economic performance, may have influence on their attitudes toward transfer process with local recipients. Their attitudes may present the extent to which the dominance effects take place in their willingness of transfer complex form of knowledge in Finnish organization. Also, socio-culture context directly have influence upon the quality of Chinese expatriates' social capital with local employees. The weak relationship prevents knowledge finally to be delivered and frustrates the motivation to share their knowledge as well as for Finnish unit to identify it as useful knowledge and to absorb it.

The theoretical framework is built on basis of these two main sections along with relevant literatures. The social capital theory along with large distance of socio-culture and dominance effect theory intertwines on transfer process to have significant influence on consequence of best practices transformation. The theoretical framework of this study illustrate as below diagram:

Social Capital

Structure

Cognitive

Relations

China "**East**"

EXPs.

Absorptive

Disseminative

"**West**" Finland

HCNs

Domin. Effect

♦ Unwilling to share

♦ Not reliable source

♦ NIH syndrome

♦ Less self-beliving
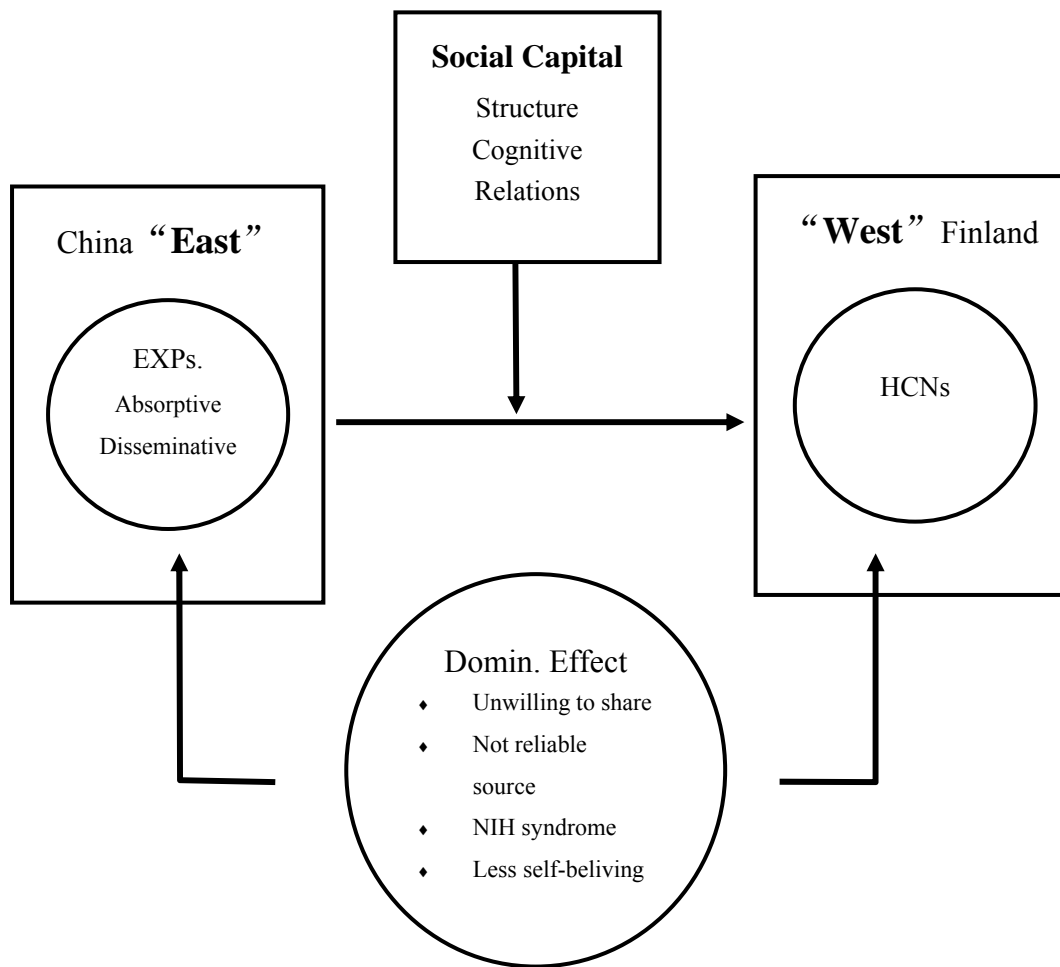
Figure 11 Theoretical Framework of This Study

As the shown in the Figure 11, knowledge is supposed to flow at interpersonal level from expatriates to recipients. The expatriates (China social context) and recipients (Finland social context) respectively represent "Eastern" and "Western" culture identities. With large distance of culture identities, the behavior, style of communication, and the gestures dramatically differ from each other that may cause the difficulties on development of personal social capital. Different contextual factors and social identity interplay the consequence of expatriates' personal social capital development that may have difficulties to access other personnel with shared cognitive narratives as well as to build up high quality of relationship.

Social capital dimensions as one of primary factors taking place in knowledge transfer process present in the framework. Three dimensions respectively represent the possibilities,

shared value, and trust as the key elements to form personal social capital, which plays an important role on transfer process from expatriates to recipients. The successful transfer at personal level greatly depends on interaction of these three factors, such as how possible expatriates are able to access other personnel, how well they share the same cognitive ground and how good quality of relationship between interaction partners has; in other words, the three dimensions interplay each other in knowledge transfer process.

The structural dimension manifesting as social interaction ties, such as configuration of network, provide a channel to increase communication, cooperation and performance. In this sense, frequent and close interaction may stimulate trust and trustworthiness which represent the significance in relational dimension. Common values and shared vision as significant contents of cognitive dimension may also encourage the development of trusting relationships. Common values and goals are able to glue two parties together and provide the harmony of interests that erase the possibility of opportunistic behavior. Sitkin and Roth *(1993)* argued that trusting relationship is rooted in value congruence- compatibility of individuals' value and organization's values (Tsai & Ghoshal, 1998).

The association between the structural and the cognitive dimension relies on the premise that social interaction shapes a common set of goals and values and shares them among organization's members (Tsai & Ghoshal, 1998). In other words, through social interaction as a channel, the common set of goal can be formed as well as accepted by organization members in units. In order to lubricate the knowledge flow within organization, it should have general overview of social capital theory from three dimension perspectives. To conceive managerial approaches related to three dimensions of social capital could help to improve knowledge transfer effectiveness in the organization.

The dominance effect as the other important factor may also have direct influence on knowledge transfer process. As showed in framework, the dominance effects refer to several different attitudes to knowledge transfer process. Moreover this effect does function on both sources and recipients, in this case is Chinese assigned expatriates and Finnish colleagues.

The notion of "knowledge is power" does preclude the expatriates to transfer his/her knowledge to the recipients due to fear of a loss of superiority and knowledge ownership after sharing their personal knowledge (Bartol and Srivastava, 2002; Szulanski, 1996). The "not invented here" syndrome from recipients perspective, do not willing to receive and study the knowledge from outside of their group. Furthermore, due to large distance of technical capacity, Chinese expatriates may certainly have less self-believing attitudes when they transfer to Finns, on the contrary, Finns may not regard their knowledge as a reliable resource for learning. These attitudes in framework function for both directly affect the knowledge flow from Chinese expatriates to Finnish colleagues in the organization; also possibly cut off the potential useful knowledge coming from "East".

Social capital and dominance effect factors interplay on knowledge transfer process between sources and recipients in the framework. In addition, the expatriates who have been assigned to across-border assignment should possess absorptive and disseminative capacities. In other words, as a sophisticated transfer mechanism, expatriates not only should have absorptive capacity to absorb knowledge from HQ or other knowledge pool, but also it is much more critical to be capable to transfer their knowledge. Therefore, expatriates should have certain attributes in across-border assignment, such as superior technical skills, motivation to share and adaptability. Expatriates should possess superior technical and management skills. Without a valuable knowledge stock, they may simply have little to transfer; the attribute of motivation to share derives from high quality of relationship of expatriates with recipients, good relationship could motivate sources more willing to transfer what they know; the adaptability attribute is exclusively critical for expatriates to adjust to foreign context that requires expatriates to be well positioned to operate in foreign environment as well as to implement changes in knowledge transfer activities where appropriate to local context (Wang et al., 2009). Therefore, with these capacities the transfer process can be effectively and smoothly under operation through expatriation. Nevertheless, the theoretical framework consequently does not concern the evaluation of recipient's absorptive capability for new knowledge, thus the evaluation should rely on personal social capital and knowledge sharing behaviors rather than to assess the leverage consequences in this study.

3   RESEARCH METHODOLOGY

This chapter presents the general understanding of research philosophy. Then research approach applied in this study and more detail in research methods used for collecting data that make the empirical basis of this study is also discussed in this section. The methodological discussion is given for contributing to the credibility of this study. Hence, readers finally can have general understanding of research approach that facilitates them to position the work within the research design.

3.1   Research Methodology

Methodology is the science of research decisions. It provides rules and norms for researchers to evaluate the decisions for chosen approach and implement them in the research (Hessler, 1992). Research philosophy presents major ways of thinking about research from epistemology, ontology and axiology that contains important assumptions about the way in which researcher view the world. These assumptions underpin research strategy and the methods chosen as part of that strategy (Saunders et al., 2007). This section includes research approach, research methods and data analysis. The scientific approach chosen for this study is discussed and then the research method is given for data collection.

3.1.1   Research Approaches

Research project involves the use of theory. The extent to which researcher are clear about the theory at the beginning of research require to consider the design of research project. The research project should use either deductive or inductive approach. The deductive approach develops a theory and hypothesis and designs a research strategy to test the hypothesis, on the other hand, the inductive approach is to collect data and develop theory as a result of data analysis. The deductive and inductive approaches are not independently isolated and it is possible to combine these two approaches to conduct the research, however whether deductive or inductive approach, it will dramatically rely on the nature of research topic

(Saunders et al., 2007).

The approach applied in this study could be considered as mixed form of deductive and inductive approach. The study intends to find the inner meaning of the phenomenon that tacit knowledge sharing from Chinese expatriates to Finnish local recipients through social capital lens, based on pre-understanding of the problem. Through examining empirical data; it intends to confirm or reconfirm initial model. For this study, the combination of approach can be appropriate because the studies of knowledge sharing from Chinese expatriates are less conducted and it can not be measured without relevant theory (form of deductive approach) and without empirical study (form of inductive approach). The nature of research topic determinates the research approach of the study, thus when considering the research problem, research questions and limited previous research on this topic, the mixed approach can apply for this study as appropriate research approach.

3.1.2   Research Methods

The research methods within social sciences concern qualitative and quantitative methods (Yin, 2003). The quantitative research method entails the collection of numerical data and exhibits a view of the relationship between theory and research. It is deductive, a predilection for a natural science approach and has an objectivist conception of social reality (Bryman & Bell, 2003).

Qualitative research method tends to be concerned with words rather than numbers. Three further features are particularly noteworthy which is an inductive view of the relationship between theory and research, whereby the former is generated out of the latter, and is an epistemological position described as interpretive, meaning that the stress is on the understanding of the social world through an examination of interpretation of that world by its participants, and it is an ontological position described as constructionist, which implies that social properties are outcomes of the interactions between individuals rather than phenomena and separate from those involved in its construction (Bryman & Bell, 2003). The qualitative

analysis has no standardized approach to the analysis of qualitative data. There are main categories: understanding the characteristics of language, discovering regularities, comprehending the meaning of text or action and reflection. These categories indicate a number of broad ways of differentiating approaches to qualitative analysis (Saunders et al., 2007).

The strategy used in this study could be cases study. Robson *(2002 Cited from* Saunders et al., 2007*)* define case study strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence. (Saunders et al., 2007). In the similar vein, this study attempts to examine the influential factors of knowledge sharing from Chinese expatriates through their social capital lens, hence the social interaction, quality of relationship and contextual cognition facilitates the basis of sharing ideas, belief and personal experiences.

The present study is a qualitative cases study that can provide in-depth contextual data from various assigned expatriates who has been working or worked for at least half year in Finland and enable researcher to examine the phenomena and its impacts on knowledge sharing practices from Chinese expatriates. The qualitative research based on personal interviews and the in-depth analysis can be done through interview to obtain deeper understanding on specific situation. The qualitative approach was adopted as it is better suited to the study of complex relationship in HRM (Ferner, 1997) and to assist theory building and confirmation in a cross-cultural setting (Osland and Osland 2001).

3.1.3   Data Collection

The data collection for qualitative analysis is conducted through personal interview. The objective was to explore the characteristic of assigned expatriates that most affect the stickiness of tacit knowledge from Chinese side to Finnish local unit. The data were collected through in-depth, semi-structured personal interview with 6 assigned expatriates. Triangulation of source data was achieved within the firms by interviewing assigned

expatriates from various organizations (Nokia, ABB, UPM) and functions (R&D, Software development, Technology support, Net automation). The use of multiple respondents enabled the researcher to address questions on different topics to different respondents, and to clarify response to the same questions from more than one respondent. This by using multiple respondents increased data validity in HRM research (Ferner and Quintanilla, 1998).

All of assigned Chinese expatriates and their contacts were gained through personal network, Internations expatriates and Linkedin websites. Interview scheduled by certain communication messengers (e.g. Sina blog, Email, internet phone and QQ messenger). Interviews with respondents were conducted in Chinese language. Since using their native language, the interviewees are able to present their responses in much more detail and accurate way for researcher to explore useful data. The interview lasted between 30 and 45 minutes and were all recorded and later translated into English.

Interviewees were asked to introduce themselves and provided a short background (e.g. work experience, position occupied). They were then asked to describe their major tasks during the expatriation before specifically being asked about their personal connection and involvement in knowledge transfer process to local context (e.g. "what has been your role during expatriation in Finnish unit?"). The next set of questions focused on their experience in personal connection development (e.g. "with whom do you interact in the Finnish unit for a work-related problem?" and How do you normally communication with local colleagues?"). The final set of questions focused on their experience in this role of transferor (e.g. "what difficulties, if any, do you face in transferring practices to this unit?" and "how would you describe the idea of transfer knowledge to this unit?" and "how would you describe the relationship with local colleagues?").

All interviews are conducted by internet phone and face to face method. Some of respondents have been back to China; therefore, by internet phone interview seems to be appropriate. Chinese communication style is more delicate than Western forms (Bond, 1986). In order to not to miss the original meaning, the interviewer took extensive notes and digital recordings

during the interviews and then the interviewer also reiterated the interviewees' comments and verified their actual meaning.

3.1.4 Date Analysis

The data analysis followed Eisenhardt's *(1989)* process of building theory from case study research. The data were coded and categorized into groups according to the problems expatriates cited in transfer process using the concept of social capital dimension and dominance effect as a guide, then looked within-group similarities and differences between the groups. Such cross case analysis helped the information processing by forcing the researcher to see beyond initial impression. Further analysis within these groups enabled a more detailed identification of the characteristics of assigned expatriates that might affect the transfer process. Quotations from the raw data are used to illustrate the nature of the pattern identified.

Iteration process helped researcher systematically compare the emergent frame with the evidence from each case in order to assess how well or poorly it fits with case data (Eisenhardt's 1989). The iteration between theory and data was stopped when no new category or explanation emerged, that helped researcher constantly compare theory and data to iterate toward a theory which closely fits with the data. Eisenhardt's *(1989)* address a close fit is important to building good theory because it takes advantage of the new insights possible from the data and yield an empirically valid theory. Further analysis is to verify the emergent relationship between constructs fit with the evidence in each case using replication logic. In replication logic, cases which confirm emergent relationships enhance confidence in the validity of the relationships. On the other hand, cases which disconfirm the relationships often can provide an opportunity to refine and extend the theory.

The theoretical propositions developed from the data analysis the compared with literature using the "enfolding literature" method (Eisenhardt 1989). The "enfolding literature" method involved in comparison with conflicting literature and also comparison with similar literature.

To compare with conflicting literature enabled to increase confident in findings and to pursue the opportunity for deeper insight to the emergent theory and conflicting literature. However to compare with similar findings ties together underlying similarities in phenomena normally not associated with each other (Eisenhardt 1989). The "enfolding literature" method served to "build internal validity, raise theoretical level, improve construct definition and sharpen generalization (Eisenhardt, 1989, p. 533). The data were carefully iterated and searched for theoretical replication and evidence for the certain reasons behind relationship. This way allowed in-depth familiarization with constructs and analysis of ties underneath the relationship to build theory.

3.2   Validity and Reliability

In this section, research validity and reliability presented and discussed based on research design. The concerns of validity and reliability have influence on the quality of this study. Following Saunders et al., *(2007),* validity refers to whether the findings are really about what they appear to be about.

Validity concerns three aspects for the research namely construct validity, internal validity and external validity (Bryman & Bell 2003, Yin 2003a). Bryman et al., *(2003)* define construct validity as 'the question of whether a measure that is devised of a concept really does reflect the concept that is supposed to be denoting' and refers to the establishment of correct operational measures for the concepts under study (Yin, 2003a). According to that, all the constructs were deduced from theory keeping in track validation of results with previous key research on the similar subjects (Nahapiet & Ghoshal 1998, Mäkelä, 2006). Then to construct validity for this study, the target interviewees have to be carefully selected in order to satisfy with two criteria for the interview: 1) The interviewees are defined as assigned expatriates, who were dispatched from Chinese unit and have been involved in daily interacting practices; 2) they also have to have working experience in Finland at least for half year. To satisfy with above two criteria, target interviewees are able to well understand about interview questions and to provide in-depth information about daily transfer interaction; the

criteria for this study determine the validity of data source, furthermore also provide valid basis for data analysis and discussion. The interview questions are designed to closely stick on theoretical framework of this study. Prior to conducting interview, a pilot interview is necessary to be taken to assess the relevance of the conceptual foundation being laid for this study. The pilot interview was also arranged to pre-test the interview questions and to adjust questions in order minimize any misunderstanding for interviewees. The pilot interview is quite productive in the sense that allowed appropriate wordings and consecutive ordering of the question. The adjustment was made with words, sequence and questions in accordance to pilot interview response that was formulated to obtain best response.

Internal validity refers the issues of causality. Such issues should be taken special care during exploratory process for researcher to interpretation of recorded data. The interview was conducted in their native language. By using their own language, it was much easier for them to explore their comments and information as well as give certain trust on the interviewer, which enhance internal validity to capture in-depth information. To avoid causality, the data was first translated into English and secondary review of the translation was conducted when all the data had been transcribed and translated. The secondary review of transcription helped interviewer to examine accurate translation and verify once more actual meaning from interviewees' information. The interview data becomes the primary source of data. On the other hand, external validity refers to the question of whether the findings of the study is generalisable that is whether the findings may be equally applicable to other research setting (Saunders, et al. 2007). The theoretical generalization of findings, explanation and conclusion in the study is applied to frame the relevant questions in the qualitative research setting.

Moreover, reliability refers to the repeatability of the results of the study, and includes issues related to the stability of the investigation and the internal consistency of the measures (Bryman et. al 2003). It relies on the extent to which data collection techniques or analysis, that is supposed to be able to yield consistent findings. To be reliable for the study, it requires considering three questions: (Easterby-Smith et al., 2002, *Cited from Saunders et al., 2007*)

- Will the measures yield the same results on the other occasions?

- Will similar observations reached by other observation?

- Is there transparency in how sense was made from the raw data?

Such issues were addressed through a careful research design (Yin, 2003a). This included i) selection of the focal industrial organization ii) selection of the case respondents iii) careful planning of the fieldwork, including data collection methods; and iv) design and testing of the interview guide so as to ensure that all the relevant themes were covered in each interview.

The data collection through semi-structured qualitative interview helps to explore much more in-depth information from interviewees by telling their own understanding, ideas and opinion for each specific question. The interview pre-testing has been made in order to ensure the respondents have clear understanding of each single question that can avoid the subjective and participant errors. Because there may be subjective or participant bias, interviewees may answer the questions under certain instruction or by giving unclear answer due to a fear of losing the face of their colleagues and local unit. Therefore, in order to minimize the possible bias for this issue, the interview was conducted merely between interviewer and interviewee that were able to provide honest answers for the study. In addition, the interview language was conducted in respondent' native language, which it can minimize the possibility of any mistakes due to language skills. Meanwhile, raising a question of researcher's bias for analysis of the data while exploring the significant information, the awareness of the potential bias from researcher has been beard in mind to objectively study explored information of what the respondents said. For minimizing researcher's bias, each interview was recorded into tape respectively and transcribed into text for scientific analysis, as well as review of translations was done after the last interview transcription made, which it allows researcher clarify the interview questions and observes in-depth actual meanings. This approach was conducive to be objective for researcher to focus the only the recorded data and to avoid adding personal subjective understanding to the data, therefore, this approaches enhanced the reliability of this study for obtaining trustable conclusion.

4 ANALYSIS AND DISCUSSION

This chapter presents the findings and analysis with regard to the theoretical framework of the research study. The discussion follows the theoretical framework build to examine the two research questions. The analysis and discussion are supported by collecting primary data that present in this chapter.

4.1 Knowledge Transfers to "West"

It would make a sense to explicit the impression of respondents towards tacit knowledge transfers at interpersonal level during their expatriation period. The respondents present their positive comments toward knowledge transfers during the expatriation and believe that the purpose of expatriation program is to transfer certain knowledge at interpersonal level. Obviously, sharing knowledge at interpersonal level was meaningful for the task as follow:

"We had idea or opinion exchange in the firm, I believe the purpose of expatriation is in order to do so...when I have certain ideas, I would like to tell what I know to them that not only make me feel sense of achievement, but also it will improve the work much better"

The comment highlight the fact that sharing of idea, opinion, and experiences among them might be the outcome of different reasons but it indeed is a fruitful and worthwhile activity. Knowledge sharing facilitates better solutions and most of the time creates better alternatives of doing something (Hislop, 2005). Also, knowledge transfer ensures that ideas are practical and realistic particularly under task responsibility.

4.1.1 Structural Opportunity to Knowledge Transfer

Network configuration of respondents in Finnish subsidiaries positions in rather focused structure. The respondents' position in personal network dramatically locates more within their working team; moreover the connection with other colleagues remains a weak tie. It highlights that the ideas, opinion and experiences might hardly flow out of their team or

department. However ideas, opinions and experiences might easily and smoothly flow within their strong tie with their team co-workers. Below are responses that support the argument of network structure:

"Since I came to Finland, the management arranges tutors for me, one is mechanical engineer-Kristina and the other two are electronic engineers. They all have sufficient working experiences; I always have contact with them... I also have contact with other engineers but Kristina is the most frequent contact person with me."

"I do have contact with other departments, but tasks mainly remain within other engineers, and focus on technology in ABB... after those years, I quickly know where to find right person for work-related problem, sometime I need interact with other departments, but not too often."

In addition, the production process and task-related connection configure respondent's network, such network configuration determines the knowledge flow and limits the interaction with other departments unless there are necessary cooperation requirement with others, like below:

"Well, we are working on communication software development in Nokia as middle of the production line; it is normal for us to cooperate with upper or continuing department. It is further divided again in the our department, some colleagues in China side, and some in Finland side, so two countries are working on same project, indeed we need cooperation somehow"

Also, the work itself makes it less possible for individuals to construct wider and broad personal connection. The daily tasks and systematic working process have been strictly formulated in the organization so that the possibility of exchanging their ideas, opinion and experiences considerably decreased by indicating comment as follows:

"In fact, I am not first or earlier one from China; we all know how to cooperate, because our working process has been formulated precisely for many years....basically following previous experiences and precise process, there seems to be no such big space for new idea, the process has been very clear, so just working according to that process."

Moreover, most of respondents mention the independency of their daily tasks in the workplace. The evident highlights the fact that between Chinese assigned expatriates and local colleagues seems to be lacking the sufficient crossed interaction. The interaction with local colleagues might be happened only when solving task-related problem by internal communication platform or in person. Below are responses that support the arguments:

"All my projects are from China...if I were busy, definitely looking for certain helps from Chinese colleagues in China, because I am still in charge of Chinese projects, even though expatiating to Finland, in other words, I am not working on any Finnish projects... the projects are divided clearly, anyhow we are two different organizations."

4.1.2 Cognitive Ability to Knowledge Transfers

With regard to cognitive dimension, however it seems to indicate dramatically distinctive cognitive understanding for respondents. Since cognitive ability fosters through accumulation of previous experiences, interactions, among other individuals, own personal background, etc. Since all respondents are dispatched from China, the network with their Chinese colleagues remains much stronger than with Finnish colleagues. It is also found that most of them still regard the cooperation with Chinese colleagues in China as a preferred pathway. Though experiences were built during several years of practicalities, the sense of personal belonging is still highly strong caused by their country of origins.

Moreover, although language has not been reported as one of primary factors to transferring tacit knowledge, some comments from respondents highlight the extent to which it still have

certain influence upon communication and ideas interaction. As one of respondents mentioned:

"... talking in face-to-face seems to be hard for me, email is better, because face-to-face requires certain level of English, by email there are certain time for consideration, speed etc. does not require so strict, you can prepare beforehand, ...anyway Chinese people are good at writing not speaking, so email is much better..."

Ability of English language might not be a common viable for all the respondents; it probably varies depending on language capability, frequency of expatriating and communication. The respondent pointed out that convert of certain language might be a problematic process, because some key information can be easily lost. The supporting argument derives from one of respondents as follow:

"I think sometime the language is still a problematic, meeting or presentation and training materials, all are written in Finnish, a conversion of different languages might lose much information, having some effect."

Similarly, the age difference is also pointed out by respondents that large age difference between Finnish local colleagues and Chinese expatriates can not easily to share common narratives in local firm.

"... still a bit unacquainted with Finnish colleagues, after all, the difference of age is so large,, like us, not very older, but most of Finnish colleagues are already 50, 60 years old, due to age difference, we don't talk too much except work..."

"... younger in team often talk with me, some as well but over 30 years old, in the work, we had some interesting topics and certain common language, communication can slowly keep going..."

It explicates that language difference with gap of age result in certain difficulty to foster a common organizational cognition for Chinese assigned expatriates. Also, this highlights that the young engineers under globalization era, might share certain common narratives even though national culture does have certain influence on customs, behavior etc, however the globalization seems to narrow down the gap by the generation. Furthermore, the findings explore out that the biggest obstacle derives from uneven technology background to have common ideas, purpose and experiences. The technical knowledge background is attributed to entirely different markets, China and Finland. The technical standard varies in both markets that also causes misunderstanding, and almost impossible to come across with common purpose and opinion. The comments support such argument as following:

"There must be a certain experience to produce, e.g. for me, the technical background originates from China, Finland here adopts European standard...the index of experience differs from them, because of technical background, it is a bit difficult, because according to Chinese standard, it is feasible..."

"Finnish people develop and innovate a product, still need to sell in China market, because they do not understand Chinese market, they must account on us to deal with..."

4.1.3 Relational Motivation to Knowledge Transfers

Trust and trustworthiness is one of the strongest characteristic of the relationships dimension that facilitates knowledge transfers and exchange smoothly at personal level. Trust has been defined as a "psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (Rousseau et al, 1998). Also Mayer et al, *(1995)* argues trust as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor and control that other party".

The good relationship could foster the high level of interpersonal trust that furthermore is conducive to tacit knowledge transfer. High level of trust was achieved by frequent interaction, and most of these relationships have been developed during the expatriation. The level of trust in the relationship seems to derive from previous experiences that impress respondents with great belief and trust about Finnish colleagues' working attitude and responsibility for task. Furthermore their trust relationship with Finnish colleagues still relies on the generalization sense toward work-related belief and trust; however it does not strongly connect with private personal relationship. Below comments support the argument of trust relationship:

"...For Finns, they are no bias on technical matter, and respects technology itself... no bias for the source of technology... they are responsible, less mistakes on work, almost none, basically cooperation with them is a very happy thing..."

"... You know, Finns are very sky... but they are very true, and they will tell what they know and the information they given is quite reliable... after those years, basically, they will do what they promise, sometime even a bit slow, but as long as they promise, they will do it as they promised..."

From respondents' perspective, such level of relationship derives from trust of Finnish colleagues' attitude, capability and responsibility toward work as quite positive base in the organization. Tacit knowledge can be transferred easily on such base to be more open from respondents' perspectives to share what they know to others. One of respondent's responses highlights the willingness of transferring his knowledge as follows:

"... since I graduated from school, I had about 10 years experience in this work, so have some experiences, for example, when new Finns are recruited, perhaps, their experience is not so sufficient, I will tell them my experience, idea and all I knew about our technology in order to share, because it would help them somehow..."

The positive attitude toward Finnish colleagues is conducive to establish high trustful relationship, and to inspirit respondents to be much more willing to tell what they know. In the similar vein, strong obligation toward work motivates respondents to share their opinions and experiences. This responsibility seems to result from nice past experience of interaction with local Finnish colleagues by their influence toward tasks. The following comments support the argument:

"... We have an open attitude, communication among us, in other words, you help others, meaning helps yourself, because when I try to be open for them, they shall do the same ..."

"... They sometime give some opinion for improvement; such opinion might be from different angles. Generally it is very helpful. So when I have some idea, I will do the same, one reason is to have sense of achievement, the other reason is better for project, however, if it is rejected, there is no loss for me..."

"... Basically, I won't be afraid of anything, as long as I think my idea is good for work, I would like to tell them ... the key is to complete the job with good result. The work is the priority..."

To overview these data, it can be clearly found that expatriates' social capital certainly bind with limited resource and connection in Finnish unit, which prevents further interaction widely and drag on further trustful relationship. Therefore, through this analysis, the knowledge seems to be quite difficult to transfer from Chinese expatriates to Finns colleagues. It can be claimed that "East to West" knowledge flow encounters the actual difficulties from structural, cognition and relationship perspectives. The structural opportunity Chinese assigned expatriates illustrates rather random and scarce. The separated tasks and formulated working process have slightly prevented from across-department interaction on common project or task so that assigned expatriates remain slightly strong network tie within his team as well as with previous workplace. The tacit knowledge seems hardly flow out of their

working team; furthermore, their social network seems to be more focus, and less involvement with local project that indicates quite weak tie in local organization.

The interaction between assigned expatriates and local colleagues slightly increase during expatriation period however the home-country projects and technical background remain dramatically large distinction so that understanding for certain technical questions could have very different opinion and view. On the other hand, the findings also point out that cognition capability might be prevented by language and age structure in the organization. Local language against official language slightly becomes barrier to potential ideas, opinion and experience exchange and transfers. Moreover the traits of expatriates from China are normally with high degree, better English skill and younger age that results from emerging fast-developing economy, however on the contrary, Finnish social structure remain slightly older generation. Hence it is quite obvious that such age structure difference for them might not foster strong organizational cognition ease to knowledge transfers.

The good relationship based on previous nice interaction experiences with local Finnish colleagues. Trust and trustworthiness result from such good relation pool particular toward Finnish colleagues' attitude, capability and responsibility for their work. Such belief toward Finnish colleagues inspirits much more open-minded communication and willingness to share about what Chinese assigned expatriates possibly know. Moreover respondents' responsibility also motivates themselves to transfer their tacit knowledge in order to perfectly complete a project or task. These nice interaction experiences with Finns and strong work responsibility are conducive to further communicating, interacting and transferring their tacit knowledge in broad approach.

Figure 12 below explicates various dimensions of social capital at personal level in this study. The ↑ ↓ and→ signs have been used to present either positive or negative impact on development or support of relevant social capital element. The diagram explicates the role of the special restrictions on Chinese expatriates' social capital development. To assign these signs are solely based on institution and observation from findings of this study.

Social Capital Dimensions

Structural Opportunity

↓ Less Related Work

↓ Specific Formulating Working Process

→ Developing Weak Tie

Cognitive Ability

↓ Ease Communication

↓ Different Market Project

↓ Distinction on Technical Background

↓ Age

Relational Motivation

↑ Existing Relationship

↑ Trust and Trustworthiness

↑ Work Obligation

NB: ↑ Positive, ↓ Negative, ↓ Slightly Neg. → Neutral

Figure 12 Various Impacts on Social Capital Development

4.2 Dominance Effect toward Knowledge Transfer

Smith and Meiksins *(1995)* argue that there has always been a hierarchy between economies, and those in dominant positions have frequently evolved methods of organizing production or the division of labor which have invited emulation and interest. Smith and Meiksins' argument also apply into this study. The imbalance of technology background between China and Finland become the primary obstacle to transfer tacit knowledge from "East to West".

The common issue that arose during the interviews was that knowledgeable assigned Chinese expatriates do not persistently believe that they held certain valuable knowledge for Finnish unit. Due to imbalance of technology capability, it seems that these respondents do not regard their certain practices as significant knowledge resource. This less self-believing indicates an unconfident attitude on their technical capability to transfer some tacit knowledge to Finland colleagues. The comments from respondent support the argument in this study:

"Finns' concerns only target on the problem, they won't concern other things beside work. Indeed, it is the key to complete task, basically there was no any argument, and the most important thing is to solve some problems. Whose idea need to contribute is not crucial, but the most important is to understand where the problem comes. The task in Finland is about cooperation and coordination on experience, mainly we rely on Finnish colleagues' technical capability and standard, because we do lack too many experiences, I do not have any different opinions"

From above comment, it can point out that assigned Chinese expatriates did not pay much attention to practice transfers rather than to solving certain problems in the work. To complete task and to know the problems were their priority. Such attitude clearly indicates less self-believing caused by the large distance on technical level. Technical distant from "East" has beard in their mind that the high technical standard remains in "West" countries, e.g. Finland. With such belief caused the knowledge flow barely happen from Chinese expatriates

to local Finnish unit and the view of valuable knowledge from Chinese expatriates hardly to be realized and notified even by themselves.

Moreover in term of absorptive capacity, while assigned Chinese expatriates would most frequently cite problems of why some practices could not flow out into local unit, the most frequently cited a lack of motivation. The explanation given for this were that these expatriates tried to provide some opinions or ideas, however the "not invented here" syndrome took place in local unit. The different opinions encountered difficulty to convince local Finnish employees to understand even accepts their opinions; consequently the decision has to be given by certain person at higher position. In many cases, they would like to contribute their opinion because of sense of achievement. The comments from respondent support the argument in this study:

"The starting point on technology is quite different; they perhaps have their own understanding and thoughts. When you come up with your ideas that differ a lot from what they know, perhaps it is hard to convince them under this circumstance, we probably look for someone who has authority for giving comments... For me, I still like to provide my ideas, because it makes me feel sense of achievement and makes the project better, if rejected, no negative influence on me"

Since the markets facing by Chinese expatriates differ from Finns, the frequently cited problem from them was the application by using technical experience in Finnish unit. This was explained as being because the benchmark of their technical experience derived from Chinese market, they felt that their technical experience based on Chinese market and standard could not convince local Finnish employees to apply into Finnish unit. The local Finnish colleagues with the European technical benchmark preferred to adopt their own technical experiences, which pinpointed the Finns' view of the reliability and validity for Chinese expatriates' technical experience. Such view determined Chinese expatriates' technical experiences not as reliable resource. The comments from respondent support the argument in this study:

"The technical experiences I had derived from China. In Finland, they adopted and had European technical background. The index range of technical experiences do exist distinction between China and Finland. Because of different technical background, it is difficult to convince them because our technical experiences are feasible in China, however it does not possibly work out in Finland."

It should be noted that the findings support the pre assumption of the study that when assigned Chinese expatriates engaged in interaction with Finns colleagues in Finnish unit. Due to distinction of technical capability and experience between China and Finland, it produced several relevant attitudes such as less confident to share, NIH and as a less reliable knowledge to prevent knowledge flow from China to Finland. The following diagram indicates the role of dominance effect in knowledge management process that has strong influence on knowledge transfer from "East to West".
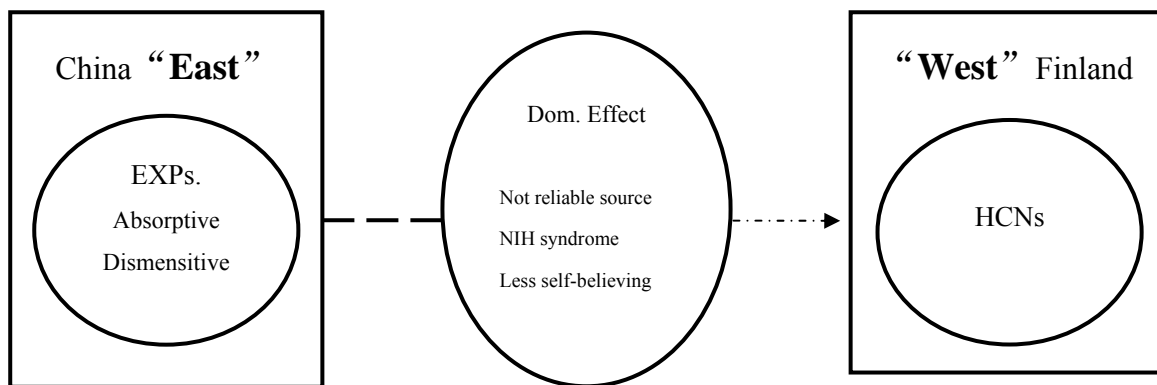
Figure 13 Dominance Effect Impact on Knowledge Transfer from "East to West"

Moreover, from culture perspectives, culture distance does exist and influence the knowledge share to some points; however it should be noted the extent to which the socio-culture between countries with such large cultural distance e.g. China and Finland does attract assigned Chinese expatriates with positive attitude to transfer what they know to local unit. The argument from Rajesh Chakrabatri et al. *(2009)* supported for positive synergies

involving from acquisitions involving an acquirer from nation that is economically stronger than the target's nation. Therefore, the "unwilling to share" attitude seems not strongly have certain influence on knowledge flow in this case study. The knowledge easily flows to less capable countries, industries and organization that practically support Smith and Meiksins' argument on dominance effect. Dominance effect also has strongly influence on Chinese expatriates to believe that they certainly have less valuable knowledge and capability to transfer and exchange to super technical organizations.

4.3   Discussion

Based on personal interviews with 6 assigned expatriates in three Finnish international organizations, this study investigated the dimensions of personal social capital and dominance effect from assigned Chinese expatriates that affected their capacity in sharing their personal practices.

By applying a knowledge transfer perspective the present study's main contribution was to shed light on how the social capital of assigned expatriates affects the stickiness of their practice transfers to Finnish units. The study's secondary contribution lies in its problem of the role of expatriates' attitudes toward knowledge transfer. Acknowledged as being key actors in the transfer of knowledge and best practices (Nahapiet and Ghoshal, 1998; Tsai & Ghoshal, 1998; Mäkelä K., 2007; Riusala and Smale 2007), expatriates are often expected to assume as sophisticated transfer mechanism for knowledge with an important strategic role (Bonache and Brewster, 2001; Riusala and Suutari, 2004) as well as knowledge source to local employees. However, in light of the fact that assigned Chinese expatriates are likely to experience difficulties in the practice transfer process.

To overview these data, it can be clearly found that expatriates' social capital certainly bind with limited resource and connection in Finnish unit, which prevents further interaction widely and drag on further trustful relationship. Therefore, the knowledge seems to be quite difficult to transfer from Chinese expatriates to Finns colleagues. It can be claimed that "East

to West" knowledge flow encounters the actual difficulties from structure, cognition and relationship perspectives. Firstly structural opportunity of Chinese assigned expatriates illustrates rather random and scarce. The separated tasks and formulated working process have slightly prevented from across-department interaction on common project or task so that assigned expatriates remain slightly strong network tie within his team as well as with previous workplace. Furthermore, their social network seems to be more focus, and less involvement with local project that indicates specific working process and less related work comes up with restricted network connection and prevent to access partners particular in weak configuration tie.

Secondly, cognitive ability accumulated from previous interaction, experiences with Finnish colleagues, and personal background. The interaction between assigned expatriates and local colleagues slightly increase during expatriation period however the home-country projects and technical background remain dramatically large distinction so that understanding for certain technical questions could have very different opinion and view. The cognition capability might be prevented by language and age structure in the organization. Local language against official language slightly becomes barrier to potential ideas, opinion and experience exchange and transfers. Moreover the traits of expatriates from China are normally with high degree, better English skill and younger age that results from emerging fast-developing economy, however on the contrary, Finnish social structure remain slightly older generation. Hence it is quite obvious that such age structure difference for them might not foster strong organizational cognition ease to knowledge transfers.

Finally, the level of trust and trustworthiness between Chinese expatriates and Finnish colleagues remained slightly high. Trust and trustworthiness result from such good relation pool particular toward Finnish colleagues' attitude, capability and responsibility for their work. Such belief toward Finnish colleagues inspirits much more open-minded communication and willingness to share about what Chinese assigned expatriates possibly know. Moreover respondents' responsibility also motivates themselves to transfer their tacit knowledge in order to perfectly complete a project or task. These nice interaction experiences

with Finns and strong work responsibility are conducive to further communicating, interacting and transferring their tacit knowledge in broad approach.

In term of social capital perspective, taken all together, this led to less possibility for Chinese expatriates to transfer best practices to Finnish unit. This can be witnessed that their social structure, cognitive ability do not foster wide access to other partners and anticipation of value through personal interaction. Under such circumstance, structural and cognitive dimensions hardly interact to foster a much better trustful and trustable relationship between Chinese assigned expatriates and Finns partners so that slowly push forward the motivation of knowledge transfer to Finns partners. This point become consensus with literature that knowledge transfers does not only require affect-based trust and shared value but also the most important is to require transferring intention and behaviors.

Even though the relational dimension in this case seems to be slightly high, however it can be claimed as the importance of maintaining harmonious interpersonal relationships and avoiding embarrassment in Chinese culture (e.g. Chen. et al., 2005). It appeared to a notable positive impact on personal relationship. This positive relationship possibly resulted from two potential reasons; on the one hand, it might derive from the culture attraction due to large cultural distance as well as superior economy performance; also it has to notice the further frequent interaction may cause much more problems due to culture difference; on the other hand, it could be attributed to their Confucian value orientation of *"guanxi"* (Lee and Ellis, 2000) to remain certain *"renqing"* relationship or connection for future benefits and the ease of future transactions. In addition, it can be found that expatriates' work obligation is also possible to contribute to high relationship development with Finns partners by influencing from Finns' working attitude, obligation and capability. Under their influence, Chinese expatriates aim to achieve their personal achievement in certain tasks through well completing and cooperating for the projects.

To review the entire analysis in term of dominance effects, Chinese assigned expatriates experienced difficulties as knowledge source first and foremost due to lower position in

technical hierarchy. This often manifested itself in situations where Chinese expatriates were unable to believe themselves holding certain useful knowledge and to convince local employees as to why the technical practice from China was possibly feasible and implementable in Finnish unit. All the more challenging was reported low confidence of personal attitude toward knowledge transfer due to lack of self-believing attitude. Moreover "not invented here" syndrome appeared the extent to which Chinese expatriates had frustrating experiences that when they contributed their suggestions for improvement, always encountered an opposite attitude from local colleagues. Furthermore their practices regarded as non-reliable source hardly motivated them to have certain further action to share what they know due to lack of further understanding and in-depth trust for technical information in China market. The significance of "not invented here" and "not reliable source" attitudes appeared to produce a notable negative impact on sharing motivation that it frustrated them in certain way to decrease their motivation to share and reinforced them with an attitude of holding less competitive best practices for Finnish unit.

Although expatriates are viewed as sophisticated transfer mechanism in MNCs, this study provides evidences to suggest that expatriates from lower economical performance countries can nevertheless experience significant difficulties in facilitating such transfers, and in some senses be considered as a barrier themselves. Echoing recent literatures on knowledge transfer at interpersonal level (e.g. Mäkelä, 2006; Mäkelä, 2007; Riusala and Suutari, 2004), explains the significant knowledge transfer interaction happened more likely from super economical entities to lower economical entities and the "stickiness" of knowledge transfer in these research remains on culture issues, trust relationship and micro-level characteristics. This present study supports a focus on such individuals and focuses on their social capital development and attitudes to share, since, as a key factor, their attitudes are likely to influence how the best practices are enacted and perceived by other local colleagues. Meanwhile it highlights the several key factors, likely few possibilities to other connections, parallel on daily tasks, sense of belonging and less self-believing to share attitude, which seems to be quite different from previous literature results from developed to developing units. Applying a knowledge transfer perspective and investigating the social capital dimensions and role of

attitudes would be a constructive way to pursue this. This is not only because social capital dimensions represent extrinsic transfer possibilities for assigned expatriates but also because such transfer process requires intrinsic motivation and attitudes to act on their extrinsic connections or relationship.

5   CONCLUSION

The first chapter initiated the discussion regarding the problem and scope of the study. Many previous studies have highlighted the important role of expatriates in knowledge management; however the knowledge flows mainly from developed countries to developing countries. Nevertheless, this study tries to cover the gap in knowledge transferring research and focus on knowledge transfer from developing countries to developed countries at personal level, e.g. from "East to West". A well defined problem of whether tacit knowledge from "East" is able to transfer to the "West" by expatriation process is expected to be uncovered through research questions that mainly concern two significant sections from social capital and personal attitude perspectives to process.

The topic of the study lacks direct contribution from the scholars; therefore it becomes a necessity to review combined literatures mainly concerning knowledge management, social capital theory and dominance effect theory in the study. Moreover the in-depth review of relevant literatures provides a more concrete picture of the research problem. To review on these relevant literatures also helps to formulate the theoretical framework of this study and also to provide theoretical base for later empirical research.

A qualitative case study method was applied into this study as the most appropriate research method to explore in-depth empirical data. The 6 interviewees were from mainly three different organizations in Finland. The semi-structured interviews were undertaken in interviewees' language to get practical view of research problem. The empirical part was conduct in two parts following relevant but different nature of two research questions. The

analysis and discussion of qualitative data was following related literatures to present clear picture of research problem.

The investigation on the social capital from structural opportunity lens points out that Chinese expatriates' interaction opportunities in Finnish subsidiaries was unintentionally narrow, mainly because the characteristic of their work and specific working process limited their personal interaction with other departments, however the frequent interaction mainly fall into several work-related engineers in value chain. Most of network tie for them in Finland dramatically falls into weak tie rather than strong tie in the organization. It could be argued that the impact of character of work and specific working process on structural opportunities development was clearly negative. These impacts dispatch Chinese expatriates into slightly strong tie only within their team, some even still involve strong connection in previous colleagues in China.

Similarly, the cognitive ability was also found rather negative in local subsidiaries. The primary two obstacles from expatriates' perspective were different market project and large different technical background. These two obstacles dramatically become a barrier to foster common cognitive narratives in Finnish units. The duty for each market fosters a distinctive goals and mission and large different technical background is hard to foster common understanding on certain technical figures. On the other hand, age slight become the other obstacle in this study that perhaps result from different social age structure. It can be clearly found that such arrangement in the organization did not help for knowledge transfer and had strong negative impact on shared cognition development of their social capital. In addition, the language used in the organization and age structure should be also paid a little attention to encourage expatriates to have shared cognition in local firm.

The high level of trust and trustworthiness mainly relies on previous interaction experiences particular toward Finnish colleagues' working attitude, capability. The previous experience motivates Chinese expatriates' willingness to share their practices. Also, the large cultural distance and superior economy performance attract Chinese expatriates to have slightly high

trustful relationship with Finns partners. This trustworthiness toward Finnish colleagues provides a potential positive relation development environment and it is also conducive to Chinese expatriates to open their door to transfer certain practices during future more frequent interaction. Furthermore, it can be found that expatriates' work obligation is also possible to contribute to high relationship development with Finns partners by learning from Finns' working attitude, obligation and capability. Under their influence, Chinese expatriates aim to achieve their personal achievement in certain tasks through well completing and cooperating for the projects. On the other hand, such good relationship could be attributed to Chinese Confucian value orientation of *"guanxi"* to remain certain *"renqing"* relationship or connection for future benefits and the ease of future transactions.

Although high level of trust certainly contributes the knowledge transfer from expatriates to Finnish partners, the dominance effect in this study do play a significant role when transferring tacit knowledge, Chinese assigned expatriates experienced difficulties as knowledge source due to lower position in technical hierarchy. This often manifested itself in situations where Chinese expatriates were unable to believe themselves holding certain useful knowledge and to convince local employees as to why the technical practice from China was possibly feasible and implementable in Finnish unit. The challenges result from low confidence of personal attitude toward knowledge transfer due to lack of self-believing attitude. Moreover "not invented here" syndrome appeared the extent to which Chinese expatriates had frustrating experiences that when they contributed their suggestions for improvement, always encountered an opposite attitude from local colleagues. Furthermore their practices regarded as non-reliable source hardly motivated them to have certain further action to share what they know due to lack of understanding and trust for technical information from China market. The significance of "not invented here" and "not reliable source" attitudes appeared to produce a notable negative impact on sharing motivation that it frustrated them in certain way to decrease their motivation to share and reinforced them with an attitude of holding less competitive best practices for Finnish unit. Also, the belief of a weak technical capability has dominated Chinese expatriates to have less tacit knowledge for practical transfers.

The figure below summaries the findings of the study and represents the final model in this study. As compared to the original theoretical framework, this model urges that the empirical evidence do follow the pattern of the framework. Influential factors on social capital development and impact of dominance effect are clearly presented.

Technology Level

Low   High

China "**East**"

EXPs.
Absorptive
Dismensitive

Dom. Effect

Not reliable source
NIH syndrome
Less self-believing

"**West**" Finland

HCNs

Social Capital

Structural Opportunity

↓   Less Related Work

↓   Specific Working Process

→   Developing Weak Tie

Cognitive Ability

↓   Ease Communication

↓   Different Market Project

↓   Distinction on Tech. Backgr.

↓   Age

Relational Motivation

↑   Existing Relationship

↑   Trust and Trustworthiness

↑   Work Obligation

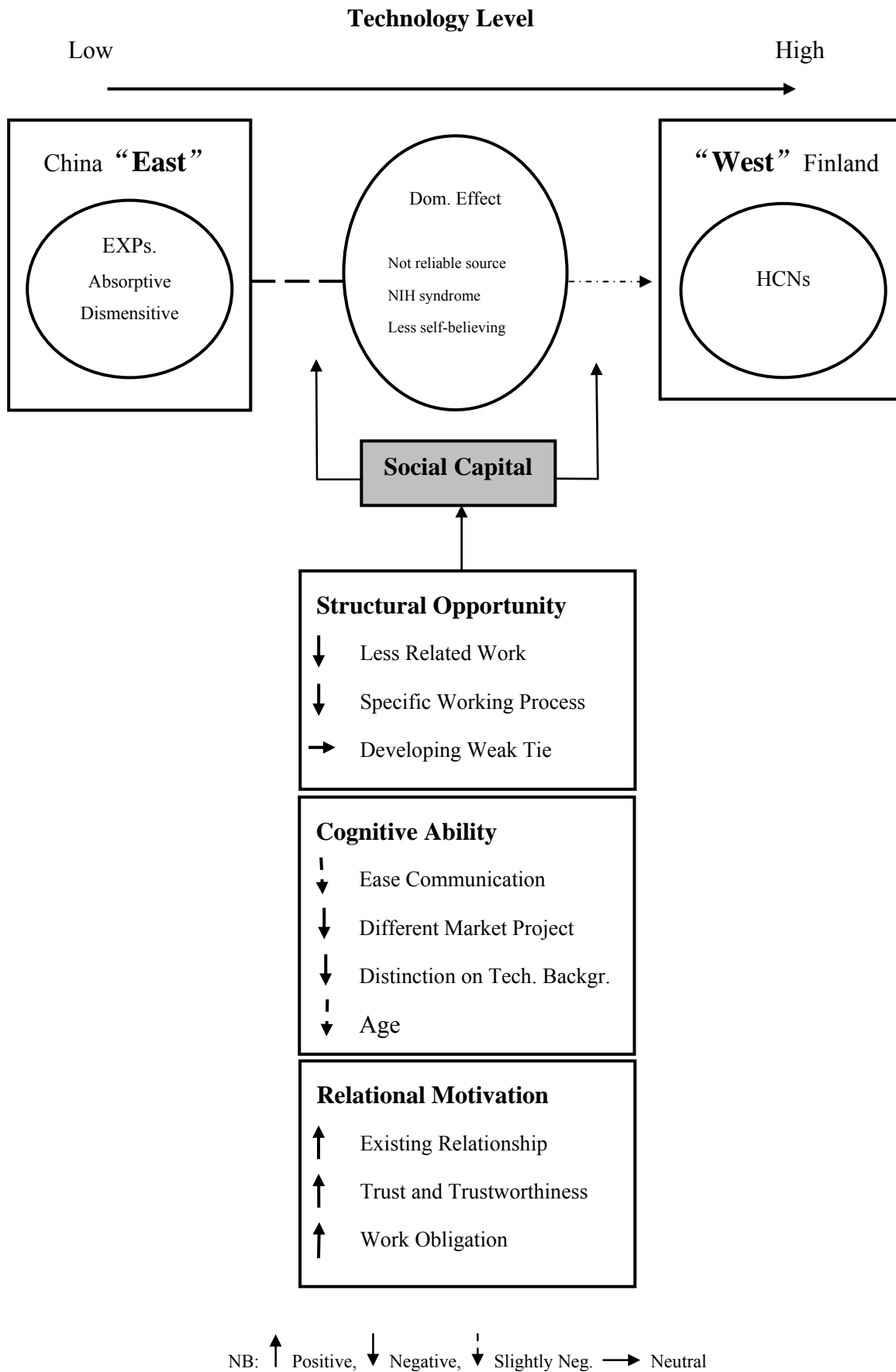NB: ↑ Positive, ↓ Negative, ↓ Slightly Neg. → Neutral

Figure 14 Graphical Synthesis of the Final Framework of the Study

As shown in the figure above, the empirical studies of the research subject provided a multifaceted view of effectiveness of knowledge transfers from "East to West" through generating development in different dimensions of social capital. Therefore, it could be concluded that tacit knowledge transfer from "East to West" encounters several difficulties from structural and cognitive perspectives. Relational dimension remain slight high was attributed to large cultural distance attraction, superior economy performance and work obligation from Chinese expatriates' perspective. However this relation could be a "two-side sword" for knowledge transfer process in the future. The relational motivation is able to foster much more opportunities for frequent exchange however the attraction and obligation can be also vanished by frequent interaction that may result from potential in-depth culture clash or conflict due to large culture difference. Furthermore, the technical distinction, goals for different market and specific working process significantly produce less self-believing attitude, not reliable source and "NIH" syndrome with limited structural opportunities and various cognitive abilities. These attitudes may not only preclude some useful practices from Chinese expatriates but they may also reinforce psychological isolation through expatriation process about tacit knowledge transfer from "East" to "West".

5.1 Implication for Managers and Organization

Since this study attempt to uncover the knowledge transfer at personal level from "East to West", the findings have certain meaningfulness for individual managers as well as the academic scholars in study knowledge management. Interpersonal knowledge transfer typically occurs as a natural product of personal interaction, and it is not always planned or even intentional. However, it requires realization, motivation and implementation from individual managers to engage in intentional arrangement for knowledge transfer or exchange.

Moreover, individual managers and organization might not be aware of the "East" knowledge that could be the other knowledge pool, even though technical background might remain the large difference and difficulty. On the other hand, from academic perspective, the knowledge from "East" seems not to be paid much attention on academic studies, this study and findings

to some extent contribute a little understanding about knowledge transfer from "East" that might remain different reasons of why knowledge is hard to flow.

Knowledge is a strategic resource. Knowledge could only be attained through the action of sharing and acquiring from others. The organization has unique advantage of creating knowledge since they could provide an institutional environment conducive to the development of social capital. Such institutional environment can be supported across-department project, flexible working process and similar age structure, which could create opportunities and sustain a platform of different social capital facilitating interpersonal level tacit knowledge transfer.

The organization can be also beneficial from sharing of ideas, opinions as well as experiences. Knowledge on such process is beyond the indirect benefits of individual managers being able to seek and share, and much more effective. Releasing strict limitation on task and join into local tasks finally can come up with fast, smooth and effective knowledge sharing even creation between "East and West". Hence, such knowledge could be the other knowledge pool or source for product innovation even contribute to competitive advantage of the MNCs.

5.2   Limitations of the Study

This research study is not free without limitations. The limitations should examine theoretical limitations as well as practical limitations related to the methodology of the study. The study embraces the following general limitations associated with different external and internal factors of the study.

Social capital theory has been used as umbrella term. It is argued by most people to be sometimes vague embracing all different concepts. Additionally, there are numerous arguments that social capital theory literature follows the positive relation on studies of role or impact on certain dependent variables. Hence, this study might have perhaps affected by the positivity of the impact of social capital theory on facilitating interpersonal level knowledge

sharing.

Since the study was a case study, several interviews merely were taken for the data collection purpose. Though, the careful consideration was made by using pilot interview and native language in research method, due to scarce data resource, the target respondents finally fell into more engineer background. Hence, the engineering background might mislead the final results due to professional limitation or technical difference.

Finally, similar with the other case studies, this study lacks generality. The result might have more worth in case the sample of the data was high or might have more worth in case of professional background was multiple.

5.3   Suggestion for the Further Study

This study examined knowledge transfer through social capital lens particularly focusing on tacit knowledge transfer from "East to West". However, the study was based on in-depth case study which lacks of the value of generality. Though the findings of this study might be very much helpful to the other researchers, such researchers could explore much deeper for the broad understanding of the research topic. Topic of knowledge transfer from "East to West" still remains rather scarce and requires much more empirical research. Hence, under such topic, there are still many doors open for the further research.

The study specifically defined the "East and West" as China and Finland. However the further study on the scope of "East and West" should define much broader that could be a group of people with different nationalities from developing countries transferring knowledge to western organization. This way is conducive to generalize the common factors that prevent tacit knowledge transfer from "East" in MNCs.

Moreover, knowledge transfer can also be conducted in "East" MNCs, which examines tacit knowledge flow from "East" Headquarter to "West" subsidiaries. Generally, HQ accumulates

advanced technical know-how, management knowledge and best practical experiences. To study tacit knowledge transfer from "East" HQ to "West" subsidiaries might be the other significant practical research direction for the further study.

In addition, the expatriates can be also redefined in the further study. Due to large technical background between "East" and "West", the engineering background expatriates might have more restriction on knowledge transfer process. However, the expatriates with other professional background such as Marketing might reach to totally different outcome in further research.

The study finally did not attempt to uncover the attitude and motivation to invent from "West" perspective. It could be well suggested for the further study to examine the attitude and motivation to invent the "East" knowledge from "West" perspective. The comparison could provide much clearer picture of what factors have consequently prevent the knowledge flow from "East to West". Meanwhile, the future researcher could examine other theories like social network theory, organizational cultural theory or institutional theory embarking various factors facilitating interpersonal level knowledge transfer under this topic.

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