



UNIVERSITY OF GOTHENBURG  
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# Knowledge transfer from expatriate to headquarters

## – What obstacles are limiting and why?

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## **Abstract**

As the world market in the 21<sup>st</sup> century is more globalized than ever, it is common for companies to send expatriates on international assignments. These expatriates gain valuable knowledge and experience during their time abroad which can be used by the company to create a competitive advantage. However, despite that companies spend huge amounts of money on expatriation, they do not seem to fully utilize the expatriates gained knowledge. Given this problem, we investigated obstacles limiting the knowledge transfer process from expatriates to the headquarters, and why they occur. The research also reaches further suggesting possible solutions to these problems in an attempt to enhance knowledge transfer within the company. We conducted a case study, where a qualitative method was used interviewing a total of seven respondents at Volvo Cars, five expatriates and two managers.

Our empirical data show that improvements in the knowledge transfer process could be made. The findings show a lack of formalized systems of utilizing knowledge from expatriates to the headquarters. The expatriates experience a lack of interest and understanding from the headquarters, which not facilitates knowledge transfer. The lack of communication also contributes to a perceived isolation and distance between departments. Another factor limiting knowledge transfer is the repatriation process, where the company should show more interest in the expatriate.

As a conclusion, Volvo Cars is recommended to implement formal systems for briefings between the expatriate and the headquarters to facilitate knowledge transfer. More visits between the two divisions, to keep close contact prior repatriation, create task forces, and implementation of mentorship is also seen as crucial. This is a way of enhancing knowledge transfer, as well as hopefully contributing to reduce the perceived lack of interest, understanding and isolation. This will serve as a tool in knowledge sharing as well as keeping the expatriate within the company after completing the international assignment.

## **Key Words**

Knowledge transfer, Expatriation, Knowledge Management, Knowledge Sharing

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## 1. Introduction

In an increasingly globalized world, the need for companies to be international is strong. The current focus is not only on the home market but also to a great degree abroad, thus the company reaches a much larger market (MacDonald and Arthur, 2000; Kjerfve and McLean, 2012). Research shows that it long has been popular to send expatriates abroad to work in foreign countries (MacDonald and Arthur, 2000; Kjerfve and McLean, 2012; Hill, 2011). The international experience gained by expatriates can be seen as an investment. It enables them to evolve and improve and later return with new experiences and knowledge, benefiting the company as well as the expatriate (Webb, 1996). However, it is evident that the expatriation process can be quite difficult and complex, and that the outcome is not what it potentially could have been (Martensson, 2009). Companies spend huge amounts of money on expatriate managers, but often fail to fully utilize the knowledge and expertise these expatriates gain during their time spent in subsidiaries and foreign countries (Kjerfve and McLean, 2012; Jassawalla and Sashittal, 2011).

Research concerning expatriates and knowledge transfer show that it is known that problems do occur in the knowledge transfer process. Transferring knowledge can be difficult and companies often lack formal systems of transferring the knowledge expatriates gain to other parts of the corporation (Crowne, 2009). Returning to the home country is also known to be one of the hardest parts of expatriation, often resulting in the expatriate leaving the company and not sharing the knowledge (Kjerfve and Mclean, 2012). However, research is still relatively inadequate when it comes to problematizing why these obstacles occur and how to prevent them.

The aim of this research is to examine obstacles limiting the knowledge transfer process from expatriates to the headquarters. The analysis and conclusion will also contain suggested methods of avoiding the obstacles identified by this research, in order to enhance the knowledge transfer. Since expatriates have so much unused potential and are such an expensive investment, this is an important area to study. The findings of this study aims to contribute to the knowledge management - and expatriate - literature.

## Research Question

- What obstacles are limiting knowledge transfer from expatriates to the headquarters and why do they occur?

## 2. Literature Overview

*This literature overview has two parts. The first part consists of general information about expatriate managers and knowledge. This exists in order to provide a basic understanding needed to follow the next step of more in-depth knowledge about our research question. The second part of this literature overview, following the general information, discuss the topics of social capital, knowledge transfer, obstacles and tools for knowledge transfer and the repatriation of the expatriates. The summarizing model in the end of the chapter shows the three phases of expatriation that we have focused on in the literature overview, empirical data and analysis. The three steps are:*

- 1. Preparation*
- 2. Assignment*
- 3. Repatriation*

### 2.1 Expatriate Managers

An expatriate manager is by Hill (2011) defined as an employee citizen of one country working in another. A common form of expatriation is for managers from the home country going abroad to work at a subsidiary for a period of time. Sending an expatriate abroad is a long process and starts with selecting the right candidate for the assignment. Later on the expatriate begins training to prepare for living in another country; cultural training, language training and practical training (Hill, 2011). The nature of international assignment has changed the last decades; from being only result oriented, “get the job done” - to the transfer of skills from the headquarters to the subsidiary (Minbaeva and Michailova, 2004). Today it reaches further to also include bringing knowledge back to the headquarters from the subsidiary (Makela, 2007).

### 2.2 Knowledge

To be able to understand the knowledge transfer process, a definition of knowledge must be presented. According to Mazloomi and Jolly (2008) a company’s knowledge package is crucial for the creation of a competitive advantage. The knowledge management literature argues that a company’s knowledge package can include technological knowledge, knowledge about global



markets, laws in different markets, protection of intellectual property in different countries and knowledge about how to do business in different markets and partnerships (Mazloomi and Jolly, 2008).

A common way of explaining knowledge is also to divide it into two groups: explicit and tacit (Crowne, 2009; Bou-Llusar and Segarra-Cipre's, 2006). Explicit knowledge can be codified, taught and transferred easily. Explicit knowledge is easier to share with other individuals and to formalize. How to spell is an example of explicit knowledge as it easily can be taught and transferred from teacher to student. The other form of knowledge is tacit knowledge. It is not formalized and is usually described as personal knowledge that an individual learns and cannot easily be transferred to another individual (Bou-Llusar and Segarra-Cipre's, 2006). Crowne (2009) argues that tacit knowledge has been seen as more unique, providing the company with unique competitiveness. The knowledge based theory takes this further and argues that knowledge is the only thing that gives a firm a sustainable advantage (Martensson, 2000). The valuable knowledge is often of the tacit kind, giving extra incentives for companies to focus efforts on transferring this type of knowledge, even if it is more complicated than with explicit knowledge (Minbaeva and Michailova, 2004). An example of tacit knowledge is how a waiter builds up an understanding - a feeling - for timing orders and bringing the check. This understanding comes with experience and is not taught in the normal sense, but learned (Elias and Nabil, 2006). According to Crowne (2009), multinational companies (MNCs) experience difficulties transferring this knowledge as it is negatively affected by geography. Long distances create obstacles which limits the knowledge being spread within the company. Personal contact is important due to the difficulty of codifying tacit knowledge (Crowne, 2009).

### **2.3 Social Capital**

One type of tacit knowledge in the knowledge transfer process is according to Makela (2007) social capital. Makela (2007) refers to social capital as assets resulting from networks of relationships. Since expatriate managers build up strong networks and ties with employees and business partners during their international assignments (Kjerfve and McLean, 2012), it is of importance to discuss the role of social capital in this research. When it comes to trust and sharing knowledge, Makela (2007) argues that relationships built up during a period of time by

an expatriate are stronger than cross-border relationships. Coordination and integration between a company's different operations, domestically as well as internationally, is one of the most important parts of gaining a competitive advantage. Therefore it is of no doubt that expatriation is a possible source of improved and sustained knowledge sharing within a company, and in extension also improving a company's international strategies (Whelan and Carcary, 2011). Previous literature has focused primarily on the expatriates' ability of sharing knowledge from the home country to the host country. Recently however, the importance and potential in knowledge transfer from host country to home country, and also from subsidiary to subsidiary has been pointed out. Especially the sharing of tacit knowledge requires a strong tie between the expatriate managers sharing the information, which shows the importance of expatriates, since it has been shown that they usually develop long lasting strong relationships with colleagues and other expatriates during international assignments (Makela, 2007).

## **2.4 Knowledge Transfer**

To understand how expatriate managers can share their gained knowledge with other parts of the MNC during an international assignment, the knowledge transfer process must be examined. Being one of the two parts of knowledge management, together with knowledge creation, transferring or integrating knowledge within the company has been scrutinized and analyzed many times before (Kumar and Ganesh, 2009). Different interpretations of knowledge transfer and its meanings come up with various definitions regarding what knowledge transfer is. We choose to include the parts we see as most important for this research instead of discussing different definitions of the term knowledge transfer.

A basic and general reasoning about knowledge transfer is that it includes two parties, one transmitter - the source, and one receiver - the recipient (Kumar and Ganesh, 2009). It is also argued by Bou-Llusar and Segarra-Cipre's (2006) that successful knowledge transfer is dependent on the intensity of the relationship between the transmitter and recipient. It is well documented in previous knowledge management literature that organizational trust is a cornerstone for knowledge transfer (Mazloomi and Jolly, 2008). Some go even further with the discussion and equalize trust with knowledge transfer (Sankowska, 2013). Trust is important for knowledge transfer since it encourages people to take risks and facilitate the exchange between

the source and the receiver. Trust is also needed for successful cooperation and quality of communication within a company (Mazloomi and Jolly, 2008; Sankowska, 2013).

Martensson (2009) divides knowledge management in stages. The first stage is acquiring, followed by the second step that includes storing and organizing the knowledge. The third step continues with making the stored knowledge accessible for other people within the organization. As the fourth and last step takes place, the acquired, stored and distributed information is used and shared in different forms (Martensson, 2009). The last step can therefore be argued be the most important one for successful knowledge sharing within a MNC. It is important to bear in mind that the phase where the knowledge is physically shared has been preceded by several steps. This is vital for the understanding of the problem with knowledge transfer, it is not something that can be fixed in a heartbeat but it contains many steps.

Chang et al. (2012) discusses how large MNCs use expatriates for transferring knowledge between the headquarters and subsidiaries started in other countries. They state that this knowledge sharing is important for the subsidiary to be able to perform (Chang et al., 2012). They highlight the question of the importance of relationships between the subsidiaries and the expatriates (Chang et al., 2012). As mentioned, knowledge transfer includes both a transmitter and a receiver. The information has to be sent and received, otherwise the transfer is not complete (Kumar and Ganesh, 2009). Thus, a successful knowledge transfer requires both an expatriate capable of providing knowledge, and a subsidiary capable of acquiring it.

## **2.5 Obstacles to Knowledge Transfer**

As mentioned, the knowledge transfer process contains many steps, it is a complex process that easily can become quite difficult to manage (Martensson, 2009). It is therefore needed to discuss what potential obstacles that can hinder the knowledge transfer within the MNC. First, as expatriates are very cost and time consuming compared to their domestic counterparts, one might think that the knowledge they gain while abroad is carefully taken care of. According to Kjerfve and McLean (2012), this is not always the case. The knowledge gained does not always reach different parts of the home office when the repatriation has taken place, as a result of poor

communication, thus not making sure the expensive newly gained knowledge is put into use (Kjerfve and McLean, 2012).

There is a risk that the expatriates may want to prevent their tacit knowledge from spreading according to Chang et al. (2012). As they may lose one unique advantage relative to their counterparts they can choose to keep their knowledge for themselves, continuing to stay competitive but hurting the company. Another factor hindering knowledge transfer from the expatriate to the local employees may be a local belief that the “exotic” knowledge provided does not fit the local organization (Chang et al., 2012). Kjerfve and McLean (2012) point out that the knowledge transfer from the expatriate to the company can be hindered by different factors. One factor is the company placing the repatriate in a position where the gained knowledge cannot be spread optimally. Inflexible companies are also hindering themselves from effective knowledge sharing. The rigidity is controlling and limiting the repatriate from sharing what has been learned. Systems helping the expatriate to transfer knowledge to other people within the company exist, e. g. mentoring, social networks and the construction of global teams. As Kjerfve and McLean (2012) discuss the knowledge transfer, they mention the possibility for companies to create an internal learning culture where the gained knowledge gladly is shared and creates value for the firm. Cultural differences and language barriers also add to the difficulty of transferring the tacit knowledge which already from the beginning is harder to formalize. Not being able to adapt to the foreign culture can lead to the expatriate becoming unmotivated and even depressed (Chang et al., 2012).

## **2.6 Tools for Knowledge Transfer**

When obstacles in the knowledge transfer process are identified, it is of importance to understand what can be done to avoid these. Chang et al. (2012) promotes three important abilities that expatriates should possess in order for the knowledge transfer to be as successful as possible:

- ability - as they have to be able to perform their work in different environments
- motivation - as the expatriate should be able to continue working for the transfer of knowledge even if difficulties arise

- opportunity seeking - as the social relations are said to be crucial for the knowledge transfer to be successful, an expatriate that interact with other expatriates with a common background, but also with people outside this sphere, can add to the opportunities for knowledge transfer

Crowne (2009) also states the importance of creating feedback seeking behavior. This behavior implies that leaders try to seek feedback instead of avoiding it in fear of embarrassment. Trust is mentioned as the most important factor for this feedback to be successful, making the sharing of knowledge possible thereby benefiting the company. Organizational trust is as mentioned also seen as one of the most important factors facilitating knowledge transfer (Mazloomi and Jolly, 2008). A second important area is social networks (Crowne, 2009). A school of thought is presented where knowledge transfer is solely a human-to-human process. This supports the social network's value in creating a platform where actors can meet and share knowledge. These social networks should consist of different parts of the workforce, obviously including expatriates but also top management. The expatriates are to be given an important position in the network – making them perceived as important and appreciated (Crowne, 2009).

## **2.7 Returning Home**

Research shows that the process of repatriation, returning home after an international assignment, is widely overlooked by the headquarters (Kjerfve and Mclean, 2012). Expatriates have a hard time adjusting back to the home organization, as they often will be placed in a work position where their new found knowledge will not be used. They face a home organization quite uninterested of their knowledge and development abroad. This creates dissatisfaction among expatriates, leading to up to 50 percent leaving the company within one year after completed assignment (Kjerfve and Mclean, 2012). As earlier stated, a great deal of the knowledge gained by expatriates abroad is tacit, and therefore is knowledge intrinsic for that specific person, which makes it even more important keeping that employee at the company for the knowledge transfer process (Crowne, 2009). As the repatriation process is of such importance for knowledge transfer within the MNC this is an area needed to consider.

As most expatriates during their international assignment are to return home within a set time, the repatriation is vital in order to retain the expatriates within the company. As expatriates can face a cultural shock both when they go out on the international assignment and when they return, two types of behavior can appear, alienation and reversion (Hurn, 1999). Alienation occurs when the expatriate experience the home country in a negative way when he/she returns. If the reversion behavior is in effect, the expatriate fail to realize that things have changed, both for the person and the environment. Hurn (1999) explains that it is vital for the company to provide the expatriates with insight about what will happen as they return after the assignment. The headquarters should develop a policy regarding how the repatriation should be carried through. As the repatriation may happen in a time when most positions are filled, the returning expatriate might not have a tempting job offer ready. As the expatriate then might have a temporary position, this could lead to positive things. This time could be spent on knowledge transfer, giving the company a chance to develop an understanding for what the expatriate has learned during the time abroad, as well as an opportunity for the expatriate to share the gained knowledge (Hurn, 1999).

## **2.8 Literature Overview - Summary**

The nature of international assignments has the last decades changed; from being only result oriented, “get the job done” - to having expatriates transfer skills from the headquarters to the subsidiary (Minbaeva and Michailova, 2004). Today it reaches further to include bringing knowledge back to the headquarters from the subsidiary (Makela, 2007).

The knowledge supposed to be transferred can be divided into two groups; explicit and tacit (Crowne, 2009). Explicit knowledge can be codified, while tacit is something an individual learn and it cannot easily be transferred to others (Bou-Llusar and Segarra-Cipre’s, 2006). Tacit knowledge is often seen as more unique, providing the company with unique competitiveness (Crowne, 2009), and some go even further and argues that tacit knowledge is the only thing that gives a firm a sustainable advantage (Martensson, 2000). It is also argued that organizational trust is a cornerstone for knowledge transfer and needed to facilitate the exchange of knowledge between the source and the receiver (Mazloomi and Jolly, 2008). Social capital is a tacit

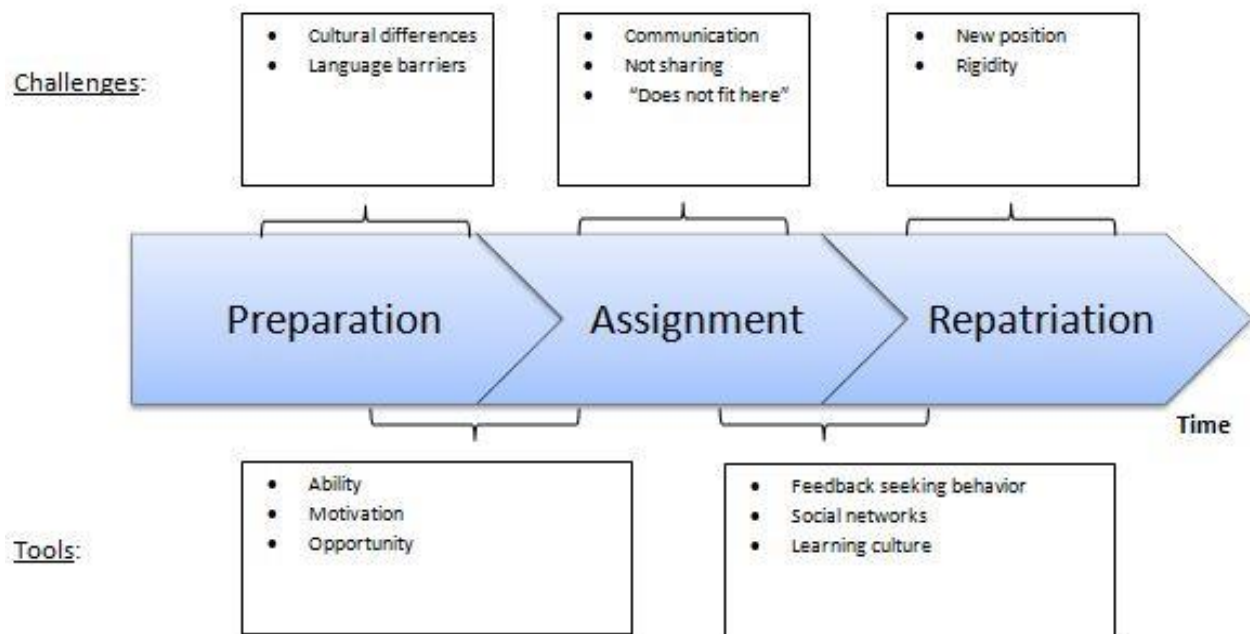
knowledge, and here refers to assets resulting from networks of relationships (Makela, 2007). The sharing of tacit knowledge requires strong ties between the colleagues sharing the information, which shows the importance of expatriates, since it has been shown that they usually develop long lasting strong relationships with colleagues and other expatriates during international assignments (Makela, 2007).

The transfer of knowledge has been interpreted differently by different researchers, but a shared characteristic is that it requires two parties, a transmitter and a receiver (Kumar and Ganesh, 2009). Sharing knowledge can be divided into stages; (1) acquiring knowledge (2) storing and organizing it (3) making the stored knowledge accessible internally (4) the acquired, stored and distributed information is used and shared in different forms (Martensson, 2009).

The complex process of knowledge transfer is difficult to manage and research show that the knowledge gained does not always reach different parts of the home office when the repatriation has taken place (Kjerfve and McLean, 2012). A lot of factors can be limiting the knowledge transfer. One is the risk that expatriates actively prevent their tacit knowledge from spreading (Chang et al., 2012). Companies sometimes fail to place the repatriate in a position where the gained knowledge can be spread optimally, rigidity posing as the problem (Kjerfve and McLean, 2012). Systems for knowledge transfer within the company do exist though, e.g. mentoring, social networks and the construction of global teams. An internal learning culture is also a way of creating value for the firm as knowledge can be shared (Kjerfve and Mclean, 2012). Cultural differences and language barriers also add to the difficulty of transferring knowledge (Chang et al., 2012). Research points out three abilities important for knowledge transfer to be successful: (1) ability (2) motivation (3) opportunity seeking (Chang et al., 2012). The importance of creating feedback seeking behavior is also given attention, as well as the significance of social networks, giving expatriates an important position within a company (Crowne, 2009).

The repatriation of expatriates to the home organization is a known problem. When the expatriate returns from years abroad he/she could be filled with a reverse cultural shock, coming home can create feelings of alienation and reversion (Hurn, 1999). The repatriation should be emphasized by the home organization and if positions are filled, resources should be allocated in

order to keep the expatriate within the organization to make the knowledge transfer possible. Previous research has found that up to 50 percent of returning expatriates leave the firm within a year of repatriation (Kjerfve and Mclean, 2012). As a great deal of the knowledge gained by an expatriate is tacit, it is important keeping that employee within the company for the knowledge transfer process to take place (Crowne, 2009).



*The illustration shows the theoretical framework over challenges expatriates face during different time periods on the international assignment, and what companies can do to prevent these and enhance knowledge transfer.*



### **3. Methodology**

*As the literature overview provides an understanding of important factors in knowledge transfer, the following methodology continues with explaining how the research in this thesis was planned and performed.*

#### **3.1 Research Approach**

Companies spend huge amounts of money on expatriate managers, but often fail to fully utilize the knowledge and expertise these managers gain during their time spent in subsidiaries and foreign countries (Kjerfve and McLean, 2012; Jassawalla and Sashittal, 2011). As a consequence expatriates have great potential yet to be used and the out comings of international assignments are not what they potentially could have been. The aim with this research is therefore to examine the knowledge transfer process from expatriates to the headquarters. Central in this study is to find interfering obstacles in the knowledge transfer process and explore why they exist. The research will also go one step further and suggest solutions for these problems. To be able to gain a deeper understanding in this research question, a qualitative method is being used, as Saunders et al. (2009) suggests. Using this method instead of a quantitative one is necessary since only a few people have the necessary experience from this area, and also because of the nature of the complex question, demanding detailed answers (Rienecker and Jorgensen, 2008).

#### **3.2 Selecting Samples**

Since our research examines knowledge transfer from expatriates to the headquarters, our case study had to be conducted at a company with an international presence. We wanted to interview several expatriates at the same company, enabling us to see patterns more easily. Since we wanted the interviewees to be anonymous, the company had to have a quite large number of expatriates possible to interview. Due to these selection criteria the Swedish MNC Volvo Cars, a part of the Chinese company Geely Holding (Volvo Cars, 2010), was selected. This selection of company to study was a result of convenience sampling (Saunders et al., 2009). When we got access to make interviews at Volvo Cars, a choice had to be made regarding the selection of expatriates. We came to the conclusion that it would be advantageous if the expatriates were all

working in the same market so that they all had the same context. The choice was then to be made between three markets where Volvo Cars have a number of expatriates; the United States of America, Belgium and China. China is a market fairly new for the company when it comes to sending expatriates. The choice was therefore made to study expatriates working in China due to that larger cultural difference could make it easier to see obstacles limiting knowledge transfer.

The interviews were conducted with a total of five expatriates working in China and two managers at Volvo Cars. The choice of interviewing both expatriates and managers was seen as important to get both sides perspective on expatriation and knowledge transfer. Of the expatriates, two had already arrived home while the other three were still in China on their international assignments. One manager was currently working in China and had long experience in the Human Resources field and the other manager was working strategically at the headquarters in Sweden, also a frequent visitor to the international worksites.

Of the seven respondents, six were males and only one was female, which we are aware of can have an impact on the results since this selection of samples is not representative in a gender point of view. However, research show that only about 12-15 percent of expatriate assignments are represented by women (Selmer and Leung, 2003). This underrepresentation of women in our case study is therefore representative and in line with the gender distribution for expatriates. Our case study is constituted by 14 percent of the respondents being females.

### **3.3 Collecting Data**

Collecting data when using a qualitative research method can be done in several ways: through interviews, observations or experiments (Saunders et al., 2009). Since our research explores and tries to explain obstacles in the knowledge transfer process for a Swedish MNC in the Chinese market, the knowledge within this specific area is very in-depth and scarce. This makes interviews the only option as a data collection method to be able to collect empirical data with relevant knowledge (Rienecker and Jorgensen, 2008). The sample selection of expatriates and managers to interview were provided by the Global Mobility department at Human Resource at the headquarters of Volvo Cars in Sweden, which we are aware can have an impact on the

selection of samples. This could lead to them being biased in their opinions to be in line with what the company wishes them to answer. However, since this study is of importance for Volvo Cars as they were about to do a similar study themselves, we see that the risk of respondents being biased as small.

As the interviews were coming up, the interviewees were given some basic questions to prepare themselves for what the interview generally would contain. A semi structured approach was used during the interviews to follow up on new knowledge or important areas that may not have been identified by us beforehand. However, an interview guide with areas to cover was used at all interviews, to be sure there was some structure and that we covered all the important areas. The interview guides was not shown to the expatriates, neither before nor during the interview. This due to the fact that the expatriates were not to be given time to think and construct the “right” answers, but instead answer fast and truthfully. As our interview guide shows, some questions include examples “(Do you know how the expatriates change during their time abroad? (e.g. technical knowledge, leadership)“. These alternatives were not initially presented to the interviewees as they could be biased when given certain answers in the question. The examples were for our own understanding, and they provided us with the possibility of suggesting alternatives if the interviewees were struggling with their answers.

During the interviews large amounts of empirical data were collected and the interviews were also recorded. This was done as a means for us to be able to focus on the interviewees and what they said and not missing out on important parts. Directly after each interview the recordings were transcribed and thereafter analyzed by us. After all empirical data was analyzed, the conclusion was that the literature review, empirical data and analysis all were to be structured using a shared model with the different time phases of expatriation. This was done to provide the reader with a logical structure easy to understand – the chronological order. We discovered different obstacles and tools for knowledge transfer in different phases, therefore it was decided to divide the model in three steps:

1. Preparation – before the expatriate leaves for the international assignment
2. Assignment – during the time abroad

3. Repatriation – when the expatriate is preparing the home coming

### **3.4 Research Process**

This research is of explanatory nature, as the purpose is to explain the relationship between obstacles occurring in the knowledge transfer process and why these hinder emerge (Saunders et al., 2009). The case study was initially based upon existing research theories, as a preparation for the interviews. This was important for the understanding of what previous literature show and to get a clearer picture of obstacles in the knowledge transfer process (Rienecker and Jorgensen, 2008). Throughout the research, an abductive approach was being used since the research was an integrated process and went “back and forth” between existing theories and empirical observations, to increase the understanding of theory and empirical findings (Dubois and Gadde, 2002). This approach means that the final theoretical framework used in this thesis has been revised along the way, leading to a different, more specialized framework than what existed before the interviews had started. The semi structured approach was needed when following an abductive research process and since the aim was to get a deeper understanding of the interviewees’ experiences about their international assignment and the knowledge transfer during this period.

The interviews lasted 60-90 minutes, four were personal meetings and three had to be done through Skype, an internet video conversation tool, since those interviewees were still in China on their assignments. Not meeting in person could have a negative impact on the quality of the interview, which could lead to the interviewee not feeling comfortable with the situation and making it harder for the interviewer to feel the situation. However, those interviewees were used to Skype and felt comfortable with the situation. The interviews were spaced with enough time for us to further improve and adapt the theoretical framework to be as appropriate as possible.

### **3.5 Quality of Research**

The interviews were as mentioned recorded and transcribed directly after the interview. This was done in order to increase the quality of the research. The interviewees are anonymous in the report since the information they provide can be quite sensitive for them and the company. This

helps the interviewees to speak more freely without being concerned about reprimands from their managers. Hence, keeping them anonymous prevent participation bias, which also increases the reliability of the study. Still, we are aware that participant bias could exist, especially if the interviewees are afraid of job insecurity.

In order to enhance the quality of the research we wanted to do as many personal interviews as possible, hence it was of advantage if the company was geographically close to Gothenburg were this research was written. With a larger timeframe, the study could also have been broadened to include several companies enabling comparisons and creating the possibility for more safe assumptions. However, the focus of this paper is a case study, with a more narrow focus using qualitative information about one certain scenario.

According to Saunders et al. (2009), multiple case studies show whether the findings can be applicable to other cases and thereby increase generalizability. As this research is not a multiple case study, but a single case study, we cannot make generalizations out of the findings. However, the purpose of this research is problematizing and not generalizing, therefore it is not of great importance. As the interviewees were provided by the company, we cannot guarantee their objectivity. If we would have conducted a sampling ourselves we might have reached different conclusions. However, we argue that the interviewees being anonymous create enough freedom for them to freely express their opinions.

## 4. Empirical Data

*This chapter starts with a presentation of the company where the interviews were conducted. This is done for the reader to create a context regarding where the case study took place. After the presentation, the chapter will continue going through the empirical data of the research.*

### 4.1 Company Presentation - Volvo Cars

The seven interviewees all worked for the same company, Volvo Cars. The company produces premium cars and has had quality and safety as core values since the start. According to the annual report of 2012, the company had a net revenue of 124.5 billion SEK and an average workforce of 22 552 employees (Volvo Cars, 2012). Volvo has existed in Gothenburg since its first car was manufactured in 1927. One year later, in 1928, the first international subsidiary was created in Finland, and in 1929 Volvo exported 27 of the 1383 cars totally produced (Volvo Car Group, 2000).

Volvo Cars was a part of the larger Volvo Group (manufacturing products as cars, buses and heavy machinery) until it was sold to Ford Motor Company in 1999. Later, in 2010 Volvo was purchased by the Chinese company Geely Holding (Volvo Cars, 2010). The previous CEO of Volvo, Stefan Jacoby, has stated that Geely and Volvo are aiming for different markets, Volvo being a premium brand and Geely being more low-end (Yahoo! Finance, 2013). Geely openly announces that the company will work to bring knowledge and technology from the Volvo brand to improve the cheaper Chinese cars (Global Times, 2012).

The headquarters are located in Torslanda outside of Gothenburg in Sweden, and there are other facilities in Sweden, China, Belgium and Malaysia. Europe has been the largest market for Volvo for a long time, but in April 2013, China became the largest single market for the car manufacturer. Volvo aim for a big increase in sales in the growing Chinese market, this shown by investing in the new Chengdu factory which will produce more than 100 000 cars per year (Pollard and Nordenstam, 2013). Put into perspective, Volvo produced 420 000 cars in total 2012. The company hopes to sell 200 000 cars in China starting 2015 and increase sales to a total of 800 000 cars by 2020 (Rolander, 2013).

In this thesis, we use “the company” or “the organization” instead of Volvo Cars except for when it is necessary to understand the context of the research. This is done as this study could be performed on basically any MNC, Volvo Cars happens to be the case study for this particular thesis. The aim of the study is not to focus on the company being analyzed but instead what findings the research leads to for the knowledge transfer – and expatriate – literature.

## 4.2 Empirical Data

*The challenges and tools for knowledge transfer have been divided between three time phases; preparation, assignment and repatriation. This was made to handle them in a chronological order, since different problems arise during different parts of the assignment. We are aware that some subjects can fit in several phases depending on the current situation, for example mentorship can be seen as important in the preparation of a future expatriate, as well as a part of the repatriation for a current expatriate. However, we have ordered the subjects in that time phase we find most important for this research. In the context that has been studied, we see this order as most correct –giving the reader a structured, understandable text.*

Before the interviews took place, the expatriates and managers were informed that the primary topic of this thesis was knowledge transfer. They received information about the two types of knowledge, explicit and tacit. After this, interviewees were asked if the knowledge they had gained during their time abroad could be easily formalized and transferred or if it required the future expatriates to experience it in order to understand (Elias and Nabil, 2006). In other words, whether the knowledge gained was of explicit or tacit form. At first most of them were of the opinion that the knowledge had to be experienced and could not be formalized. They all received some cultural training from the company before or during their international assignment. The importance of this training was seen differently among the expatriates, some saw this training as fine, but not important or necessary, and one saw this as a very good preparation for the upcoming task. One expatriate stated that the cultural training was of no use, as it always will be completely different experiencing things versus being told theoretically how things work.

As they continued with their answers, all of them were of the opinion that their own knowledge at least partially could be transmitted to future expatriates. The shared opinion was that they

could communicate the knowledge to the expatriates but in order for it to properly stay they had to themselves be in China and experience everything personally. The managers were also positive to training prior an assignment abroad but were also of the opinion that it was the personal experience that made the knowledge stick. As one of the expatriate answered: *“Being taught things in the school bench and at the same time experiencing it at work - that is an effective way for knowledge to develop”*.

One of the managers mentioned how the expatriate was a very expensive investment and had to be taken care through the repatriation so both the company and the returning expatriate could benefit and be satisfied with the international assignment. When asked about the biggest differences between China and Sweden, most of the expatriates mentioned the methodology of leadership in China. To be more a leader than a manager and to work in a more hierarchical organization were two things that they all mentioned.

All the seven interviewees in our survey answered that they surely thought that the repatriation should be followed by some sort of presentation where they informed about their endeavors abroad. The view on how this was handled by the company varied, some knew that they were going to inform their co-workers in Sweden, one already had started briefing colleagues and some had no idea whatsoever what would happen. The connecting link is that they all considered knowledge sharing through presentations a thing that would benefit the company.

#### **4.2.1 Mentorship**

We continued with questions regarding their view on mentorship. Every respondent was positive to the idea about mentorship and most of the expatriates informally talked to predecessors or other expatriates before going out on their assignment. This was something they themselves took care of. One of the expatriates was given a mentor before going abroad. The remaining four had not heard about this, but they all thought it was a very interesting idea. All five expressed willingness to themselves being mentors for future expatriates. It was agreed that a similar service would have helped them before they went out on their assignment. Only one of the two managers knew of any formalized mentorship, this manager also worked within the same area as the expatriate who was issued a mentor prior to the assignment. The manager with experience



from Human Relations did not recall a formalized system for this but was of the belief that this worked informally. It was not written down and documented but something that existed and worked well within the company culture today. One of the managers voiced a thought that an upcoming expatriate could be handed an unsatisfied mentor, which would have a negative impact on the soon-to-be expatriates view on the assignment.

#### **4.2.2 Communication and Individual Developmental Goals**

While on assignment, the interviewees mentioned an obstacle in the form of difficulties in communication, both between countries and co-workers. The empirical data show that there sometimes seems to exist a gap in the communication between the Swedish and the Chinese division. Some of the respondents have limited or no contact with the home organization which leads to insufficient communication. Those who had a manager in Sweden had more frequent contact with the home organization, while those with a manager in China did not know how or even if the briefing with their managers reached the Swedish departments. Some of the respondents said that some kind of informal debriefing concerning knowledge transfer did take place, but they all said that they thought a formal briefing about knowledge transfer and sharing would be preferable.

When it comes to debriefings concerning work processes, for example projects or technical/product reporting, one manager and one expatriate said they had daily contact and meetings with the headquarters, one manager and three expatriates has weekly debriefings, whilst one expatriate barely have any contact at all. The respondents who have had contact with the headquarters were all positive to this and also felt that contact can be taken if needed. However, the briefing is as mentioned mainly result oriented and work related, not concerning how the expatriate for example develop personal skills. The majority of the respondents also suggested that formalizing debriefings could be a way of improving knowledge transfer between the divisions.

Every employee in the organization, including expatriates and managers on international assignments, put up annual performance goals. These goals are to be followed up three times a year. However, it does not always seem to exist formalized ways of setting up developmental

goals for the individual. Two of the expatriates did not set up any individual development goals, and one additional expatriate did not have any during the whole first year in China. One of them argued that it would have been very difficult to set up these goals before arrival in China, since they did not even know what their work position would be. However, the majority of the respondents saw this as important to be able to reach the full potential for the expatriates to gain knowledge during the international assignment. One manager also suggested that the annual performance goals should point out that it is expected from both transmitter and receiver to be involved in the knowledge transfer process. This manager did express a concern that the goals would not guarantee quality in the knowledge transfer, however arguing that something has to be done to formalize and that this could be a step in the right direction.

#### 4.2.3 Language

For successful communication it is of importance to be able to understand one another and the difficulties with speaking different languages came up during the interviews. There were not any expatriates in our interviews who admittedly spoke Chinese. The headquarters of the company is in Sweden, all interviewees spoke Swedish and they informed us that the company policy is that the official language is English within the organization. As Swedish and Chinese colleagues met, the communication had to be made through English. The Swedish expatriates had language training to learn basic Chinese, but one of them summarized the common view well: *“I’ve given up the attempts to learn Chinese, it’s so hard”*. A combination of a high workload and a complicated language seems to be the culprit causing the low knowledge of Chinese among expatriates. As they still had to communicate and English is the company language, this was the mostly used.

Both expatriates and one manager mentioned an obstacle being the varying degrees of English spoken by the Chinese colleagues. As some of them were novices in the language, this created difficulties making sure that orders were understood. Different divisions within the company seem to have handled the language issue differently. One expatriate mentioned how they at their department had made a rule that all communication was to be in English. Even if a group of Swedish or Chinese employees were alone with their native speaking colleagues, they had to speak English with each other. The expatriate saw this as unique for that department and a very

effective way both to improve the English within the organization, and making sure that no one would feel left out of the group. Another expatriate said that the workplace used a combination of Swedish, Chinese and English. It was impossible to know what the Chinese employees were talking about when they were together and one observation was that they might be slandering behind ones back.

One manager was aware of that several languages were spoken at the subsidiaries and was of the opinion that it was alright as long as all meetings were in English. One expatriate had faced a problem when meetings where in Chinese at the workplace. The Swedish expatriate immediately had to step in and change the language to English. The Chinese employees did not possess the necessary language skills for that to happen right away so they had to start an internal English education within the department. The expatriate mentioned that the Chinese colleagues never could contact the Swedish headquarters if problems or questions would arise if they did not speak English. The Human Resource department was used to educate the Chinese employees and afterwards the meetings were all in English.

#### **4.2.4 Distance**

Three of the expatriates felt that there was a distance between the department in China and the department in Sweden. They perceived the departments in the two countries as isolated from each other and that the work processes were not integrated. They thought that the departments in both countries ought to be more integrated in order to share knowledge and become more globally competitive. However, both managers and two expatriates said that they were not isolated, that there in fact is a strong collaboration between the two divisions. The general opinion that came up during the interviews was that the respondents saw that more visits are needed in the future to integrate the two units with each other. Visits for the Swedish employees to go to China, and for the employees in China to get the opportunity to go to the headquarters in Sweden are two things seen as necessary. These visits would serve as a way of learning the organizational spirit and also to grow networks. This is done today and seen as positive but needed in an even larger scale.

All of the respondents were of the opinion that Swedish employees need to go to China to learn about the Chinese organization and the culture in the country - *“You have to be there and experience it yourself to be able to understand it”*. However, one manager and one expatriate made very clear that shorter visits from the home organization are of little use in order to learn the Chinese organization and culture, arguing that the visitors often get an incorrect idea of what it means to live and work there. They say that the visitors often get a romanticized view and never get to see the negative parts of living in China. These respondents suggested that instead of shorter visits of a week or two, it would be more advantageous sending Swedish employees to China to work alongside the expatriate for a couple of months to really build an understanding of what it means to work abroad and gaining knowledge about the Chinese organization.

Another type of distance was experienced by some of the respondents at the departments in China. They perceived a separation between Swedish and Chinese colleagues, almost as they worked in two different organizations. There often seemed to exist two different lines where decisions are made, one Swedish and one Chinese. This created much frustration and confusion among expatriates in the Chinese organization. Three of the expatriates and one manager also experienced what is called double leadership/match pair, which meant that the expatriates had a Chinese counterpart in the organization. Two of the expatriates did not think the double leadership/match pair was a good solution of leadership style, since it created confusion, conflict and extra work for all parties. One manager and one expatriate were of a contrary opinion as they saw this function work at their department. Both did say that it probably did not work that well for the organization as a whole - and that their departments probably were exceptions. Different departments have different opinions regarding on how well things works.

One thing the expatriates seemingly shared was a feeling that the Swedish headquarters and home organization do not care about the international employees as much as the local employees working in Sweden.

#### **4.2.5 Lack of Interest from the Headquarters**

One of the main findings in our research is that the expatriates experience a lack of interest from the headquarters. A majority of the expatriates stated that the headquarters did not seem to be

interested in what the expatriates do and what they learn when they are in China. Some of them went even further and said that they thought the headquarters barely knew of their existence. Considering that four of the expatriates went abroad mainly for the reason of personal development and that one expatriate saw this as a career move, one might think that the interest from the headquarters should be high since these employees are potential sources of knowledge. They all went to China because they have a great interest to learn about the Chinese market and the Chinese country. No one considered going on an international assignment for the increase in salary. One of the respondents experiencing interest from the home department had a manager responsible for him with personal experiences of being an expatriate. This manager, also interviewed in this research, showed great interest in the expatriate and saw the experience and knowledge gained as very valuable for the firm. The manager however thought that the headquarters generally does not show much interest in expatriates and their international assignments. The manager also said that it previously was demanded by the company that the company's top managers themselves have experience of being expatriates. This is no longer required but the manager still thought that it is more or less needed to be able to work at a globally present company. This opinion is also supported by the fact that the majority of the responding expatriates experienced a lack of understanding from the headquarters in Sweden, at their department as well as from the Human Resources department. Most of the expatriates suggested that it might be good if the managers at the headquarters dealing with the expatriates themselves had experiences from being expatriates.

The majority of the respondents experienced the work situation in China as more complex than in Sweden, and that this is information not fully understood by the headquarters. The perceived incomprehension also extends to include the whole situation of living in a, in many ways, developing country.

#### **4.2.6 Networks**

According to our interviewees, business in China very much relies on having networks and contacts. This was also something the managers were aware of. The contacts are very personal and can take a long period of time to build up. One expatriate had experienced that the network grows as soon as the expatriate had proved worthy and competent. All interviewees considered

networks as vital assets, necessary for doing business in China. One manager considered them of equal importance wherever in the world the company acts, but the general conception was that networks are of extraordinary importance in China. One expatriate explained that a person's network was of larger importance than the person's competence. In Sweden you need competence to be able to succeed but in China the expatriate had experienced that the competence of a person is not worth anything without a functional network.

All expatriates were positive to the network they had built up abroad and all of them saw that they easily could contact their Chinese contacts from Sweden after their international assignment was over. Not one interviewee considered the networks in China something easily shared within the company. One expatriate was very positive regarding how the networks grew once the work started in China. This expatriate said that it worked well and that newcomers instantly became a part of the system and grew their network fast. An expatriate from another department saw the networks as something the company should try to help with in order to facilitate for newly arrived expatriates to get up on their feet and be able to start working as fast as possible. When asked about their view on the company creating some kind of formal system in order to keep the networks saved internally and making it easier to share and see the contacts of others, everyone thought that this would be an improvement or at least make it easier to navigate through contacts. The expatriates were all of the opinion though that their networks could not easily be transferred to other co-workers. As we asked about their view of a formalized system where the networks were to be shared internally through the intranet, all respondents saw this as a good idea and something that would benefit the company.

During one of the interviews an idea rose regarding how the company should act in order to keep these networks within the organization. Every interviewee, both expatriates and managers, answered that as it is today, the expatriate's contacts would disappear directly if the person would quit their job after coming home. The idea is to create a system with assigned contact persons; themselves expatriates working abroad, that would be responsible for re-directing questions to the right people. They would guide their colleagues in the right direction, enabling them to create a valuable network as fast as possible.

The repatriation of expatriates can also be a factor when looking at networks. As all respondents answered that they would bring their knowledge with them if they would quit their job when they came home, all of them also replied that the same thing would happen regarding their networks. One expatriate said that there was a network in Sweden helping employees searching for and finding suitable contacts. The expatriate did not see something like this existing in China, and no other expatriate mentioned this so the conclusion is made that this system is not as evident as it should be. Some of the colleagues of expatriates and managers naturally had shared contacts as they worked on the same department, but other than that the network would leave with the returning expatriate and not benefit the company if the expatriate would choose to resign at home. This was the opinion of all expatriates.

#### **4.2.7 Coming Home**

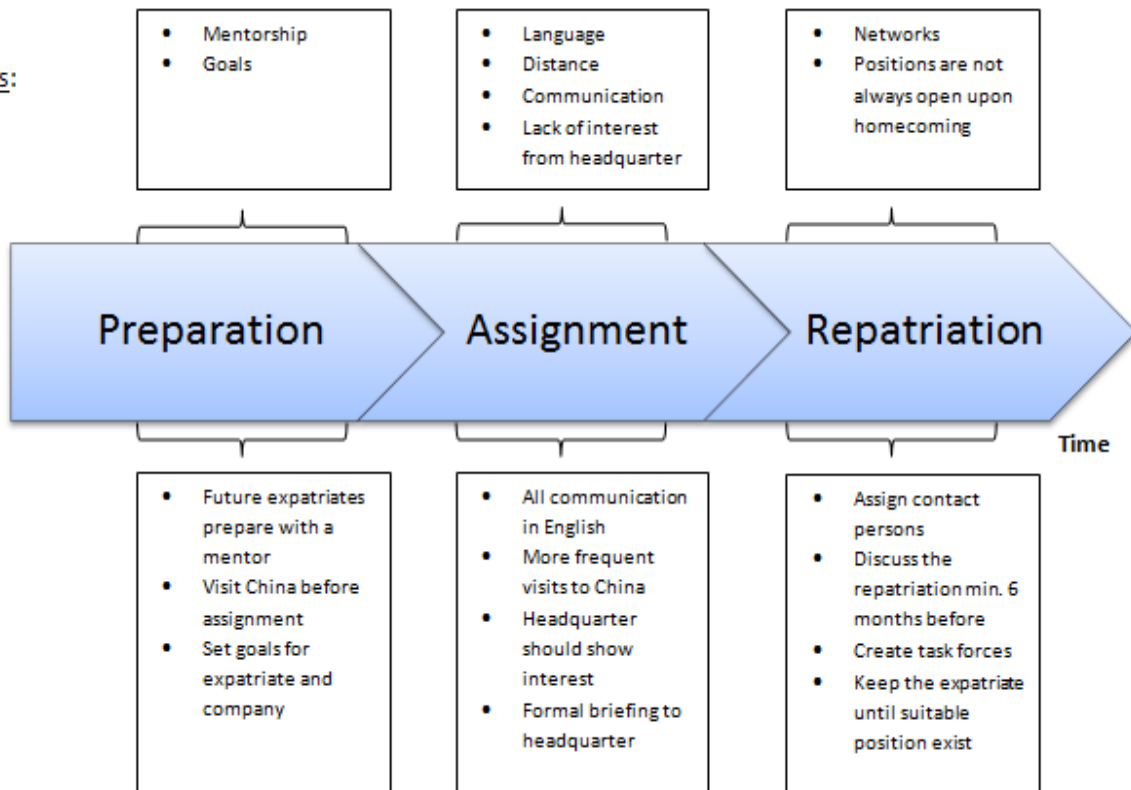
One of the biggest headaches for the expatriates was unanimously repatriating to the home organization. Of the responding expatriates, the three still abroad were returning within 8 months, and they all felt that they did not have a good insight of what would happen to them when returning. The other two expatriates had returned to Sweden from their international assignments within the last two months. The managers within their area of the company were responsible for the placement of returning expatriates. Both expatriates and managers noticed that although this is seen as the natural process, if the roles within the work site all were filled when the expatriate is returning, there was not much the manager could do. Especially when a company is in a recession as the possibility of creating extra positions decreases. One expatriate who already had returned home said that the timing was bad but that there was nothing the manager could do, if there are no positions, there are no positions. The manager solved this by keeping the expatriate within the department; making knowledge transfer possible through meetings where the colleagues are informed by the expatriate what happened in China and what special knowledge the expatriate had gained that could be important to know back home. All of the expatriates stated that the repatriation process is hard and creates anxiety, and that they did not have any planning prior departure concerning what position they would have at the home department when returning. A general opinion however, is that it would have been impossible to know before departure what position to have after the assignment as so much happen in two or three years. The two already repatriated at this point were unaware of what position they will end

up with despite that they have already returned home. All of the respondents said that they would prefer contact and planning about what their position will be at the headquarters at least six months prior the home coming. Despite this, most of them experienced the communication and interest from the headquarters as almost non-existent and all of them said that it is up to them to search for the new job, to keep in contact with the headquarters having an ongoing discussion of what the next step will be. One of the expatriates however argued that this worked well with the expatriates own mindset - that it is up to yourself to get an attractive position at the home organization upon homecoming. All the four remaining expatriates however stated that if the company initiates contact and creates an ongoing discussion, they would feel more appreciated and valuable. Two respondents said that they do not know if there exists a discussion at their home department at the headquarters about them or their position when returning home.

An idea one of the managers presented during the interview was that the company should arrange meetings where expatriates returning from different divisions in China would form task forces together with technical specialists. The purpose with such a task force would be to solve special case studies that the home organization could not complete themselves due a lack of time and/or resources. These groups would be created when the expatriate arrives home after the international assignments and could lead to a sharing of the networks and competences they evolved abroad. This is also a way of making sure they adjust back to the Swedish headquarters, an organization everyone agrees works slightly different compared with the smaller Chinese subsidiary. The manager said that the response when the idea was presented for the company was positive and that it hopefully would result in something valuable for the expatriates coming home in the future.



Challenges:



Tools:

*The illustration shows the empirical findings of challenges faced by the expatriates during different time periods of the international assignment, and tools that would prevent these obstacles and frame knowledge transfer.*

## 5. Analysis

*As the theoretical framework has been presented in the literature overview and the empirical findings from the interviews have been shown in the empirical data, this thesis continues with an analysis. The theoretical framework and the empirical findings are put together in an analysis and use the same subjects as the chapter of the empirical data to provide a clear structure.*

### 5.1 Mentorship

Throughout the interviews it was discovered that, at least partially, mentorship already was in effect within the organization. As all respondents were very positive to the idea of being mentors, our study refutes the option Chang et al. (2012) presented, where an expatriate may choose not to share his/her knowledge in order to sustain a competitive advantage. We are not saying this scenario is impossible, however in our case study we can dismiss their theory.

An unofficial way of getting help and feedback before and during the international assignment does exist as many expatriates themselves found colleagues with previous experience. This shows that a demand for mentorship exists within the company. The two necessary parts, a transmitter and a receiver for knowledge transfer exist (Kumar and Ganesh, 2009) both showing an interest in sharing knowledge.

As all interviewees agree that mentorship would be something constructive, the company should focus at this opportunity. A recently repatriated employee that wants to share knowledge with the expatriate going abroad, possibly the replacement, provides an excellent platform for the fourth and last part of the knowledge transfer (Martensson, 2009). As the new expatriate is informed about important things regarding work and life abroad, knowledge is shared. A repatriated employee that gets to share gained experience may also perceive this as a sign that the company cares about what he/she has learned and experienced. The knowledge transfer does exist as some expatriates have talked to predecessors, but not having a system within the company promoting this creates an obstacle for knowledge sharing. As many expatriates that would like to share their knowledge through mentorships will not be offered the chance to do this, their experience will not be transferred to future expatriates. One manager had a thought regarding that an unsuitable

mentor could be assigned and should be taken in consideration as it may lead to the expatriate creating a negative impression of the upcoming assignment. Instead of preparing and motivating the colleague this would lead to the total opposite and create negative feelings. We were surprised to hear this as the managers choose the expatriates going abroad and select the mentors. We therefore perceive this as a chance of further preparing the employee for the upcoming task. As the expatriates have proven themselves capable of searching for advice, the company's mentorship provides an opportunity for the managers to have some control in the preparation of the expatriate. We do understand that some of the expatriates were not given any mentors as they were the first traveling to China and there might have been a lack of fitting candidates. Today however, as the first round of expatriates has returned, there is certainly a possibility to grasp the opportunity and create a formal way for the expatriate knowledge to be shared through mentorships.

Kjerfve and Mclean (2012) discussed learning culture as a way of creating value to the firm. As they wrote about how cultural differences added to the difficulties of knowledge transfer, and thereby the value adding process, we consider sharing knowledge between returning and future expatriates vital for the company. Our analysis of the future education of expatriates is that the company should strive to continue and improve their training. The training should utilize the repatriated colleagues as they regard their knowledge as partially transferable and also useful for the person going abroad. This is seen as more valuable preparation for the upcoming task. The expatriates of today received training both from the company and from external consultants. The perceived differences between Sweden and China that were similarly experienced by all expatriates can be something to emphasize when preparing future employees for assignments abroad. The differences between the countries might not disappear anytime soon, and therefore some organizational solution should exist to prepare the coming expatriates as well as possible.

Since tacit knowledge and personal networks are hard, maybe impossible, to share with others - it is of great concern to keep the repatriated managers in the company to not lose valuable and competitive knowledge, that has been spent huge amounts of money on. One of the managers was aware of this when arguing how the expatriate had to be taken care of for the investment to bear fruit. As the expatriates see the knowledge as partially transferable this should be studied by

the company and measures to transfer this knowledge should be implemented. Our empirical data found that the expatriates felt that the communication with colleagues in Sweden sometimes was flawed and that the organization could improve the goal setting. This could help the expatriates stay in the company and sharing their knowledge.

## **5.2 Communication and Individual Developmental Goals**

The expatriates all considered a formal briefing regarding knowledge management something preferable, which points out that the organization should implement some kind of formal way of debriefing knowledge transfer. This could make the process easier and also show that the organization value the expatriate's knowledge and experience. The debriefing was seen as one way of communicating with the Swedish headquarters. The communication internally within the Chinese departments was also experienced as a difficulty, as a result of language difficulties and a perceived separation between Swedish and Chinese employees.

The empirical data shows that there is a demand for setting individual developmental goals before going on an international assignment, as a complement to performance goals. It should be something for the company to consider, since it makes it clearer what is expected from the expatriate and what the expatriate should strive for to develop ones individual qualities. Setting development goals should be something that can be measured and also rewarded if done correctly. As goal setting in business usually says, goals are supposed to be SMART; Specific, Measurable, Attainable, Realistic and Timely (Silverthorne, 2009).

## **5.3 Language**

The expatriates have been facing questions regarding what language to use when working in China. As Chang et al. (2012) argues, language barriers add to the difficulty of transferring knowledge. As different departments from the same company have various experiences regarding the spoken language, the company should emphasize that English is the official language and this should be noticed and understood by everyone in the company. When there is a possibility that people from different countries and native languages meet, the communication should always strive to be in English, both in an educational point of view and to unite the co-

workers. It is our opinion that the organization has to regard the different languages as obstacles for future contact between the different countries and between co-workers with different native languages since difficulties with language barriers sometimes exist and limits the knowledge transfer. Educating co-workers in order to create a shared language may require substantial resources but the education is of great importance for communication and company perception. Language barriers often leads to a perceived separation and distance within and between units which was one of the findings of the empirical data.

#### **5.4 Distance**

Three expatriates experiences the divisions in the two countries to be separated from each other, which do not facilitate knowledge transfer between subsidiary and headquarters, since a transmitter and a receiver does not exist as needed for successful knowledge transfer (Kumar and Ganesh, 2009). Neither do what Martensson (2009) calls the third step in the knowledge management process exist; to make it possible for the stored knowledge to be transferred to other part of the organization. The fourth and last step in Martenssons (2009) theory about knowledge management, that the acquired, stored and distributed information is used and shared in different forms is then neither reached. The distance perceived by the expatriates within the Chinese organization might not be of great importance for the knowledge transfer process from the expatriates back home to the headquarters, but we see this as an obstacle in the knowledge learning for both the organization and the expatriate. Therefore it is of importance since it hinders the learning for the expatriate and also the knowledge the expatriates can bring back home. It is also an obstacle in the knowledge transfer process for the Chinese division since a separation of how the Chinese employees work and how the Swedish employees work is not optimal for the integration and knowledge transfer.

A distance was also noticed by the expatriates between the Swedish and the Chinese departments. This was seen as limiting knowledge transfer, partly because the two parts, transmitter and receiver, necessary for knowledge transfer were missing. As some expatriates pointed out, Swedish employees should travel to the Chinese department and vice versa to improve the understanding of one another thus reducing the distance between the countries.

## 5.5 Lack of Interest

The majority of the expatriates experienced a lack of interest from the home country. Since the expatriates felt a disinterest from the headquarters, there is a non-existing receiver as needed for knowledge transfer (Kumar and Ganesh, 2009). As a consequence of the disinterest from the home country, there also exists incomprehension of what it means to be an expatriate on an international assignment. Some answers in the interviews were surprising, for instance how most expatriate regard the headquarters as barely aware of their existence. When this was obvious, the following general negative opinion regarding the lack of contact with Sweden while abroad did not surprise. There are expatriates that do not have a manager in Sweden, and therefore very limited or no contact with the Swedish headquarters.

Previous research shows that organizational trust is crucial for the knowledge transfer to be successful (Mazloomi and Jolly, 2008; Sankowska, 2013). The expatriates in this research did not express whether they felt trust to the headquarters or not. However, it is important to shed light upon the fact that some felt unappreciated, as a consequence of the headquarters showing a lack of interest and understanding. A lack of interest and understanding could lead to the expatriates not feeling trust to the home organization and as a consequence not facilitating knowledge sharing. The respondents did say that they were positive to the company and wanted to stay within the organization, which can be seen as a sign that trust does exist.

## 5.6 Networks

Kjerfve and McLean (2012) discuss the issue of placing the homecoming employee in a position where the knowledge could not be transferred. They argue that certain flexibility is needed in order for the knowledge to reach co-workers. We see how this affect the networks, as utilizing existing networks is something the organization should have in mind when career planning for the returning expatriate. As we found out that the expatriates did not share the same conception about how building networks works today, this was seen as one of several examples of how the different divisions within the company work in different ways. The expatriate who was positive to the system today worked in one small group where communication was relatively flowing between the different divisions. The expatriate that wanted more support from the company

worked in a larger group where communication worked relatively bad between divisions. This could have led to them having different opinions regarding how building networks worked.

The idea about presenting personal networks through the intranet was seen as positive by all the respondents and it was presented as something that would contain different information, for example the expatriate's competence and workplace. This would create something similar to the networking sites (e.g. LinkedIn) that have grown in popularity through the internet. The difference would be that this system is internal and tailored for the company's specific needs and operations. This information should be shared by all levels in the corporation. As Crowne (2009) discussed, having a network that is widely used around the company and giving the expatriates an important position in it will create satisfaction among expatriates. In this scenario the expatriates' international assignments would show in the interface thereby giving them attention. It enables the spreading of networks and may create satisfaction among expatriates. Another idea about networks came from an expatriate during the interviews. It was that special contact persons would be appointed to forward the person with a question to the right contact in China and vice versa. This idea could simplify the process of finding the right contacts, however it is of great importance that the right people are made contact persons. If a person with an unsuitable network was to be given this position, the network with perhaps unfitting contacts would spread further within the company so this is a risk that has to be considered if this idea is to work.

## **5.7 Coming Home**

The last part in the empirical data regarded the repatriation, something that the expatriates all gave some concern. As one of the expatriates came back to the home office, the organization could not supply a fitting position as the financial situation became an obstacle limiting the creation of new posts within the company. The manager did not only see this as a bad thing since the expatriate could be kept within the department sharing experiences and knowledge with the Swedish colleagues. As the manager did this, Hurns (1999) theory was followed closely as the time between the expatriates return and that of when a suitable position appears got to be spent briefing others about the time abroad and making it possible for the company to better understand what the employee had done abroad.

The lack of communication between the expatriate and the headquarters was demonstrated in the interviews as two expatriates were unaware if there was a discussion about them returning within the company. This contributes to anxiety and the expatriate spending time concerning and planning the repatriation process that could instead be used sharing knowledge. This could also be a contributing factor to expatriates feeling dissatisfied and that they might look elsewhere for work.

The integration between different divisions within the company that the manager wanted to produce through task forces made of homecoming expatriates and specialists can be seen as one important step in order to gain competitive advantages (Makela, 2007). That the first reaction was positive when the manager explained the idea to the organization can be seen as the company seeing into ways of improving the return for the expatriates. Expatriates sharing their experiences and networks are also a way of broadening the social capital within the company. One of the three abilities for knowledge transfer that Chang et al. (2012) discussed is opportunity seeking. The interaction with expatriates sharing a similar background and with colleagues outside this view is very much taking place within these task forces and seen as crucial for the knowledge transfer (Chang et al., 2012), which leads to task forces being an interesting suggestion.

## **5.8 Different Types of Knowledge**

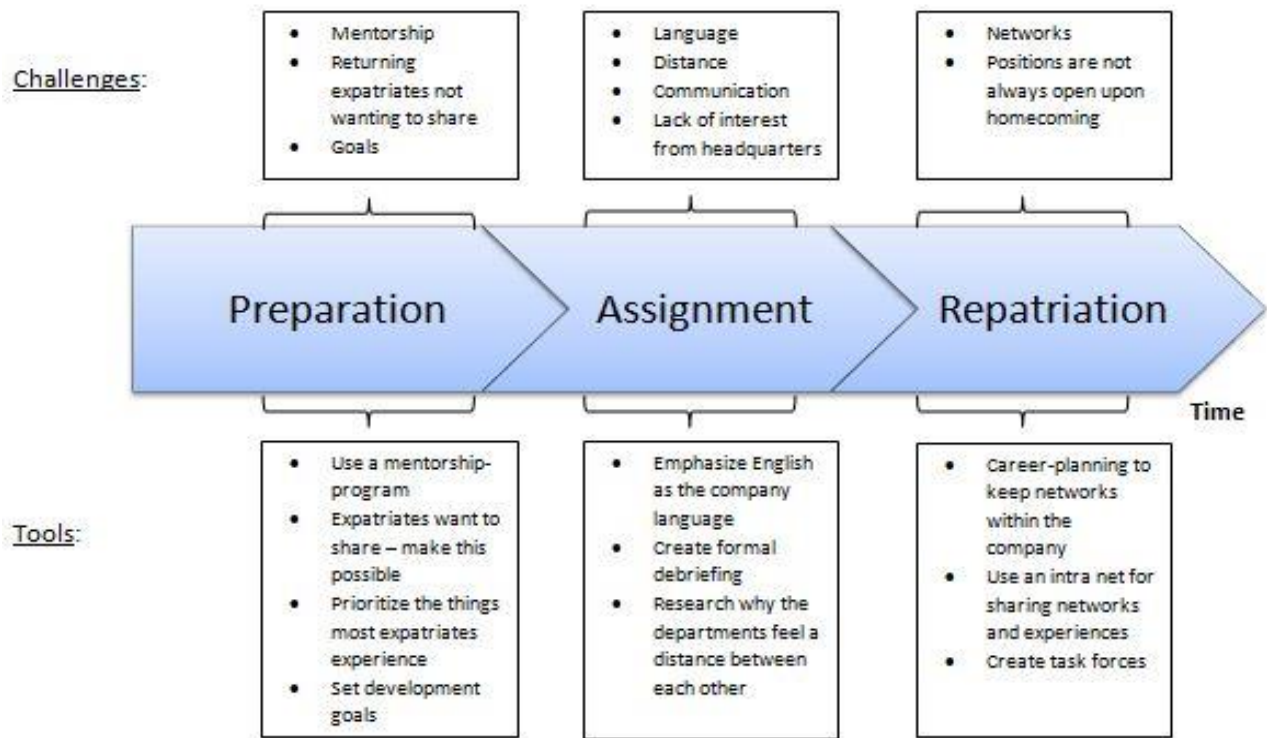
When the interviews were finished, transcribed and discussed, it became obvious that the knowledge supposed to be transferred from the expatriates were of various forms. There are different types of knowledge as operating a machine requires a different understanding than how to do a psychological evaluation. Therefore it is of importance to know what type of knowledge the expatriates can transfer to the headquarters and it is of great interest to know what types of knowledge the expatriates developed in China. Not one expatriate was talking about growing their expertise and/or technical knowledge. The gained knowledge from China was instead working in new departments, a large Chinese network, social skills, an insight of how China works and as all the expatriates mentioned; growing leadership skills.



## 5.9 Time

The analysis has been divided into three phases; preparation, assignment and repatriation. This is done to give an insight when the different obstacles arise and how they can be solved. The illustration finishing the analysis is a summary and is constructed to make it clear how the problems arise in a chronological order. As mentioned in the theoretical data and empirical material, the obstacles and tools to face them can come in different time phases depending on the circumstances. The model is constructed to fit the context where our research has been made.

The important analysis made is that the knowledge transfer meets different problems during different phases of the expatriate's assignment abroad. When preparing for the international assignment the expatriates are not offered a guiding mentor by the company, neither do all of them set goals about their individual development during their time abroad. When working in China the expatriates perceive the headquarters as uninterested due to the communication often being minimal or even nonexistent. When repatriating, a lack of support is perceived by the expatriates. These challenges occur in different time phases as described above. As they happen in different phases, they have in common that they create obstacles in the knowledge transfer between expatriate and headquarters. The challenges arise in different ways but the end result is the same – the knowledge transfer is further limited. This became obvious during this research and is something previous research does not cover sufficiently.



*The illustration show challenges faced by the expatriate during different time periods of the international assignment, and tools to face these challenges and enhance knowledge transfer.*

## 6. Conclusion

*As the analysis has been finished, the conclusion will summarize the purpose and findings of this research and also point out limitations with this case study. Suggestions for further research and managerial implications will finish the conclusion.*

### 6.1 Summary of Analysis

The purpose of this study was to examine limiting factors in the knowledge transfer process from expatriates to headquarters, and show why these occur. The aim was also to find possible solutions to these obstacles to hopefully enhance the knowledge transfer.

Different types of knowledge were developed in different time phases by the expatriates during their international assignment. They generally developed knowledge of a more personal and social form, rather than technical. None of the expatriates were of the opinion that they grew their technical skills in China, instead social skills, networks, leadership and a broadened working area was mentioned as things learned during the international assignment. Different types of knowledge face different types of obstacles, which cannot be overcome using the same methods. This makes it vital knowing what kind of knowledge the expatriates are developing abroad.

When it comes to obstacles in the knowledge transfer process, it is evident that there is a lack of formal systems for knowledge transfer within the company. One part of this is the flawed communication between the expatriate and the headquarters during the assignment. The frequency of debriefings to the headquarters during an international assignment varied between responding expatriates, some having limited or even no contact with the home organization.

Another big obstacle in the process is that almost all of the expatriates experience a lack of interest and understanding from the headquarters. The general opinion is that the headquarters do not fully understand what it is like doing business in China. A majority of the responding expatriates also express a lack of interest from the home organization, as the headquarters in most cases did not take initiative to utilize what the expatriate had learned. Most of the knowledge transfer came from the expatriates themselves taking initiative. This perceived lack of

interest and understanding for some also leads to an experienced distancing and isolation between the divisions in Sweden and China. The experienced distance does not facilitate the integration between the divisions needed for knowledge transfer (Martensson, 2009).

Previous research (Kjerfve and Mclean, 2012) have shown that the last part of the international assignment, the repatriation, can be very troublesome for expatriates. This was also confirmed by our interviewees; the repatriation creates anxiety and is time consuming for the expatriate. None of the expatriates knew what position they would have when they were about to come back from the assignment. Earlier research has shown that this can lead to up to 50 percent leaving the company within a year (Kjerfve and McLean, 2012). It is therefore of great concern to handle this process with care, as the expatriates are expensive and supposed to continue within the company after coming home from an international assignment. Time spent by the expatriate thinking of the homecoming could instead be spent on knowledge transfer. Knowledge gained by expatriates in China showed to be mostly of tacit nature. This makes the repatriation of extra concern as it is important to keep the expatriates within the company. That the majority of the knowledge is being inherent in the expatriate increases the importance of finding a suitable position where knowledge can be shared and retained within the company.

As the obstacles occur in different phases of the expatriation (preparation, assignment and repatriation), the knowledge transfer is limited in various ways depending on what time phase the expatriate currently acts in. All though these obstacles are different and occur on different time phases, they share one thing; that they all limit the knowledge transfer between the expatriate and headquarters. They may require special countermeasures but should all be emphasized to enable the important knowledge transfer to take place.

## **6.2 Contribution**

This research is a case study at Volvo Cars, based on interviews with expatriates working in China and also with managers from the corporation. The fact that this study is based on findings from China, a country very unlike Sweden and the Western World, is something one should bear in mind. If this study would have been conducted in a country with closer geographic and cultural ties to Sweden, the obstacles limiting knowledge transfer from expatriates to the headquarters might not have been as large as when the transfer is made between more distanced

countries. It is highly possible that the long geographical distance between Sweden and China has a negative impact on the findings of the obstacles limiting knowledge transfer in this research. This is likely to occur as previous research show a negative impact on knowledge transfer when there is a long geographically distance between the transmitter and the recipient (Crowne, 2009).

Another factor possible hindering the knowledge transfer process in this specific case might be the quite extensive language barriers between Swedish and Chinese employees. The interviewees' knowledge in the Chinese language is virtually nonexistent, while the English in general is quite good. At the same time many Chinese employees possess poor English skills, leading to them often using Chinese. This is therefore likely to increase the difficulties with knowledge transfer, and expatriates working in countries that differ less from Sweden than China, may not experience the same problems.

### **6.3 Suggestions for Further Research**

As this research is a case study, future research is suggested to continue building further upon the questions and theories that have been voiced. The interviewees could be contacted again in a not too distant future. As the expatriates then hopefully are fully repatriated, following up with new interviews could be done to examine the repatriation process and knowledge transfer. Another way of following up on the results provided in this research is to conduct a similar case study at Volvo Cars, interviewing expatriates working in another country. This could be a country geographically and culturally closer to Sweden in order to compare how big impact the cultural context has for obstacles limiting knowledge transfer.

The research regarding the lack of interest from the home organization that most expatriates experienced could use further development as the scientific data we found did not cover this as well as it could. A suggestion is to do a case study focusing more on the headquarters and management to examine what this perceived lack of interest depends upon.

As this case study is small in size and done at one specific company, the same research question could be used in a larger study, covering more expatriates, companies, industries and countries.

This would provide empirical findings that would be statistically safer and contribute to the generalizability of the study.

Other case studies could possibly identify other things limiting knowledge transfer, as all cases are different, the research and conclusions made in this research cannot fit every context.

#### **6.4 Managerial Implications**

With the empirical findings of our research, we notice that the company can make several improvements, enhancing knowledge transfer from the expatriates working in China to the headquarters in Sweden.

First, as for the lack of formalized systems for knowledge sharing, we identify a need for arranging formal briefings during the international assignment. These are vital for the knowledge transfer, and were not scheduled for all of the interviewed expatriates. The necessary briefings are very much connected with the second area in need of improvement; communication. An observation that quickly became obvious during the interviews is that the expatriates lacking a Swedish manager had substantially less contact with the Swedish headquarters. Only having a manager in China led to them also experiencing isolation from the Swedish department to a larger degree. Some expatriates did not have recurring formalized briefings, and weekly briefings also came up as a suggestion of sharing knowledge. Other suggestions of formal briefings were presentations when the expatriate visited Sweden during the assignment and then not only for the top managers, but also at a lower level. Group meetings at their department at home could be used, briefing their Swedish colleagues what happens in the Chinese subsidiaries. Presentations of this kind were also suggested to be used during repatriation.

Concerning the experienced lack of interest and understanding from the headquarters, the majority of interviewees suggest more visits from Sweden to China, enhancing the understanding of working there and also for the understanding of cultural differences. Two respondents however are very clear that shorter visits would not give the visitor a true picture, but suggests that Swedish employees instead would benefit more going alongside the expatriate for a couple of months. Visits the other way around, from China to Sweden, are also suggested as a good way

of improving the overall understanding and reducing the experienced isolation between the two divisions that some expatriates feel today. Another way of making the expatriate noticeable to the headquarters and colleagues is to show the international experiences through the intranet, which also can act as an intermediary sharing their personal networks with others within the company.

When it comes to the repatriation process, most of the expatriates see it as impossible for anyone, prior going abroad, to know what position to have when returning after the assignment.

However, most of the respondents had no idea whatsoever what would happen to them merely a few months before the return, or even after they had returned. A suggestion is that the company should start a dialogue at least six months prior the expatriates returning, according to the managers and some expatriates this already occur today. The dialogue should be one part debriefing and one part regarding what will happen upon home coming, the contact should be kept until the repatriation is done. Some respondents do not mind themselves being the part taking initiative in this matter and search for jobs within the home organization. They do state that if the company would show more interest in the expatriate, they would feel more appreciated and that their gained knowledge was to be seen as more valuable. In an attempt to keep the repatriated employees within the company and allowing them to share valuable knowledge, it is suggested that repatriating expatriates from China could form task forces together with specialists in Sweden and solve special problems the company do not have time/expertise to focus on ordinarily.

Finally, an important finding in this research is that all of the seven respondents see a mentorship as a good way of sharing knowledge through the process of expatriation. They all believe they themselves would have benefitted from having a mentor assigned before leaving for the international assignment. A mentor that could share personally experienced knowledge and improve the preparation before the trip. Most of the expatriates have shown personal initiative, informally taking contact with former expatriates before their international assignment; this shows a demand of mentorships within the company. During their assignment this was seen as facilitating, to have someone to call if a certain problem arose that the expatriates did not know

how to handle. They all also see themselves happily being mentors to other future expatriates, showing an apparent will of sharing their knowledge with co-workers.



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## 8. Appendix

### 8.1 Interview Guide

*All interviewees were informed that answers were answered anonymously. All seven of them permitted us to record the interviews for our analysis.*

#### Expatriates

- What is your role within the company?
- Please explain for us what your specific tasks were during your stay in China
- How did it go?
  - Success/Failure; How come?
- How long did you stay?
- How long have you worked within this company?
- What were the major differences between what you did in China compared to Sweden?
- Please explain the biggest differences between the two countries work-wise
- Have you been on any previous international assignments?
  - If Yes; How many? Where? For how long?
- How was your private situation during your stay in China?
  - Did you bring your family?
  - Did you experience any difficulties with this?
- We hear about major differences between the two cultures, how were they discovered?  
(Trial & error, consults, pre-visits)

#### Time:

- Analyzing the communication between you and the company – did it change between the time before and during your assignment abroad?
  - For better or for worse? Why do you reckon it changed/stayed the same?
- How did the contact take place during your time abroad?
  - With whom?
  - Who initiated the communication?

- What made you apply to be an expatriate?
  - E.g. Personal development? Career? Compensation? Leadership?
- Why do you think the company sent you abroad?
  - E.g. To solve a problem? Transfer knowledge from headquarters to subsidiary?

### Knowledge Transfer

Give the interviewee a short explanation of tacit and explicit knowledge.

- Can you describe how you have changed during your time abroad? (technical knowledge, leadership...)
  - Does the company know about this?
  - Yes/No: Why? What is your opinion about this?
- Can you describe your view on knowledge transfer within the company?
  - Are you knowledge taken care of within the company?
  - How does the knowledge transfer between you and the company take place? E.g. debriefing, evaluations, business trips, through social media?
  - Can you use a time perspective, has it changed? With what people?
  - What kind of knowledge is this? (E.g. technical, leadership, social)
  - Do you see this knowledge as transferable or something that should be experienced?
- Did the company explain knowledge transfer for you? Do you see this as something they prioritize?
- Are there systems (formal/informal) to keep knowledge within the company that you know of?
- Do you regard the knowledge you have gained abroad as something that the company could gather and benefit of when you came back?
  - Yes/No; In what way/How come? E.g. (leadership/R&D/marketing, individually and organizationally)
- Before you travel abroad, did you and the company set any goals for you (results, personally)?

- Do you see something special that the company should have done to enhance the knowledge transfer from you?
  - What obstacles do you see for the knowledge transfer to be successful?
- Can you explain the importance of networks in China?
- Does the company take care of the network you have built up?
  - Yes; how?
  - No: why? What can be done in order to take care of these networks?
- Do you see your knowledge as transferrable?

#### Appreciation:

- Do you feel appreciated as an expatriate?
- How is the environment abroad? Workwise / personal life
- Are you satisfied with how the company has supported you?
  - What has been good and bad?
- Are you satisfied with the compensation you have received as an expat?
- Do you see the headquarters understanding your situation as an expatriate?
- Do you see their experience from International Assignments as something important?

#### Coming back:

- How was the planning for your return?
  - Was it planned before you left?
- Do you see something that should have been done by the company to improve the expatriates stay abroad?
- Have you been communicating with other Chinese expatriates with the intent of sharing knowledge?
- Have you had any mentorship before or after your assignment?
  - If Yes: what is your view on this
  - If No: why do you think not? Would you have liked to have that option?
- Is it okay if we contact you again if we forgot to ask all necessary questions?

## Managers

- What is your role within the company?
- How long have you worked within this company?
- We are interviewing expatriates that are or have been in China. How is it with you as a manager, have you worked in China?
- Have you been on any previous international assignments?
  - If Yes; How many? Where? For how long?
- What are the major differences you notice in China compared to Sweden?
- What is your view on the contracts for expatriates? (2 years, sometimes with a possibility for a third)
- How does the business in China work?
- How does the Swedish leadership work in China?
- We hear about major differences between the two cultures, how were they discovered? (Trial & error, consults, pre-visits)
- How are the expatriates prepared before they leave for their international assignment?

## Time:

- Analyzing the communication between the expatriate and the company – does it change between the time before and during the assignment abroad?
- How does the communication work?
- Is there any more kind of interaction? E.g. business trips, social platforms
- Who initiates the communication?
- Do you have any demands on the expatriates from your department?
- Is it something the company looks for in the employees that are going to be expatriates? E.g. interest, motivation, technical skills, social skills.

## Knowledge Transfer

Give the interviewee a short explanation of tacit and explicit knowledge.



- Do you know how the expatriates change during their time abroad? (e.g. technical knowledge, leadership)
- The most mentioned form of communication seems to be that between the expatriate and the closest manager. Is there a system to spread this information further into the organization?
- How is the information from the expatriate-briefing stored? Is it reported to someone else?
- Do you have any thought about how this knowledge could be spread further?
  - Do you think it is needed?
- Can you describe your view on knowledge transfer within the company?
  - Is your knowledge taken care of within the company?
  - If the expatriate was to resign the day after coming back, would the company have incorporated some of the knowledge the expatriate built up abroad or would it be lost?
- Can you explain the importance of networks in China?
  - Do you know about the networks of expatriates when they return?
- Does to company have something to do with expatriates getting their networks started in China?
- We see the networks as tacit and hard to transfer, is something done to retain those within the company?
- Is it possible to reach the networks of unknown co-workers within the company?
- The Human Resources department is planning visits to China, what are your opinions regarding this?
- Does your department visit China?
- How does the knowledge transfer work in a time perspective? As the expatriates evolve, does the transfer change?
- Are Swedish employees being sent to China to see how the operations work there?
- The knowledge that expatriates and you develop, is it of a special nature? E.g. social, technical, leadership
- Do you see you knowledge as transferrable?
- Do you see your and the expatriates experiences as useful for future expatriates?

- Do you see the knowledge gained by the expatriates as useful for the company in the future?
- What is your view on expatriates – are they necessary competing internationally?
- Do you study and educate the subject knowledge transfer?
- Do you know a system for informing employees about knowledge transfer?
- Do you have any suggestions how the transfer could be more efficient?