

THE KNOWLEDGE TRANSFER FROM THE HEADQUARTERS TO LOCAL SUBSIDIARIES THROUGH EXPATRIATES – LOCAL EMPLOYEES’ PERSPECTIVE*

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Abstract

Background. Knowledge transfer between the HQ and subsidiary has recently been targets of increasing research interest. However, the role of expatriate managers and local staff perspective on this process has not been examined enough.

Research aims. This paper has two main objectives: first to develop a conceptual framework (model) of knowledge transfer between the headquarters and local subsidiary, and second to empirically evaluate this process in five foreign subsidiaries based in Poland from a knowledge-based perspective.

Methodology. Our study relied on qualitative case study methods. The authors report the empirical findings from five multinational subsidiaries (two German, two American and one Indian) located in Poland. 68 semi-structured interviews were conducted among HR specialists and managers.

* The authors report that the empirical findings concerning knowledge transfer were only a part of bigger project financed by National Science Centre in Poland (the research grant no. DEC-2013/09/B/HS4/00498, entitled “Cross-cultural interactions in foreign subsidiaries of multinational corporations – traditional and Positive Organizational Scholarship approaches”.

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Key findings. The transfer of knowledge has always been in one direction, that is from the headquarters to its foreign subsidiary in Poland. Both the headquarters (as a sender) and the subsidiary (as a receiver) have been prepared in terms of tools and institutions to accumulate the knowledge. A key link in the knowledge transfer has included expatriates – their skills and abilities such as openness, willingness to learn and motivation for learning, ability to transfer their knowledge and experience to others, and ability to build positive interpersonal relations.

Keywords: knowledge transfer, knowledge sharing, expatriates, host country nationals (HCN).

INTRODUCTION

The knowledge transfer (KT) between the headquarters (HQ) and foreign subsidiaries is an important research issue in international business (Doz et al., 2001; Argote & Ingram, 2000a). It is also one of the main organisational motives of foreign assignments (Sparrow et al., 2004; Harzing, 2001). Other studies also confirm that the knowledge transfer or filling of knowledge and skill gaps in the local market, are the most often indicated reasons for international relocations (Stephan et al., 2017; Brookfield..., 2017). The key subject of KT are expatriates and their competencies that affect the knowledge transfer mechanism (Bonache & Brewster, 2001; Purgał-Popiela, 2017).

Employees who are on international assignments are likely to gain knowledge and skills that cannot be acquired through other means, such as training or reading. Knowledge of the market, understanding the socio-cultural environment are some of the areas of knowledge that can be acquired by an expatriate in interaction with HCNs (Ismail, 2015). The local perspective presented in this paper requires from researchers to broaden the scope of study to include HCNs as important actors affecting the knowledge transfer process (Toh & Srinivas, 2012), and to support the reverse knowledge flow within MNCs.

This study contributes both to expatriate and knowledge management areas of managing MNCs. Expats seem to be a competitive advantage of corporations which build their strategic position on knowledge of new markets, cultures, and ways of doing business. We have contributed insights regarding the role of expatriates' competencies in sharing knowledge with locals and repatriates in building knowledge hubs in the headquarters. We have highlighted specific managerial competencies such as communication skills, openness,



willingness to learn and motivation for learning, ability to build positive interpersonal relations, and determine the efficient knowledge transfer between the headquarters and subsidiary. Moreover, knowledge transfer in MNCs research is expatriate-centric in that it neglects the roles of host country nationals (HCN) in the subsidiaries. This study fills this research gap by incorporating local perspectives in this process as local employees or HCNs are the source and also the recipient of knowledge.

There are two main objectives of this paper: first to theoretically examine the knowledge transfer between the headquarters and local subsidiary, and second to empirically evaluate this process in five foreign subsidiaries based in Poland from a knowledge-based perspective. The theoretical model of knowledge transfer included the following components: 1. MNC headquarters, 2. expatriates as knowledge transfer belts, 3. foreign subsidiary and its absorption capacity, 4. feedback, 5. barriers at each step of transferring knowledge. In the empirical part of this paper, we describe the knowledge transfer between those components in the model in five subsidiaries of foreign corporations in Poland.

LITERATURE REVIEW ON KNOWLEDGE MANAGEMENT

Individual and organisational level of knowledge

The knowledge resources in each organisation include two levels – individual and organisational (Bonache & Brewster, 2001). The individual level encompasses the knowledge of each participant – each individual is a source of knowledge because organisations cannot create them on their own (Raab et al., 2014). The employment of a right person means that the organisation ‘buys the knowledge’ and thus expands its own resources and increases its competitive advantage. The exploitation of such knowledge in some specific circumstances may facilitate the establishment of an organisational knowledge basis on a global scale. Thus, the organisation is perceived as a knowledge integrating institution (Kogut & Zander, 1993).

The organisation should provide the tools and places (knowledge centres, institutions, universities) to accumulate and stock the



knowledge and experience coming from their employees and to create a mechanism of dispersing the knowledge (of making it available to its own employees in the headquarters or geographically distant subsidiaries in the form of training, workshops, e-learning, etc.). Makela and Brewster pointed out the role of “HRM architecture” that can facilitate intraorganisational knowledge transfer (Makela & Brewster, 2009, p. 592).

Transferring and sharing knowledge

Many researchers discuss the issue of knowledge transferability (Chang et al., 2012). It is assumed that technological knowledge is especially transferable while experience-based knowledge or the knowledge embedded in a company cannot be transferred to others (Keller, 2014; Kabir, 2012; Choi & Johanson, 2012) KT is per definitione beneficial for the recipient unit (Doz & Santos, 1997; Jensen & Meckling, 1995).

In international corporations, the knowledge transferred between foreign subsidiaries is dominantly tacit and not explicit one (Bonache & Brewster, 2001). Objective or explicit knowledge refers to knowledge that can be articulated either verbally or in writing and thus can be transmitted in a formal, systematic language. Tacit knowledge is implicit, non-verbalised and therefore difficult to formalise and transfer to others since it is embedded in individual experiences and involves personal beliefs, perspectives, and value systems (Nonaka & Takeuchi, 1995). Foreign assignments allow transfer of knowledge that the sender may be unaware of to require trust-creation between the sender and the receiver, and need to be adapted to different cultures, laws, and business practices (Choong & Fang, 2010). Therefore, the role of knowledge management is to effectively convert the tacit knowledge into explicit knowledge and to efficiently distribute it within the organisation (Li & Scullion, 2010).

KNOWLEDGE TRANSFER MODEL

In recent years many knowledge management models have been investigated for diagnosing contextual factors determining this process (Duan et al., 2010; Wang et al., 2004; Chang & Peng, 2012) and



illustrating how knowledge is adapted in a certain system or population. Nevertheless, there has been little systematic discussion of the topic considering all components of the transfer knowledge such as:

1. MNC headquarters (as a knowledge transferor and recipient),
2. expats (as knowledge transfer belts),
3. foreign subsidiary (as a knowledge recipient and transferor),
4. feedback,
5. barriers on each step of transferring knowledge.

Building on previous studies (Nonaka & Takeuchi, 1995; Grant, 1996; Bonache & Brewster, 2001; Wang et al., 2004), knowledge transfer between the MNC headquarters and a foreign subsidiary can be illustrated as follows (see Figure 1).

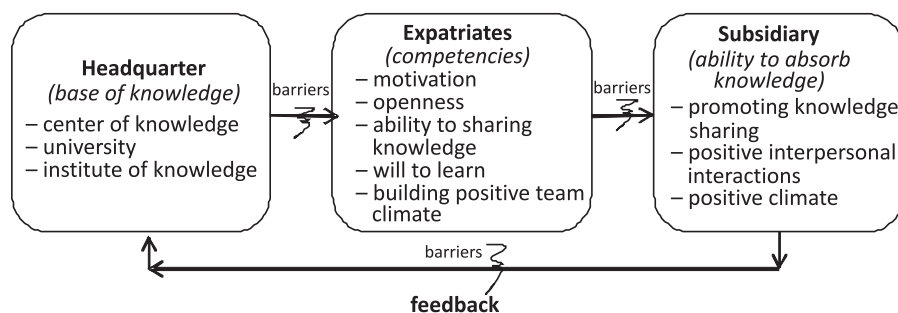


Figure 1. The knowledge transfer process between the headquarters and a subsidiary

Source: own work.

MNC HEADQUARTERS AS A KNOWLEDGE TRANSFEROR AND RECIPIENT

The headquarters is a base of accumulated knowledge and experience (Wang et al., 2004), and it is called a competence centre, university, centre of excellence, and hub of knowledge. Such centres are the base of employees' development methods, programmes, and entities managing the knowledge, experience and skills of their employees, and the source of best practices from foreign markets where the corporation runs its business activities. On the one hand, the corporate headquarters becomes a sender of the knowledge distributed to its subsidiaries, and on the other hand, it is a receiver of the knowledge



transferred by repatriates or inpatriates who are local employees pursuing their foreign assignments in the headquarters. Centres of excellence constitute another widespread form of an organisational higher-level intermediary. They provide knowledge hubs that support knowledge-brokering activities and make best practices available throughout the organisational network. The organisation should design structuring and technological devices that create, categorise, and join organisational nodes and thereby serve as intermediaries among potential sources and recipients (Patriotta & Castellano, 2013, p. 525). Yet, research shows that there is a clear disproportion in the knowledge flow in a corporation: the dominant direction of transfer is from the headquarters to foreign subsidiaries, which is an example of organisational ethnocentrism (Tsang, 1999).

There are many research studies confirming that the objectives of foreign assignments, which are the most often specified, include the transfer of managers' knowledge and experience (Brookfield..., 2017) filling of knowledge and skills' gap in local markets, and provision of expert knowledge (Deloitte, 2012).

EXPATS AS TRANSFER BELTS OF KNOWLEDGE

The process of knowledge transfer is carried out through the expatriates who transfer not only their corporate knowledge directly from the headquarters to a foreign subsidiary but also their personal experience and individual know-how (Delios & Bjorkman, 2000). Expatriates can acquire the breadth and depth of knowledge necessary to assist MNCs in managing a myriad of intercultural factors reflecting both global and local forces (Berthoin, 2000). Thus they are labelled as effective vehicles (Lyles & Salk, 1996), transfer facilitators, or boundary spanners (Bonache & Brewster, 2001; Kostova & Roth, 2003), transferring belts (Cerdin, 2007), proxies of knowledge transfer (Chang & Peng, 2012), and a headquarters-subsidiary synapse (Park & Mense-Petermann, 2014), in the process of passing knowledge between the headquarters and subsidiary.

Knowledge is created in business relationships with customers, suppliers, and other local actors (Choi & Johanson, 2012). This knowledge is experience-based and requires face-to-face contacts and interaction with local staff (Hohenthal et al., 2014).



Knowledge transfer is often the result of personal characteristics such as communication skills, capability of developing positive personal relations (Przytula et al., 2014), developed in interaction between expats and locals (Choi & Johanson, 2012) and cultural awareness (Tsang, 1999), motivation, trust, openness, and respect (Duan et al., 2010). Researchers included learning intent or motivation in the key competencies. Chang et al. (2012) pointed out the expats' motivation and capacity to share knowledge with others. The expat's motivation means readiness to devote their time, to make efforts to achieve the objective of such knowledge transfer, and to persevere in solving any difficulties connected with the knowledge transfer. Knowledge will not flow if the motivation of knowledge holders is absent (Minbaeva et al., 2003). The intent to transfer the knowledge means searching for and using interpersonal relations to share knowledge which occurs in different contexts. However, the level of sharing the experience held and the 'scope of exposing' such knowledge is intentional and depends on the very owner of such knowledge. In the case of more extensive interactions, the partners to knowledge on both sides (e.g. expats and local staff) are more inclined to share it and thus it is mutually advantageous (Makela & Brewster, 2009).

The expats share their knowledge through many informal channels characterised by an individual style of its communication (Bartlett & Ghosal, 1989). Frequency of communication, geographical distance, and the manner of interaction also have a great impact (Kostova & Roth, 2003). The key issue is language proficiency that affects managerial learning in a multi-cultural management team. Language problems between an expatriate and a local manager can be a barrier to successful learning (Villinger, 1996). Another important competence is cultural flexibility (component of openness to experience in the Big Five model) that is demonstrated by the readiness to experiment with the customs and ways of life different from one's own (Caligiuri, 2000; Przytula et al., 2014). The literature on knowledge exchange has convincingly demonstrated the necessity of translating – that is, disembedding and re-embedding – crucial knowledge (Becker-Ritterspach & Raaijman, 2013; Czarniawska, 2012).

FOREIGN SUBSIDIARY AS A KNOWLEDGE RECIPIENT AND TRANSFEROR

The key subject of the knowledge transfer process is the foreign subsidiary and its ability to absorb the obtained knowledge. Absorptive capacity is a complex construct, based on abilities and motivation of the employee who acquires knowledge, and also on the character of interpersonal interactions and organisational climate, that changes over time (Purgał-Popiela, 2013). In order to receive knowledge, organisations need to have the right tools for capturing knowledge and creating the right incentives for expatriates to share their knowledge. Internal knowledge resources of a subsidiary are tacit as they occur in interpersonal relations between expats and the local staff, and therefore they are difficult in diffusion for the competition. It is possible that local employees will perceive the knowledge and experience of expats to be foreign and less valuable in their local context ('not invented here' syndrome; Szulanski, 1996) and thus will not actively learn from expats, leading to less knowledge received or acquired by the subsidiary (Chang & Peng, 2012).

Absorption of knowledge is associated with modification of the existing knowledge to the specific context (Foss et al., 2010; Szulanski, 2000; Adler & Kwon, 2002), which is carried out on the basis of human relationships that cross organisational and geographic borders. Thus, the expats may contribute to the increase in the capacity of knowledge absorption by a subsidiary as a result of personal interactions (sharing common values and meanings, using the local language, adopting and internalising local attitudes and customs).

FEEDBACK IN TRANSFERRING KNOWLEDGE

An unquestionable benefit for an expat after their return to their home undertaking is their international knowledge and experience which broaden the horizons of thinking and the awareness of such a manager with cultural and social aspects, and thus boost their absorption abilities that facilitate their adaptation in further places of their assignment (Hocking et al., 2007). The network of relations with foreign staff, other expatriates, or corporate stakeholders in



the host market that has been developed for years is a precious resource of knowledge which may be helpful for the future successor delegated from the headquarters to such a subsidiary. The experience accumulated by an expat in intercultural relations increases their employability and gives them the feeling of greater value in the home labour market.

However, in many cases the knowledge acquired by expatriates does not widely circulate among stakeholders at the headquarters' organisation once the manager returns home from his or her assignment (Stroh et al., 2000). Repatriate knowledge often goes under-utilised because the inability of corporations to place returning employees in professional positions where they could better disseminate the knowledge and learning after repatriation (Nery-Kjerfve, 2012). The research carried out with the participation of repatriates shows that 25% of them leaves the corporation within two years of their return from their foreign assignment (Brookfield..., 2017). Moreover, international assignees often perceive that the jobs where they could best utilise their newly acquired competencies, often reside outside their present employer (Stahl et al., 2009; Makela & Suutari, 2009; Sanchez et al., 2000). The main reasons for leaving the organisation by repatriates is the feeling that their knowledge and experience have not been used by their corporation (Pattie & White, 2010). For this reason, companies should provide various incentives to ensure that expatriates play an active role in foreign subsidiaries. It is also noticeable that the knowledge and experience acquired abroad are as if 'masked' because their holders are afraid of getting exposed to disrespect and humiliation by managers working at home undertaking (Szkudlarek, 2010).

From the organisational perspective, the knowledge accumulated in a foreign subsidiary should be transferred to the headquarters, increase the knowledge base of the whole corporation, enable the establishment of the "knowledge laboratories" or "knowledge islands", enrich the headquarters with the knowledge of rules, business strategies in host countries, determine the competitive advantage of the corporation in comparison with other global entities which, however, cannot make use of local management practices. The headquarters can benefit from their subsidiary knowledge in various ways. Local knowledge can help the HQ to fine-tune and coordinate a global strategy, improve processes on their own, or provide the missing link in the quest to

develop a new product. Moreover, the *best practices* developed by expatriates can be a guide or guidelines for conducting business in a given country or region. Yet, the management practice shows that the use of repatriates' experience and their unique knowledge of the specificity of the host market is modest. Almost 66% of the analysed companies actually poorly or very poorly use their knowledge and know-how resources being the result of new experiences or often unique solutions used by expats abroad (Brookfield..., 2017). Such practice has also been confirmed by other studies (Lazarova & Caligiuri, 2001), according to which the level of utilisation of their expatriates' experience by companies is very poor.

The growth of corporate knowledge resources is influenced not only by the repatriates' staff but also by inpatriates (Harvey, Reiche & Moeller, 2011), that is the employees in foreign subsidiaries who start their assignment in the headquarters. The objective of such type of transfer is that such staff acquires specified skills and abilities, learns about the strategy and organisational culture, understands the values and expected behaviours promoted within the corporation, which should be then implemented in local undertakings. Inpatriates play a special role as they provide the managers in the headquarters with contextual knowledge which enables them to effectively operate in foreign markets (Reiche, 2014).

BARRIERS AT EACH STEP OF TRANSFERRING KNOWLEDGE

At each stage of knowledge transfer from the central office to the subsidiary and vice versa, there are various limitations that disturb or prevent the free flow and full absorption of knowledge. The major barriers are the recipient's lack of absorptive capacity, causal ambiguity and the quality of relationship between the source and the recipient (Szulansky, 1996), protectionism by the sender, defined as reluctance to share knowledge as a result of rivalry (Lahti & Beyerlein 2000). To other problems belong communication barriers, organisational factors (e.g. institutional ethnocentrism, dissonance between the sphere of declarations and actions, problems with integration of organisational cultures), hierarchical levels and a culture of competitiveness between subunits and work teams (Patriotta & Castellano, 2013; Purgal-Popiela,



2013) and individual factors (e.g. close-mindedness, individual ethnocentrism (Tsang, 1999).

METHODOLOGY AND SAMPLE

Research method and characteristics of the respondents

The results of the study presented in this article are only part of a larger research project entitled “Cross-cultural interactions in foreign subsidiaries of multinational corporations – traditional and Positive Organizational Scholarship approaches” (see Acknowledgement), and the data collected for the purpose of knowledge transfer diagnosis came from an interview, participant observation, and corporate documentation.

The paper reports the results of an explorative and qualitative study aimed at analysing the process of transferring knowledge from the headquarters to the subsidiary through expatriates in five subsidiaries. The research findings delivered data concerning: foreign assignments’ goals, practice of sharing knowledge between expats and locals, competencies of expats in the frame of sharing knowledge and experience, and also barriers of transferring knowledge in the researched subsidiaries.

Our study was based on qualitative case study methods. The choice of a qualitative design is consistent with recent calls for the use of qualitative research in the context of international business research (Birkinshaw et al., 2013). The authors conducted semi-structured, in-depth individual interviews based on pre-prepared sets of open-ended questions with 68 managers and specialists employed in multinational subsidiaries of MNCs located in Poland. The in-depth interviews were considered the most accurate method due to their open-ended and flexible character as well as a more detailed and exact observations they offer (Dearnley, 2005; Brenner, 2009). The chosen method is best suited if a researcher wants to investigate someone’s experience and attitude as well as to get insights into the study which may have been missed in the previous research (Kühlmann & Hutchings, 2010). Each interview usually lasted from 45 to 90 minutes and was carried out in the companies’ offices in the first half of the year 2014. Generally, the authors conducted about 62 hours of interviews with an average time of 55 minutes.



We transcribed, manually coded, and analysed the interviews. The process was supported by Excel software, which is seen as a reliable and useful tool for both quantitative and qualitative data analyses (Hahn, 2008; Meyer & Avery 2008) We applied the procedure of qualitative content analysis i.e. a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns (Rozkwitalska, Chmielecki, Przytuła, Sulkowski & Basinska, 2017). As for the coding schemes applied to the content analysis, we delimited them inductively from the data during a process of constant comparison of each interview and each emerging theme (Glaser & Strauss, 1999). Individual themes “expressed in single words, a phrase, a sentence, a paragraph” were the unit of the qualitative content analyses. Then we noted whether or not an interviewee referred to a particular theme in each subsidiary. The qualitative content analyses consisted of three steps (Sánchez Bengoa, Ruediger Kaufmann & Vrontis, 2012):

1. open coding – we tried to identify some common themes, related to each part of the KT model, emerging from the interviews in each subsidiary;
2. axial coding – the themes were labelled with the higher-level concepts;
3. broader clusters – some categories were combined into broader clusters and refined (see Table 1). For instance such categories as “learn from each other”, “mutual learning”, “contribute”, or “teach locals”, were grouped in axial coding as “learning and teaching” and named in selecting coding category as “mutual learning”.

The multinational subsidiaries were selected via a purposive sampling technique, whereas the research participants – key informants (Marshall, 1996) – were pointed out by the companies. A short description of entities covered by the research is presented below (see Table 2). The MNCs’ official consent for conducting the research was granted to the authors, yet with the stipulation that no information would be collected, disclosed, or published which would identify a particular employee and the company as the source of the specific information. The participation in the research was on voluntary basis and confirmed in the written consent by each interviewee.

To describe the subsidiaries in the sample, the authors acquired additional rich information via semi-structured interviews with the representatives of the companies, observations during office visits as



well as analysing the MNCs' documents and web sources. Internal reports on culture and knowledge management provided details on a specific organisational process involving knowledge transfer and they were particularly useful in conveying the high-level respondents' perceptions about the issue. In addition, company brochures and corporate and subsidiaries' websites helped triangulate information provided during the interviews and observations. So, methodological triangulation in the research was ensured (Maxwell, 2005) since the authors used both multiple methods of data collection (i.e. in-depth interviews, observation, and documents' analysis) and multiple sources to gather information within a given method (i.e. specialists and different level managers from various departments).

The prevailing age group (77%) among 68 research subjects included people aged 29–39. Moreover, 43% respondents had been working in their current subsidiaries for five years, and more than one-third of them had been working from 5 to 10 years in the studied undertaking and 16% of the population had 10–15 years' work experience. 7% of the research subjects had been working for a long time in the studied entities, that is for more than 15 years.

Research findings

With reference to the model of flow between the headquarters and foreign subsidiaries suggested in the theoretical part (see Figure 1), each component of that model has been analysed.

MNC headquarters – as a corporate knowledge base

In order to obtain the data about knowledge centres, there an analysis and a review of documents and secondary resources concerning the development centres and knowledge resources in corporate headquarters have been carried out which have been supplemented with the data available on websites of the headquarters and the subsidiaries. Also, in the interviews, the respondents provided information about the centres of knowledge accumulation in the corporation.

Analysing the data on the headquarters of five corporations the subsidiaries in Poland of which were the subject of the research, as far as the knowledge base and employee development are concerned, four out of five had knowledge centres in countries where the headquarters



was located (two in the USA, one in India, and two in Germany). They were called a centre of business development, centre of excellence, global strategic initiatives, global talent development centre, leadership institute, and their purpose was to gather international experience of their employees and to use such knowledge for training purposes.

The industries in which corporation A operates deal with automotive technologies, consumer goods, industrial technologies, power industry, and technical building equipment. The corporation promotes a programme of international development of managerial staff and the main areas of improvement include the acquisition of intercultural competence and knowledge of foreign languages. Those programs are called 'leadership institutes', 'global talent development centres', and they prepare the employees to foreign transfers in about 360 subsidiaries located in 50 countries around the world.

Corporation B operates in the sector of services for the industry, mainly for maritime, mining (gas, oil), and renewable energy. With reference to knowledge resources, that enterprise stresses the improvement of personal qualification by employees who constitute a group of experts for other companies in those industries. In-house training improves the qualifications of their employees in the areas of technology, R&D, and they then become trainers and advisors for external entities or their clients. The provision of employees with intensive trainings and development in the centre of business development is a key value and element of that corporation's strategy.

Corporation C is a leader in the BPO sector, a global provider of integrated business and technology consulting services, outsourcing and IT. Company C operates the Centre of Excellence which offers its employees the knowledge and practices from different areas of business operations proven in different geographical zones. The corporation created a library (that is partially a virtual one) which can be used by all corporate employees.

The American Corporation D which operates in the sector of semi-conductors and employs more than 100,000 employees worldwide, has a global network of strategic initiatives which include mainly intercultural training which builds awareness of national, cultural, and ethnic diversity. The corporation offers traineeships for students and recently employed employees within the Diversity Program in cooperation with several dozen social, government, and scientific institutions that develop the content of such training sessions and workshops.



The Corporation E, which is a leading consulting services provider for state and local administration in the United States, Canada, and Europe, is characterised by decentralised development of its employees, which means that decisions concerning the form, duration, and group of trainees were made by the subsidiaries. The process of improving the local employees' competences was carried out by external training companies and thus the headquarters of the corporation did not have its own centre where knowledge and experience of its employees could be accumulated.

The training process for the employees of those corporations is a continuous and systematic one, it encompasses different groups of employees, and therefore it is justified that they rather have their own centres of excellence instead of using the services of external training companies. Four out of five headquarters of the studied entities are prepared for accumulation of knowledge and experience, have the tools for accumulation and dispersion of such knowledge, as well as the methods and techniques of transferring it to their employees in the form of training, courses, and traineeships. The prevailing objective of sending the expatriates to such corporations was the transfer of knowledge, technological solutions, maintenance of corporate culture standards, which may be demonstrated by the selected quotes from the research:

The transfer of knowledge and experience of expats is important (...). We can say that for our business, employing an expat saves costs as they implement projects that have already been successful in other companies abroad.

Expats are here to solidify the corporate knowledge, to transfer the knowledge propagated in the headquarters, and – to a lesser degree – to promote their professional experience and competence. There are many Poles that may occupy the positions held by the expats but it's not about the level of expert knowledge (the person that has greater knowledge takes the position in a subsidiary). The point is the corporate knowledge and therefore the expats are more appropriate.

Our cooperation with the expats has been good. They were a precious link as they know different processes that we don't know. They gave training here, (...) and thus the process of sharing the knowledge with the local staff by expats was efficient. There was no aversion, just the opposite. Expats have higher culture in the scope of knowledge sharing, cooperation with an employee (...). Their know-how and professionalism were appreciated. Both sides gained a lot within this process of knowledge transfer.



Expats' roles and competencies in the process of transferring knowledge

The analysis of interviews shows that the local employees recognized the usefulness of expats' knowledge and the expats learned local customs:

I saw that expats shared their knowledge, they were eager to cascade it down. They also learn from us.

Western companies have been always characterized with a more advanced level of management, competence, techniques that we have learnt and transferred through all those years to this local barren place. At present, we are witnessing the process of mutual learning.

The respondents also emphasised the qualities of expatriates, such as openness, knowledge transfer skills, eagerness and motivation for learning, and creating a positive atmosphere for the sharing of knowledge and know-how, e.g. "My boss is eager to share his knowledge. He is an open and helpful person and supports us when it comes to processes" or:

Expats have the knowledge of a given area and they are willing to help. It results from the man's personality and not from their nationality. On the other hand, expats learn a lot from us.

Another respondent said:

(...) I don't perceive the expats' knowledge as secret one. They are willing to share their experience, they have never put me in the position of the worse one in terms of competence. Expats come here to improve some production processes and their knowledge really grossly contributes to it.

The research subjects emphasised that the level of knowledge transfer is also determined by the objective of assigning an expat to a foreign subsidiary:

Being an expat means that one has to be open and willing to share their knowledge. Being an expat is based on the assumption that such openness is required. An essential part of their assignment is to share their knowledge. I think that the superior objective of their coming to the Polish entity is the development of their own career. If the expat's objective was to control such an entity, they would not be so favorably perceived. (...). In the previous Spanish company, the expats actually



came to Poland mainly for the purposes of supervision – it was clearly noticeable and the local staff called them ‘spies’.

FOREIGN SUBSIDIARY’S ABSORPTIVE CAPACITY

The right atmosphere of trust and positive interpersonal relations are good for the absorption of knowledge in the analysed branch offices:

Initially, expats seem very lost, they try to establish relations slowly and later on, the cooperation goes very well.

The respondents emphasise that cooperation with foreigners is beneficial for subsidiaries, it promotes experience sharing and encourages implementation of new qualities in the areas where such sharing takes place:

Work with foreigners is an additional platform for development, interesting projects and stimulation of outside-the-box thinking.

The benefits for the company consist in perceiving different solutions to a problem, overcoming stiff solutions, implementing the methods from other branches.

The contacts with expats give the possibility of observing how they do different things and thus of learning from them.

(...) what’s important is that what can be transferred. One may pick some new things, find a gap, a niche and get their place there. It doesn’t matter whether such practices are from the East or from the West.

I see the benefits of cooperation with foreigners for the subsidiary – we draw on the expats’ experience and ideas, the company is ready to help. It even encourages that people share what they know the best and such behavior is promoted.

Know-how learned in various places around the world, shared by expats, is well-utilised and managed by the Polish unit, which creates new models and approaches that meet the specific needs of the domestic market:

The cooperation with our sister companies forced us to operate pursuant to some model of work, (...) everything is similarly organized, the manner of organizing the whole day, provision of the service, and therefore we – the Poles – have learnt from them.

I have observed how expats organize here everything, how they work – they contributed a lot by teaching our staff. The goal of their stay here was to transfer some knowledge and experience that we had



not had at that time yet. It is a positive aspect of big organisation. The efforts sum up and no one feels alone when a problem is encountered. There is always – almost immediately – the information who is good at it and may help with the issue.

As the level of knowledge absorption depends mainly on interpersonal relations (Bresman et al., 1999), it may be concluded that they are positive, facilitate the accumulation of experience not only in the professional sphere but also in private one:

Each foreigner says that we are open and that they feel good here. We also share the experience related to private life. I do not treat anyone in a different way only because they are from a different country. I have also stayed abroad and thus I know their perspective.

Expats share their knowledge, develop their reports' competence, although it is difficult to state whether it is driven by the culture or a person. An expat is a very transparent person that motivates in terms of professional development.

FEEDBACK

The loss of an employee is tantamount to losing the tacit knowledge that an expatriate will use to support the management processes in other businesses that are in competition. The scope and the subject of such research have not resulted in diagnosing the further career of the repatriates working in the studied Polish subsidiaries and the level of using their knowledge to increase the know-how resources of the whole corporation.

Yet, not only the repatriates contribute to the accumulation and expansion of the corporate knowledge platform by also the local staff that goes for assignments to the headquarters within the development programmes. As far as the succession practice in the analysed subsidiaries is concerned, the respondents referred to the issue of inpatriation, i.e. the opportunity for development of careers of local managers, pursued in the headquarters of such corporations. However, those were incidental cases, resulting from personal initiative rather than being a systemic solution for the local staff.

Polish managers participating in the study emphasised that the care for development of international career is recognised but mainly with regard to expatriates:



It happens sometimes that expats promote the employees of their departments to higher positions, however, it seems that the key managerial position in some areas will always be for expats only. If one expat completes his contract, there will be another one coming to his position from the central office. The central office decides who is going to develop “internationally” and who is not. Sadly, the attention paid to the career development of German managers in particular is apparent. Polish managers also go abroad, but they occupy inferior positions and their contracts are shorter.

In the case of an inpatriate’s assignment in one of the subsidiaries, the advantage of learning and acquiring new experience by the inpatriate was emphasised and not the acquisition of the knowledge in the context of the Polish market by the managers from the headquarters. Thus, it has been the experience enriching an employee and not the organisation: “I have experienced this willingness to share experience also when I was delegated to the central office in Germany. I felt a lot of support there and I have learned a lot”.

BARRIERS AT EACH STEP OF TRANSFERRING KNOWLEDGE

It is possible to specify different barriers of individual and organisational character that restrict the process of the knowledge transfer at each stage of it.

Individual barriers to sharing the knowledge which refer both to expatriates and the local staff have included the missing skills and qualifications (no motivation, no willingness to learn, no openness, no international knowledge and experience). Those barriers arise from the inadequate process of selection for expatriate’s positions and the candidate’s psychological profile that is unsuitable to the requirements of undertaking the work abroad. On the other hand, sending the expats with small experience and knowledge to a foreign assignment is a purposeful decision made by the corporation when the objective of such foreign assignment is the development of its managerial staff working at the home company. Yet, in both cases, the knowledge transfer is restricted or in one direction only (only such an expatriate learns while the local staff does not benefit much from that).



The respondents showed a group of learning expats who are sent to the Polish subsidiary not only from the corporate headquarters but also from other subsidiaries. It means that the transfer to Poland is perceived as one more “stage” in their international careers. Thus, it happens sometimes that their qualifications are much lower than those displayed by the Polish managers, which often frustrates the latter:

There are also expats who are testers and come to the plants in Poland as to a testing ground because it is a test of their knowledge and experience in the scope of management.

The expats are not authorities when they arrive as this results from the corporate policy – passing the foreign assignment in Poland is a stepping stone to higher positions in the corporation.

Another problem is that locals are afraid of losing the gained position and expats are perceived as a threat to one’s own professional career. The expats who have considerable expertise are aware of that and it happens that they do not share much of their own intellectual resources as they are afraid of the competition from those who are currently learning from them:

It seems to me that the expats share only such amount of their knowledge with local employees that the latter should know to complete the task – nothing more. Such knowledge from the IT area is much protected by the expats.

The research also identified the barriers of an organisational nature, that is language barriers, problems with administration, geographical distance between the headquarters and a subsidiary, and short term of assignment:

Language and time differences result in hindered communication and efficiency of work, e.g. different public holidays in local offices and the headquarters constitute a problem while working in a local team. I would also add the lack of knowledge concerning the local legal regulations.

The expats could not adapt to working here, there were communication problems, no command of the German language (by the Poles) and of the English language, issues related to cooperation with the accounting and procurement department.

Communication issues restricted not only personal relations (no command of a foreign language) but also influenced the operation of



the whole organisation (the necessity to take on a translator/interpreter, prolonged decision-making process, and delays in completion of current tasks).

An important organisational problem was the lack of the feeling that the activities are continued which resulted from a frequent rotation of expatriates or short-term assignments:

For expats-careerists, a plant in Poland is just another stage. Such a person becomes enriched but the local employees are left completely disorganized when their short assignment ends and their place is taken by another expatriate.

DISCUSSION

Knowledge transfer is perceived as a dyadic (direct) exchange between the source –headquarters and receiving unit involved in a transfer event (Patriotta et al., 2013).

Expatriates have long served as facilitators of intra firm knowledge transfer and application. The benefits from the foreign transfer in the terms of knowledge – its acquisition and sharing – depend grossly on such expat's personality. As a result of research, the respondents specified a number of expatriates' features that facilitate the process of sharing the knowledge with the local staff: openness, ability to share knowledge, willingness and motivation to learn, and speaking local language. The research proves that the knowledge of the local language of a host country positively influences the perception of foreigners by local employees (Eisenberg et al., 2009).

The knowledge of the whole corporation is gathered in the form of knowledge centres, institutions and universities where the information about strategies, methods and key development directions are kept. Four headquarters out of five were equipped in the institutional and tool terms with the centres of knowledge accumulation: centre of business development, centre of excellence, global strategic initiatives, global talent development centre, and leadership institute. One of them applied decentralisation in that scope, which means that each foreign entity created knowledge centres according to its own needs.

Knowledge absorption in subsidiaries occurs in a specific atmosphere, in a social climate. Thus, the respondents' statements confirm that the atmosphere of cooperation and positive interactions between expats



and the local staff facilitate the process of knowledge and experience sharing.

An important element of the knowledge transfer process is the feedback that consists in the flow of knowledge from local subsidiary to the HQs. Regrettably, this aspect of the model was poorly diagnosed because of the lack of possibility of carrying out in-depth research on repatriates and people in the corporate headquarters. The research material collected in subsidiaries shows that the knowledge transfer in the studied undertakings is a one-way transfer, that is the transfer of knowledge from expats to the local staff is the prevailing one. The aspect of inpatriation and missions of Polish managers to the headquarters in order to provide the local managers with contextual knowledge, was incidental and resulted from the personal initiative of local managers rather than being a systemic solution implemented in their corporations.

The most often listed limitations to the transfer of knowledge from the HQs to subsidiaries were: shortages in competence of expats and among the local staff (ethnocentrism, no openness, reluctance to learn), communication issues, geographical distance between the headquarters and a subsidiary, and frequent rotation of expatriates as well as short term of assignments.

Further research concerning the proposed model is welcome but it should be enriched by the factors determining the transfer of knowledge between the headquarters and subsidiaries. Thus, it is possible to include environmentally relevant factors (such as policies, demographics, freedom of movement of workers, national cultures), or a closer environment related to the organisation (e.g., strategies for managing knowledge in organisations and subsidiaries, or centres of knowledge in foreign units), or with regards to individuals (including psychological features of employees working on foreign missions – their motivation to share knowledge, openness to others, cognitive desire, ability to sharing knowledge, and building positive relationships for sharing knowledge in multicultural teams).

In addition, it is also recommended to conduct longitudinal research to better capture the entire process of knowledge transfer from the beginning of foreign assignment to the stage of repatriation. A suggestion would be then to focus on the expatriates that have left their company to see if the same results would apply.

Due to the growing importance of self-invited expatriates (SIE) (Andresen, Bergdolt & Margenfeld, 2013), it is worth exploring the



comparison of knowledge transfer between assigned and SIE and the benefits of this process for the individual and the organisation.

LIMITATIONS

As all studies, our study has a few limitations, we are aware of ours as well. We were only able to present a snapshot of the entire project, and the analyses of knowledge transfer process was a part of issues concerning intercultural interactions between foreigners and locals in five subsidiaries established in Poland.

The questionnaire items were based on respondents' perceptions rather than objective measures. A qualitative inquiry also brings some limitations, especially the generalisability of the findings.

The participants were appointed by the companies, which pose a risk that the individuals selected to the interviews possessed special qualities essential for assessing the knowledge transfer process. Due to the fact that the majority of the interviewees were Poles, the empirical findings may be obscured by their national culture's lens.

The authors were unable to obtain information from expats who have returned from the Polish mission to their headquarters. The repatriates' opinions on the level of interest and utilisation of their foreign experience by the headquarters would supplement such a model of knowledge flow that is ultimately one-directional, i.e. from the headquarters to the subsidiary.

Nevertheless, the research results may contribute to the theory of expatriation and enrich the practice of cooperation of foreign and local staff in the frame of knowledge sharing.

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TRANSFER WIEDZY MIĘDZY CENTRALĄ A FILIĄ KORPORACJI POPRZEZ EKSPATRIANTÓW – PERSPEKTYWA LOKALNYCH PRACOWNIKÓW

Abstrakt

Tło badań. Transfer wiedzy pomiędzy centralą a filią w korporacjach międzynarodowych zyskuje na znaczeniu w badaniach naukowych. Jednakże rola ekspatów i perspektywa lokalnej kadry na ten proces nie są wystarczająco zbadane.

Cel badań. Niniejszy artykuł ma dwa cele: opracowanie ram koncepcyjnych modelu transferu wiedzy między centralą a lokalną filią, oraz empiryczną ocenę tego procesu w pięciu zagranicznych filiach z siedzibą w Polsce z perspektywy lokalnej kadry.

Metodologia. Badanie wykorzystywało eksploracyjną metodę jakościową – studium przypadku. Podmiotem badawczym było pięć filii zagranicznych zlokalizowanych w Polsce (dwie z Niemiec, dwie z USA i jedna z Indii). Przeprowadzono 68 wywiadów ustrukturyzowanych wśród specjalistów i menedżerów HR.

Kluczowe wnioski. Transfer wiedzy w badanych filiach miał charakter jednostronny, tzn. z centrali do zagranicznej filii w Polsce. Zarówno centrala (jako nadawca), jak i filia (jako odbiorca) były przygotowane pod względem narzędziowym i instytucjonalnym do gromadzenia wiedzy. Kluczowym ogniwem w transferze wiedzy byli ekspatrianci i ich kompetencje, takie jak otwartość, chęć uczenia się i motywacja do uczenia się, umiejętność przekazywania swojej wiedzy i doświadczenia innym, umiejętność budowania pozytywnych relacji międzyludzkich, które sprzyjały transferowi wiedzy w badanych filiach.

Słowa kluczowe: transfer wiedzy, ekspatrianci, obywatele kraju przyjmującego (HCN).



APPENDIX

Table 1. Examples of the coding process within the qualitative content analysis

Open coding- -selected themes	Illustrative data or quotations	2. AXIAL CODING	3. SELECTING CODING CATEGORIES
Knowledge base of subsidiary D			
-	<p>A – international development programme, leadership institutes, global talent development centres B – in-house training, business development centre C – Centre of Excellence, global library D – global network of strategic initiatives, Diversity Program E – did not have its own centre where knowledge and experience of its employees could be accumulated</p>	-	-
Expat competencies			
<p>Learn from each other Mutual learning Contribute Teach locals</p>	<p>“They also learn from us” “Western companies have always been always characterised by a more advanced level of management, competence, techniques that we have learnt and transferred through all those years to this local barren place. At present, we are witnessing the process of mutual learning” “(...) expats learn a lot from us” “They contributed a lot by teaching our staff”</p>	<p>Learning and teaching = learning from others, learning from each other, teaching others</p>	<p>Mutual learning</p>
<p>Sharing knowledge Eager to cascade knowledge Eager to share knowledge Willing to share experience</p>	<p>“I saw that expats shared their knowledge, they were eager to cascade it down” “My boss is eager to share his knowledge” “They are willing to share their experience, they have never put me in the position of the worse one in terms of competence” “An essential part of their assignment is to share their knowledge”</p>	<p>Willing to share knowledge = share knowledge, eager to cascade it down, Willing to share experience</p>	<p>Willing to share knowledge and experience</p>

Foreign subsidiary's absorptive capacity			
Establish relations Good cooperation Feel good here Share private experience Fair treatment	<p>"Expats try to establish relations slowly and later on, the cooperation goes very well"</p> <p>"Each foreigner says that we are open and that they feel good here. We also share the experience related to private life."</p> <p>"I do not treat anyone in a different way only because they are from a different country"</p>	Creating a positive atmosphere for sharing knowledge = good relations, positive cooperation, fair treatment	Positive atmosphere
Additional platform Development Stimulations Out of the box thinking	"Work with foreigners is an additional platform for development, interesting projects and stimulation of outside-the-box thinking"	Self-development and creativity, open-mindedness	Self-development
Feedback (no repatriates were interviewed, only few Poles with inpatriation experience)			
Only expats for key positions HQ decides about international career Inferior positions for Poles	"It happens sometimes that expats promote the employees of their departments to higher positions, however, it seems that the key managerial position in some areas will always be for expats only. If one expat completes his contract, there will be another one coming to his position from the central office. The central office decides who is going to develop 'internationally' and who is not. Sadly, the attention paid to the career development of German managers in particular is apparent. Polish managers also go abroad, but they occupy inferior positions and their contracts are shorter"		
Barriers at each step of transferring knowledge			
Sharing only limited knowledge Knowledge protected by expats Jealousy Lack of motivation	<p>"It seems to me that the expats share only such amount of their knowledge with local employees that the latter should know to complete the task – nothing more. Such knowledge from the IT area is much protected by the expats"</p> <p>"Personal problems encountered by the Polish staff include the undermined morale and jealousy which are noticeable when an expatriate comes to the Polish undertaking – the motivation in Polish employees is completely missing or reduced as they think they are equally experienced and may occupy a given position"</p>	Afraid of losing the gained position = jealousy, lack of motivation in Polish staff	Fear of sharing knowledge

Open coding- -selected themes	Illustrative data or quotations	2. AXIAL CODING	3. SELECTING CODING CATEGORIES
<p>Language differences Time differences Lower efficiency Lack of knowledge in local legal regulations Adaptation problems Communication problems One more stage to career, short assignments</p>	<p>“Language and time differences result in hindered communication and efficiency of work, e.g. different public holidays in local offices and the headquarters constitute a problem while working in a local team. I would also add the lack of knowledge concerning the local legal regulations” “The expats could not adapt to working here, there were communication problems, no command of the German language (by the Poles) and of the English language, issues related to cooperation with the accounting and procurement department” “For expats-careerists, a plant in Poland is just another stage. Such a person becomes enriched but the local employees are left completely disorganized when their short assignment ends and their place is taken by another expatriate”</p>	<p>Communication problems = language barriers, geographical distance between the headquarters and a subsidiary Organisational barriers = short term of assignment, adaptation problems Problems with administration</p>	<p>Communication and organisational barriers</p>

Source: own source.

Table 2. The corporation characteristics

Corporation	A	B	C	D	E
Headquarters	Germany	Germany	India	USA	USA
Branch/sector	automotive and industrial technologies, products and services for professional and private use	onshore and offshore surface protection and complementary services for oil & gas, the maritime and the wind power industries	Information business consulting, information technology, and outsourcing solutions	semiconductor manufacturing	management consulting services for public sector
Average employment worldwide	280000	2300	17000	100000	1100
Geographical presence	360 Europe, the Americas, the Middle East, Asia and Pacific, Africa, more than 360 subsidiaries in some 50 countries	30 Europe, Asia and the Middle East, North America, Australia, above 30 subsidiaries in various countries	45 Asia and Pacific, the Americas, the Middle East, Europe, 73 offices and 93 development centres worldwide, 45 subsidiaries in various locations	170 the Americas, Europe, the Middle East, Africa, Asia and Pacific, 170 sites in 66 countries	USA and Europe, subsidiaries in 4 countries
Knowledge centres in the headquarters	"leadership institute", "global talent development centre"	centre of business development,	centre of excellence, virtual library	global strategic initiatives, diversity program	dispersed trainings and development program in subsidiaries
First foreign direct investment	1905	1981	1987	1972	2010
Type of entry on the Polish market	greenfield investment	greenfield investment	acquisition	greenfield investment/	greenfield investment
Foreign ownerships	high	medium	very high	100%	low
Degree of internationalisation and integration	since 1991	since 1986	since 2007	very high	since 2010
Years of operation on the Polish market	1905	1981	1987	since 1994	2010

Source: own source.