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Reverse Knowledge Transfer: From Emerging Markets to Developed Markets

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Abstract

Purpose: This study aims to investigate the process of RKT from EM subsidiaries to DM MNCs along with the factors that influence this process.

Method: Following qualitative research with inductive approach, the data was collected through semi-structured interviews from 10 senior managers of MNCs in various fields, including Information Technology, Project Management, Engineering, Logistics and Telecommunication. Grounded theory was used to analyze the empirical findings.

Findings: The results show that EM subsidiaries' knowledge skills, disseminative capacity, autonomy, and external embeddedness have significant influence on RKT. On the other hand, parent companies, as receiving units, play important role with its absorptive capacity and perception toward the subsidiaries. Moreover, mediating factors such as internal embeddedness, cultural awareness, knowledge relevance and communication context affect the process of RKT between EM subsidiaries and parent companies in developed markets. Finally, RKT from EM subsidiaries can contribute to MNCs innovation, subsidiaries productivity, and can further lead to intra organizational knowledge transfer through internal networks.

Implications: Theoretically, the research proposes a holistic model of RKT process along with the factors that influence the course of knowledge sharing from EM subsidiaries to DM parent companies. This model offers practical guidelines for international managers both at parent companies and subsidiaries level to promote RKT process to achieve and sustain MNCs' competitive advantage through innovation.

Keywords: Reverse Knowledge Transfer, Emerging Market, Autonomy, Internal Embeddedness, External Embeddedness, Absorptive Capacity, Reverse Innovation, Intra-organizational Knowledge Transfer.

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ABBREVIATIONS

RKT	-	Reverse Knowledge Transfer
KT	-	Knowledge Transfer
EM	-	Emerging Market
DM	-	Developed Market
MNCs	-	Multinational Companies

1. INTRODUCTION

This chapter is comprised of the background information of the research study with an overview of the important concepts and variables that are explored further in the later chapters including reverse knowledge transfer and the factors influencing the process of reverse knowledge transfer from emerging market subsidiaries to MNCs in the developed markets. Furthermore, this chapter highlights the gap, motivation, aim and research questions of the study.

1.1. Background of the Study

Globalization has facilitated multinational companies (MNCs) emerge in international market, yet these companies face various issues regarding cultural differences, institutional voids, host country pressure, and volatile markets (Wild & Wild, 2016). These MNCs need to be equipped with valuable resources that enhance their competitiveness in the business world (Barney, 1991). Among these valuable assets, knowledge, due to its inimitable features, is specifically considered by recent studies. Scholars (Fjellström, et al., 2017; DeNisi, et al., 2003; Kogut & de Mello, 2017; Jimenez-Jimenez, et al., 2020) agree with the notion that knowledge could be the source of innovation and thus competitive advantage for organizations.

Thus, MNCs should acquire this unique asset as a means to improve their competitiveness. Multinational companies have the advantage of access to more knowledge resources compared to local companies because of their wide network across borders (Michailova & Mustaffa, 2012). Though, Knowledge due to its tacit and intangible characteristics is deemed difficult to transfer (Grant, 1996; Curado, 2006). Even If it takes time and substantial effort, studies confirm that organizational knowledge and skills can be transferred into other units, and even from subsidiary units to parent companies. For example, Hofstede et al. (2010) stated that organizational cultural practices can be learned in internal firm environment. Parallel to this notion, studies show that knowledge can be transferred effectively through internal embeddedness by developing resources internally within the MNC's subsidiary (Ferraris, et al., 2020; Park & Vertinsky, 2017; Najafi-Tavani, et al., 2015).

1.2. Research Motivation

Knowledge transfer has been linked to the success of multinational companies that have subsidiaries in various markets across the globe (Cantwell & Mudambi, 2005). As competition in global market escalates, cross-border knowledge transfer becomes crucial (Bhagat, et al., 2002). When companies run business in significantly different environment from the home country. For MNCs based in developed markets, learning to cope with the volatile environment of emerging markets is of utmost importance, as there is a large cultural and institutional distance between home and host markets (Zhang, et al., 2010). Similarly the distance between headquarter and foreign subsidiaries make it difficult for the parent company to have the same level of control as in the home country. Multinational companies usually having less knowledge about the emerging markets as compared to the developed markets urging the need for knowledge sharing from subsidiaries to headquarters. On the other hand, newly acquired knowledge effectively contribute to the firms development, thus offers competitive advantage (Bhagat, et al., 2002; Costa, et al., 2015; Jimenez-Jimenez, et al., 2020). Therefore, the pattern of conventional knowledge transfer which is from MNCs to subsidiaries has recently changed reversely, leading to knowledge flow from subsidiaries to MNCs which is yet to be explored in the emerging market (EM) context.

Reverse knowledge transfer (RKT) has been studied by various researchers such as Fjellström et al. (2017), Kogut & DeMello (2017), Park & Vertinsky (2017), Nair, et al. (2016). By examining previous peer-reviewed studies from prestigious academic journals, we formulated the framework for this study which illustrate a complete process of RKT along with the factors influencing the process. We articulated our research questions, regarding each part to produce comprehensive understanding of RKT process and its relation to innovation.

1.3. Problematization

A multitude of opportunities are posed by the emerging markets for MNCs operating from the developed markets. Research studies concur that business achievements in emerging markets could lead to success in home country as well (Kogut & de Mello, 2017). By attaining the knowledge base on expansion, international business firms in emerging markets are able to sustain competitive performances through consistent innovation (DeNisi, et al., 2003). The importance of

knowledge for companies adopting innovation has been established by prior studies, emphasizing necessity of new knowledge (Jimenez-Jimenez, et al., 2020). In order to utilize the advantage of access to knowledge, and opportunities in emerging markets, multinational companies need to understand the process of reverse knowledge transfer (RKT) and effectively turn it into their competitive advantage by linking it to innovation.

Additionally, most studies have either been discussing horizontal knowledge transfer between two subsidiaries or departments (Tang, 2011; Maurer, et al., 2011) and/or the traditional transfer of knowledge from headquarters to subsidiaries (Ferraris, et al., 2020). Though, the focus of recent studies has shifted towards the transfer of knowledge from subsidiaries towards parent companies known as reverse knowledge transfer (RKT) (Nair et al., 2015; Driffield et al., 2016; Nair et al., 2018; Leposky et al., 2017; Ferraris et al. 2020). However these studies focus on RKT between emerging market MNCs and their subsidiaries in developed countries.

1.4. Research Gap

Reverse knowledge transfer between developed market MNCs and their subsidiaries in emerging markets is ignored by both scholars and parent companies. Some authors, such as Lepotsky et al. (2017), and Park & Vertinsky (2017) took initial steps toward this topic by reviewing previous literatures or conducting case studies. Leposky et al. (2017) by analyzing previous studies have formulated a conceptual framework on marketing knowledge transfer in the context of emerging market subsidiaries to MNCs in developed markets. Still, this framework has not been supported by practical research yet. Also, research by Costa et al. (2015), proved the positive correlation between RKT and innovation in emerging market context. However, previous studies did not address how knowledge is transferred from subsidiaries in emerging markets and utilized by MNCs in developed markets to make innovation or competitive advantage.

Park & Vertinsky (2017) and Kogut & de Mello (2017) suggest future researchers to explore the process of RKT to provide MNCs with comprehensive understanding of this concept. Therefore, it can be concluded that the literature regarding reverse knowledge transfer, innovation and adoption from the subsidiaries operating in emerging markets is still underdeveloped. Thus, we aim to fulfill this gap by exploring the process of knowledge transfer from EM subsidiaries to MNCs in developed countries. In this study, we took both the perspectives of parent companies

and subsidiaries, in comparison to previous studies which analyzed the data from only one perspective (Najafi-Tavani, et al., 2015; Nair, et al., 2016; Park & Vertinsky, 2017; Jimenez-Jimenez, et al., 2020). By examining both the views, we produce a broad understanding of RKT process.

1.5. Aim and Research Questions

This research study aims to explore the process of reverse knowledge transfer from emerging market subsidiaries to their parent companies in the developed markets and the factors that influence this information sharing.

Based on the aim of the study, we have formulated the following research questions:

- I. How is knowledge transferred from EM subsidiaries to DM MNCs?
- II. Which factors regarding participants in RKT influence the process?
- III. How does RKT benefit MNCs?

1.6. Scope & Delimitation

This study investigates the core factors related to the source of knowledge (subsidiary), recipient of knowledge (parent company), and the mediating factors affecting the process of reverse knowledge transfer. Moreover we extend the current literature to include post-transfer outcome of RKT and provide readers with the whole phenomenon of RKT process and its outcome. Adding further, the study intends to present a detailed picture of the process of RKT along with highlighting the importance, complications, and managerial implications for the multinational corporations and their managers.

In order to come up with reliable findings and generalize the inferences, we targetted multinational companies from diverse fields, including Information Technology, Telecommunication, Logistics, Project Management and Engineering sectors. The IT firm is headquartered in the US with more than three hundred and fifty thousand employees and subsidiaries in almost one hundred and seventy countries in both emerging markets and developed markets. The telecommunication company is based in the UAE and operating in more than fifteen countries across the globe. The project management firm is also based in the US while operating in different emerging markets

for sustainable development. The engineering firm is headquartered in Sweden with operations in several emerging markets. The logistics firm is a Danish multinational company and one of the largest in the sector with subsidiaries operating across the world in different countries.

1.7. Disposition

This research study comprises of six chapters that are outlined in the order mentioned below:

Chapter 1 – Introduction: This chapter encompasses the background knowledge regarding the subject area, preliminary information on reverse knowledge transfer, the process and mediating factors alongwith the outcome, literature gap, research motivation and aim, followed by research questions and delimitations.

Chapter 2 – Literature Review: It outlines relevant theories regarding the subject area and introduces the theoretical framework of the study.

Chapter 3 – Methodology: Justifies the research methods, approaches and the methodological design employed for conducting this study while describing the process of data collection and analysis. After explaining the appropriateness of research methodology, it explains the credibility, validity and reliability alongwith ethical considerations.

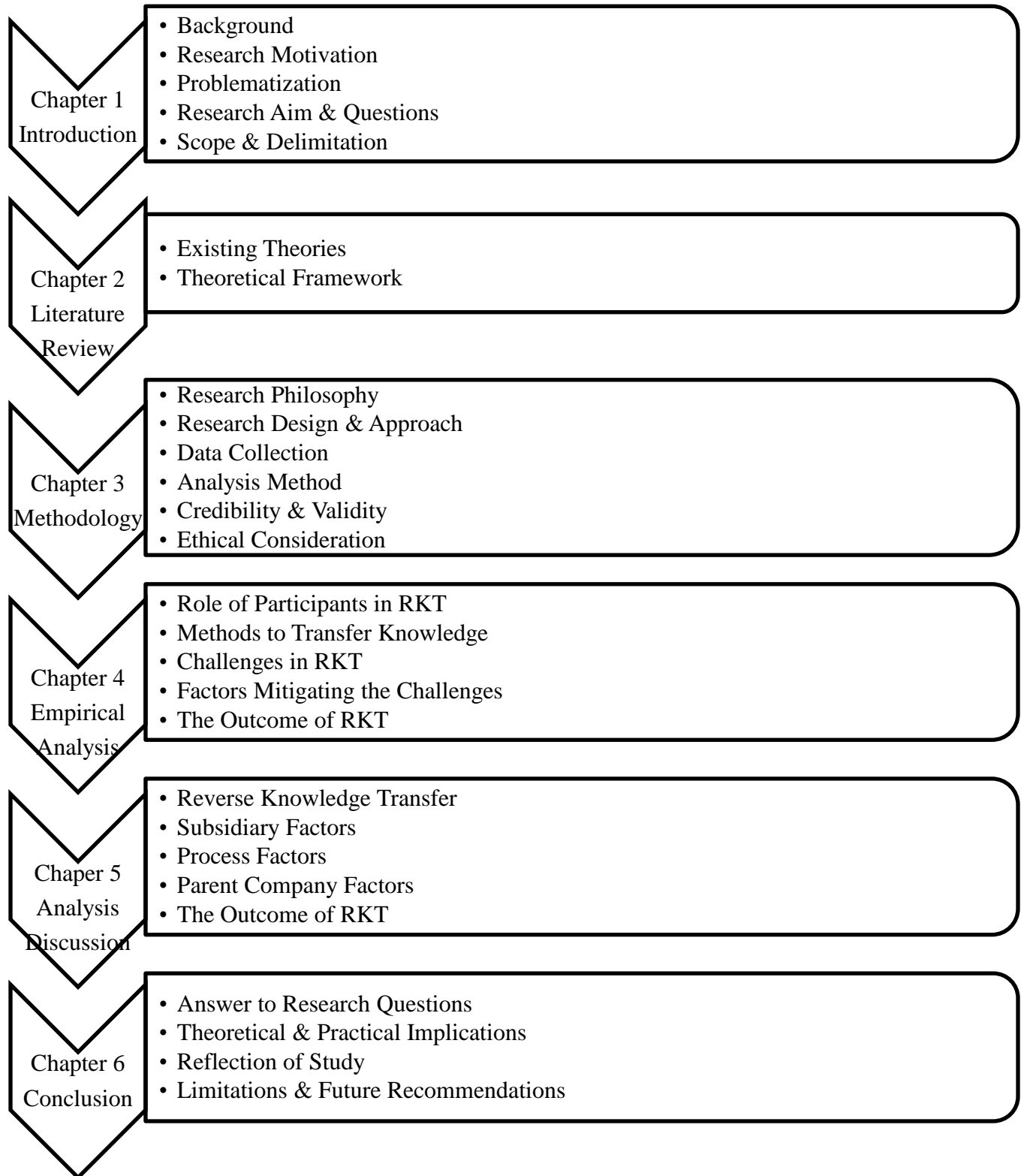
Chapter 4 – Empirical Findings: This chapter informs the primary data gathered from the respondents via semi structured interviews.

Chapter 5 – Analysis and Discussion: Offers the analysis of the empirical findings of the study by associating them with literature and given framework. This chapter extends by discussing the findings of the study by comparing them with relevant theories.

Chapter 6 – Conclusion: The final chapter offers conclusion of the study's findings and discussion while addressing the research questions. It further encompasses scope and contributions alongwith reflection of the research, and finally recommendations for further research studies in the subject area.

In the end, a list of appendices with a sample of company request letter for participation in the study and a set of questions developed for conducting interviews is also presented. Also, all the references are listed and annexed with this study. Figure 1.1 below illustrates the disposition of this research study.

Figure 1. 1 Disposition of the Research



Source: Own Construction

2. LITERATURE REVIEW

This chapter provides a foundation for establishing the theoretical framework of the study. It further extends an in-depth explanation of the reverse knowledge transfer process within the context of multinational companies operating in emerging markets. It also discusses the factors involved with in the process and their mediating effect on the transfer of knowledge from subsidiaries to their parent companies.

2.1 Resource Based View

Initially Penrose (1959) defined the company as an administration organization with productive resources of both human and physical. According to this theory, such efficient resources are regarded as the important bases for value-added products and services. However, decades later Barney (1991) developed the theory beyond the basic perspective and conceived that other inputs which contribute to the value-added products or services can also be considered crucial. He categorized firm resources: human, physical, and organizational. Therefore, knowledge which is essential ingredient to the innovation and firm productivity should be taken as one of the main resources. The resource-based view (RBV) states that firms acquire competitive advantage by obtaining unique resources or skills that competitors do not possess. Organizations' heterogeneity is highlighted in their abilities and resources. The theory explains firm profit based on its resources (Barney, 1991). Different resources generate profit distinctions among companies. Finally, combination of valuable resources would lead to innovative business activities. Thus, firms' financial success can be predicted by what they have accumulated. Here, the resource-selection is important since not all inputs count as valuable or unique. In order to obtain essential resources, the firm should be able to measure the future value of particular input, leaving behind the competitors. It means that the company should have superior capability before acquiring valuable resources, so that it can make better choice than its competitors in resource market (Makadok, 2001).

Company resource includes both tangible and intangible resources. While tangible resources refer to physical assets, intangibles are developed through subsequent events and stored in organizations

in tacit form which contributes to firm's competitive advantage (Makhija, 2003). As having tacit features, organizational knowledge is considered valuable substance which is frequently developed and thus increases own value. However, Barney (1991) proposes that resources increase competitive advantage of the firm only in specific conditions. These include rarity, strategic value, non-replaceability, and in-imitability of certain asset. Likewise, particular knowledge should be unique, difficult to copy or replace in order to make innovation, thus improve the competitive advantage of firm. When it comes to knowledge-resource, the main focus shifts to knowledge-based view (KBV) which is extension of RBV (Grant, 1996). However, both theories have brought new perspectives to traditional science of management, and thus become popular among researchers of organizational strategic management (Solesvik, 2018).

2.2. Knowledge

In comparison to data which is codifiable and objective, knowledge is deeper and richer concept (Bhagat, et al., 2002). Indeed, knowledge is the combination of expert perspective, essential values, critical information, and experience that generate further experience and value-added information (Bhagat, et al., 2002). Knowledge can also be defined as a rational assessment of different aspects of reality including the ideas, beliefs, and facts (Fjellström, et al., 2017). Organizational knowledge consists of group insight that is generated via observation, experience, and or assessment by a group of people working in organized set up (Ambos & Ambos, 2009). This knowledge needs to be approachable and backed up by testimony for organizations to be benefitted from. Knowledge can be *tacit/implicit* (experiential) and/or *explicit* (articulated). Explicit knowledge can be stored and easily circulated across the organizational set up through technological tools. While, tacit knowledge is embedded in personal experiences of the individuals and their skills which is difficult to be transferred as compared to explicit knowledge. Keeping in view the significance of tacit knowledge for organizations as a source of competitive advantage and innovation, most research studies have been focusing on tacitness of the knowledge (Al-Salti, et al., 2011; Khamseh, et al., 2017).

According to the knowledge-based view (KBV) knowledge is the most vital strategic resource of an organization (Curado, 2006). The rationale of this theory proposes that future research directions shall be determined by the distinctive attributes of intangible resources, particularly

knowledge. Knowledge resources are crucial in determining sustainable competitive advantages of the organizations as it is inimitable and forms the basis for sustainable differentiation (Wiklund & Shepherd, 2003). Consequently, KBV outlines an important aspect of the organizations to create, transfer and transform knowledge resources for their sustainable competitive advantage (Kogut & Zander, 1992).

2.3. Knowledge-Based View

Although KBV is rooted from RBV, it is now regarded as independent perspective. In general scholars are able to study organizational characteristics, human resources, management information systems, and innovation through KBV (Solevik, 2018). This theory explains the process of how firms obtain and exploit valuable resources, especially knowledge, to improve their competitiveness (Grant, 1996). Knowledge-driven strength has long lasting effect on company's economic success. Main statement of KBV is that the firms formulate, transfer knowledge, and transform it into their own competitive advantage (Kogut & Zander, 1992). Obviously, in order to turn the knowledge into innovation, it is indispensable for companies not only to acquire it but also to use this valuable asset. According to KBV, the degree at which firms utilize the knowledge resource relies upon its strategic characteristics (Barney, 1991). These features are linked to knowledge uniqueness and inimitability.

Organizational learning enables the company to obtain and store strategic knowledge and skills as valuable asset. After acquiring these types of skills, firms focus on building their knowledge-specific strengths that are difficult, or even impossible for competitors, to copy. Here one question would be surfaced: 'If it is extremely daunting to imitate strategic knowledge, then how firms transfer this resource internally?' Another aspect of KBV emphasizes the issues occurred on the way to transfer knowledge (Barney, 1991). Those issues are related to knowledge implicitness. According to Barney (1991), the more implicit knowledge is, the more time and cost-consuming the transfer would be. Nevertheless, it is possible to acquire tacit knowledge through repeated organizational routines (Ranucci & Souder, 2015). As a result of strategic learning process, firms are able to accumulate their capabilities to recognize and obtain valuable resources. In this sense, organizations should see beyond the knowledge related to their products and services. Learning

sequence is essential, as each stage improves firm capability and embeddedness of knowledge, making it more difficult for other players to imitate (Omerzel & Gulev, 2011).

Based on the views of Barney (1991), Kogut & Zander (1992), Ranucci & Souder (2015), Omerzel & Gulev (2011), and Solesvik (2018), we consider knowledge as a valuable resource that enables innovation and thus facilitates competitive advantage of MNC.

2.4. Knowledge Transfer

Knowledge transfer is a continuous process of sharing information that originates from the knowledge sender and is acquired by the knowledge recipient via communication between individuals, releasing of copy rights, published materials, and interchanging services (Fjellström, et al., 2017). The knowledge is considered valuable when it is innovative and meaningful (Mudambi, et al., 2014). The process of knowledge transfer involves rebuilding of certain aspects of knowledge that might also result in generating new knowledge (Szulanski, 2000). The process of Knowledge transfer usually involves the source of knowledge, nature of the knowledge being transferred, and the recipient of knowledge. Regarding the flow, there are three types, traditional- from MNCs to subsidiaries, reverse- from subsidiaries to MNCs, and horizontal- subsidiary to subsidiary knowledge transfer (Liu, 2012).

2.5. Reverse Knowledge Transfer

In general, reverse knowledge transfer (RKT) points to the knowledge and skills flow from subsidiary units to parent companies, with the aim to combine the obtained knowledge into the firm's resource base and utilize it further to sustain competitive advantage. MNCs consist of various subsidiaries which have different roles and characteristics, regarding to their capabilities (Gupta & Govindarajan, 1991). For instance, some are responsible for manufacturing or sales while some contribute to the research & development (R&D). As RBV suggests, every unit has heterogeneity based on its' resources (Barney, 1991). Due to their resources, subsidiaries' contribution to company knowledge pool is diverse. Whereas some subsidiaries barely follow the MNCs production and service, others create new knowledge, thus contributing to the firm's competitiveness (Mudambi, et al., 2014).

According to Park and Vertinsky (2016), RKT requires more effort than conventional knowledge, because subsidiaries or partners in emerging markets are regarded as less capable than their counterparts from developed nations. It is possible that parent company may not recognize knowledge potential in their subsidiaries. This is particularly true when MNCs are based in developed markets with subsidiaries operating in emerging markets (Piscitello & Pabbiosi, 2006). Most RKT studies tend to focus on emerging market MNCs that initially seek knowledge opportunity in developed nations rather than cost minimization (Kogut & de Mello, 2017). Although these developed market MNCs primarily aim to improve their competitiveness through cheap resources in EMs, we argue that MNCs have possibility to obtain competitive advantage by engaging with RKT in EMs. With the growing population, cheap labor pool, and vast resources, emerging markets have been strategically attractive business destinations to MNCs (Cavusgil, et al., 2018).

However, running any operations in these unsaturated emerging markets require various information, due to cultural and institutional differences (Leposky, et al., 2017). What works in developed economy might not apply to emerging countries. It is utmost important for firms to learn how to survive in volatile conditions. Therefore, subsidiaries, as senders or sources, are responsible for examining and transferring critical knowledge about the market to MNCs that are recipients. Companies have realized that their international business success is highly dependent to their achievement in emerging markets (Immelt, et al., 2009). The knowledge originated from subsidiaries in EMs can facilitate company global strategy by encouraging new product development and expanding network opportunities. Thus, RKT in EM context takes major role in MNCs success in the global arena.

2.6. Factors Influencing RKT

Previous studies (Abdullah & Liang, 2013; Ambos & Ambos, 2009; Bezerra, et al., 2013; Bhagat, et al., 2002) regarding reverse knowledge transfer considers either only the flow of information/knowledge from subsidiaries to their headquarters or discusses the individual factors that may affect this process. However, this study explores the comprehensive process of RKT by highlighting not only the bottom up transfer of knowledge (that may be marketing know-how, product know-how, R&D, and/or technical) from subsidiaries operating in emerging markets to

their headquarters in the developed countries, but also discusses various factors that may have a mediating role in the process. These factors are discussed here as under:

2.6.1. Source Unit Factors

Knowledge Skills - Whilst most authors agree with the notion of subsidiaries' knowledge requirement/skills, yet findings by Park and Vertinsky (2016) suggest different source factors. Based on examination of 199 Korean international joint ventures (IJV), authors concluded that subsidiaries' failure can also initiate the RKT process. It implies that subsidiaries do not have to be superior in knowledge resource. According to Kogut and DeMello (2017), scholars in RKT field generate conflicting results, regarding to the factors of both recipient and source. Therefore, further research should be conducted to generate robust knowledge.

Autonomy - Also, subsidiaries need more freedom to develop certain knowledge which could leverage MNCs competitive advantage. In order to find essential tools from target market, subsidiary should be able to make its own decisions. (Ernst, et al. 2015) With the aid of knowledge from subsidiaries, companies get aware of unique characteristics of certain market, social and political circumstances, market competitiveness, dealing with resource scarcity, and less developed infrastructures (Sheth, 2011). Therefore subsidiaries should have their own unique abilities and market knowledge to provide headquarters with superior knowledge asset. Moreover, subsidiary's access to knowledge driven network is imperative to RKT (Kogut, et al., 2019). That means subsidiary should have connection to knowledge centers such as universities.

Disseminative Capacity - Though it is important for knowledge recipient to have absorptive capacity to receive knowledge, sender should also be able to interpret knowledge properly (Maurer, et al., 2011). Disseminative capacity can be defined as the capability of articulating knowledge in a way that the recipient can understand (Tang, 2011). Simply it can be understood from the relationship between teacher and student. Whereas skilled teachers can simplify the learning process for students, unskilled ones can make it daunting for even competent students. Organizational knowledge transfer follows the same pattern. In order to transfer intangible assets such as skill or in-codifiable information, both source and recipient should put significant effort in learning process. Thus, disseminative capacity of knowledge sender and absorptive capacity of recipient should be taken together to understand the whole process of knowledge transfer in firm.

2.6.2. The RKT Process Factors

Internal Embeddedness - There are many factors that have significant influence on the process of RKT. Majority of scholars agree with the idea that internal embeddedness of both parties could improve trust between partners and thus promote RKT (Leposky, et al., 2017; Martins, 2016; Nair, et al., 2016; Park & Vertinsky, 2017) and at the same time prevent excessive power of one party (Najafi-Tavani, et al., 2015). Authors highlight that internal embeddedness is indispensable factor which promotes trust and absorptive capacity of knowledge recipient. In order to make effective knowledge transfer, headquarter and subsidiary activities should be integrated, filling the institutional distance. It is critical to mitigate institutional difference when MNCs operate in market that has distinct characteristics compared to their home countries' markets. The programs aimed at integration between subsidiary and headquarter would help parent company lower environmental uncertainty, exchange knowledge, and thus improve the credibility of both sides (Bezerra, et al., 2013). These programs can include frequent visits, trainings, shared assignments, etc. As a result of the cooperation between subsidiary and parent company, headquarters become more aware of the potentials in subsidiary and therefore more willing to assign strategic responsibility to the subsidiary.

Frequent Communication - Another factor which benefits RKT is frequent communication between parties. Knowledge tacitness is associated more with experience and thus requires more frequent communication between the sender and receiver of the knowledge. Reciprocal relationship based on trust would lead to better cooperation between parties, thus facilitate the process of RKT (Nair, et al., 2016). Therefore, trust is essential to both parties to make the knowledge flow efficient via frequent communication. To manage effective knowledge flow, MNCs should keep in touch with their subsidiaries abroad and thus strengthen their connection. However, it would be difficult for overseas partners to interact with each other in person due to the long distance. Thus, ICT (Information and Communication technology) reduces this burden and facilitates communication flow (Nair, et al., 2016). Park & Vertinsky (2016) suggest that face-to-face communication, rather than digitalization, should be considered when partners intend to share tacit knowledge. Other scholars such as Berzerra, et al. (2013) and Kogut, et al. (2019) have also emphasized the importance of personal integration in communication between subsidiary and headquarters, as it improves the relationship and trustworthiness.

Cultural Awareness - One of the key factors that encourage communication flow between cross-border partners is cultural awareness/intelligence (CQ). CQ refers to individual's capability of getting accustomed to uncertainty of unfamiliar cultural environments (Vlajčić, et al., 2019). The study by Elenkov & Manev (2009), revealed that senior expatriate's actions which are related to host country's cultural characteristics promote trust and thus strengthen the ties between subsidiary and parent company. Vlajčić, et al., (2019), further suggest that expatriate managers play important role in RKT process by recognizing effectiveness of specific local knowledge and transferring it to head office.

In general, various authors have identified transmission factors, though majority took different perspectives and context. For example, number of researchers conducted their studies in internationalization of MNCs from EMs (Nair, et al., 2016; Kogut & de Mello, 2017). Others reached the conclusion by analyzing previous studies, without conducting empirical research (Leposky, et al., 2017). Therefore, it is crucial to tackle factors which have an impact on RKT process in EM context.

Knowledge Relevance - In case of RKT, headquarters need to be convinced to take knowledge from subsidiary (Leposky, et al., 2017). Parent company can be persuaded when subsidiary knowledge is relevant to the productivity that parent company is seeking (Nair, et al., 2016). Therefore, knowledge relevance is an important factor in the flow of knowledge. Knowledge can be regarded as relevant if it creates new inferences by attaching to the current knowledge base (Nair, et al., 2016). Thus, we can assume that knowledge relevance promotes parent company participation in RKT by providing the opportunity to increase the productivity and/or generate innovative outcomes.

2.6.3. Recipient Unit Factors

Absorptive Capacity - Many scholars have emphasized the importance of absorptive capacity of knowledge recipient unit during the knowledge transfer (Park & Vertinsky, 2017). In general, *absorptive capacity* is the ability to recognize new knowledge, obtain, and utilize it till the business end (Nair, et al., 2016). Authors such as Bhagat et al. (2002) claimed that firm's ability to hunt for new knowledge relies upon its ability to control and combine new knowledge with the current intangible assets. Therefore, the absorptive capacity, in this study, refers to parent companies'

capability of absorbing new techniques and knowledge from subsidiaries to propose new ideas and accordingly implement innovation. Learning ability is crucial element in effective knowledge transfer. By improving their absorptive capacity, MNCs can increase the benefit from particular knowledge flow from subsidiaries. The critical side of this factor is that it has less efficiency when both partners have sufficient amount of knowledge (Liao, et al., 2012). However, in most cases MNCs from developed countries lack knowledge regarding the emerging markets due to significant differences between these two markets. Therefore, it is evident that there is knowledge gap between developed economy MNCs and their subsidiaries in emerging markets. As a means to fill this gap, parent company's absorptive capacity is critical component to knowledge transfer.

2.6.4. Result of RKT

Innovation - Although new product development or technology can obviously refer to the innovation, other activities such as obtaining new license agreement, starting new manufacturing or developing productive business method can also be considered innovative (Ayyagari, et al., 2011). When MNCs receive knowledge from emerging markets, they may encounter unexpected possibilities to re-build their strategy, develop new ways to expand market. Since most of the subsidiaries may contribute towards the parent companies in a way other than merely the financial aspects, that is why it would be inadequate to look at the outcome of RKT process in view of only financial progress of MNCs (Nair, et al., 2016). Therefore desired result of RKT for MNCs can be interpreted as productivity in performance. For instance, Wal-Mart's 'small super market' idea is generated in EM, but later well applied to the American market. Also the shock absorber developed in Brazilian subsidiary significantly benefited parent company in Italy, giving the opportunity of market expansion in global market (Costa, et al., 2015).

While few studies devoted to analyzing the effects of RKT on organizations, authors still ignored the perspective from MNCs while taking for granted the role of how RKT benefits the parent companies (Kogut & de Mello, 2017). For example, Najafi-Tavani, et al. (2015), found subsidiaries become more powerful as a result of RKT. Park & Vertinsky (2017) limited their research by taking interviews from only subsidiaries, taking parent companies for granted. Several authors highlighted positive correlation between knowledge transfer and innovation (DeNisi, et al., 2003; Jimenez-Jimenez, et al., 2020). However, it is evident that we know little about RKT

results in parent company. Since knowledge is considered unique and valuable asset which cannot be imitated easily by competitors, therefore, we assume that the outcome related to this resource would be new idea, thus innovation.

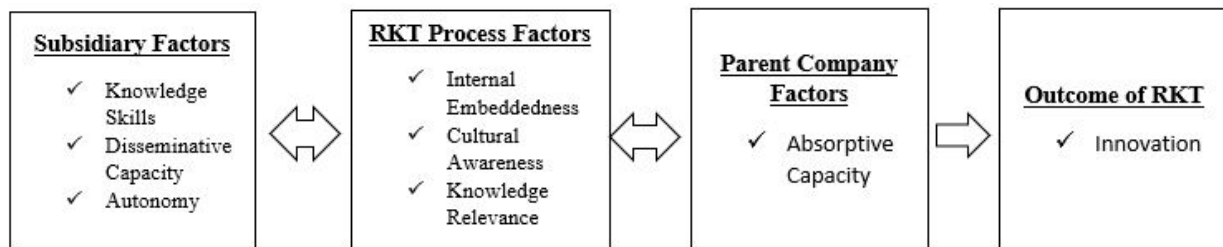
3.7. Conceptual Framework

Based on the above outlined theories, we established the framework of RKT for this study comprising of subsidiary factors, parent company factors, RKT process factors, and outcome of the RKT. For subsidiaries to initiate the RKT process are required to have autonomy, possess certain skills, and ability to disseminate knowledge to parent companies (Costa, et al., 2015; Nair, et al., 2016). Similarly, it is equally important for the parent companies to have the absorptive capacity in order to encourage RKT from subsidiaries (Nair, et al., 2016).

Moreover, frequent communication and personal interactions are crucial to acquire tacit knowledge (Nair, et al., 2016; Park & Vertinsky, 2017). Although, RKT is effective when there is significant distance between home and host country culture (Jimenez-Jimenez, et al., 2020). Nevertheless, it is imperative to mediate the differences between source and recipient units in order to avoid any conflicts during the learning process (Costa, et al., 2015). Also, trust and collaboration between knowledge source and recipient units are indispensable elements in the process of RKT (Nair, et al., 2016; Leposky, et al., 2017).

Knowledge is considered a valuable and inimitable resource, therefore leading to competitive advantage of the MNCs (Leposky, et al., 2017). Additionally, RKT progresses the possibility of innovation for parent companies (Jimenez-Jimenez, et al., 2020).

Figure 2. 1 RKT Process from EM Subsidiaries to DM MNCs



Source: Own Construction

The framework shows different steps involved in the reverse knowledge transfer process originating from subsidiaries with certain knowledge skills, ability to transfer those skills, and a certain level of autonomy in order to generate innovative ideas. The parent company also needs to encourage the source of knowledge to share their expertise and skills by showcasing a high level of absorptive capacity. There are also numerous mediating factors involved in this whole process of RKT affecting both the source and recipient units. These factors include internal embeddedness, cultural awareness and relevance of knowledge to be transferred. Finally, the framework also outlines the outcome of this comprehensive process of RKT from EM subsidiaries to DM parent companies.

3. METHODOLOGY

This chapter discusses in detail the method that has been employed to seek answers for the research questions and fulfill aim of the study. It further highlights the process of data collection and the participants involved in this study. Furthermore, this section will present the analysis of the data collected both from primary sources via interviews and secondary sources in the form of existing literature regarding reverse knowledge transfer and the factors involved. Also, in order to ensure the genuineness of the study, the reliability and validity of the findings of this research are discussed hereby under this section.

3.1. Philosophy of the Research Study

The concept of research philosophy implies a set of notions and beliefs behind the process of generating theories and developing knowledge (Saunders, et al., 2016). The philosophical viewpoint of the researchers leads to the development of specific research questions and consequently research methodologies and approaches to seek answers to those questions (Berryman, 2019). Research questions primarily manipulates the employment of particular research methodology, methods, and techniques. According to Saunders et al. (2016), researchers at every stage of the research process keep on making assumptions consciously or unconsciously regarding human knowledge (epistemological assumptions) and/or concerning the realities they may come across in the research (ontological assumptions). Thus, before initiating any study, researchers need to reflect on their own research philosophy by exploring and understanding their beliefs regarding the world around them.

A set of pre-planned and organized assumptions eventually contributes to credibility of the study by employing a suitable research methodology, choice of data collection, interpretation and analysis, resulting in a comprehensive research report in which every part fits well together (Saunders, et al., 2016). Prior to the selection of this research topic and during the course of its development, the authors had consistent discussions to reflect on the personal research philosophy and selection of various relevant aspects of the study. Considering the explorative nature of our study we chose nominalist ontology leading to qualitative method of data collection and analysis

with multiple perspectives as suggested by (Easterby-Smith, et al., 2018). According to (Easterby-Smith, et al., 2018, p. 66):

“Nominalism, an ontological view that objects in the world are ‘formed’ by the language we use and the names we attach to phenomena.”

3.1.1. Ontology

Ontology reveals a researcher’s viewpoint regarding the nature of reality (Saunders, et al., 2016). According to Scotland (2012), Ontology simply is the analysis of being. It is a perception of the researchers about the existence of a phenomenon. Ontology reveals the assumptions of the researchers based on their definition of reality and the world (Berryman, 2019). Although it may seem distant from the research objectives initially, but it is consistently reflected during the entire process starting from selection of research questions till the analysis of the findings (Saunders, et al., 2016). In the context of international business, management and knowledge transfer, ontology governs the way the researcher perceives these concepts and aim of the research study.

This research study established the existence of reverse knowledge transfer from subsidiaries operating in the emerging economies towards their parent companies in the developed economies and benefiting the overall performance. According to the ontological aspect of this study, we questioned the fundamental principle of this concept. It can be established based on the capabilities of the researchers to determine if the topic of discussion is objective or subjective in nature (Maolusi, 2020). However, founded on the researchers’ considerations of the social world and research subject area as a subjective matter leading to the relativism stance. And therefore, on the basis of subjectivity and existence of multiple realities substantiating relativism. According to Malousi (2020), relativism denies objectivity claims in a given realm and contends that facts in that particular sphere are subject to the views of the observer. Thus, a relativist ontological stance is embraced for this study considering the reality of the subject matter which is subjective in nature. Also, experiences of the participants of the study were gathered considering their relevance to the subject area. Doing this is of utmost importance as different researchers posit different perspectives regarding the process of knowledge transfer in different contexts.

3.1.2. Epistemology

The epistemological concerns of this study were established by extending on the ontological matters. Epistemology refers to the beliefs of the researchers regarding knowledge, the factors that constitute valuable knowledge and how it can be shared with others (Burrell & Morgan, 1979). According to Berryman (2019), epistemology deals with the ‘how’ of the knowledge as it reveals how the researchers get to know what they already know. It is also believed that it deals with the types and nature of knowledge (Scotland, 2012). Epistemology in a research study uncovers how the knowledge is generated, developed, and conveyed by the researchers. It provided our study the rationale behind choosing authentic research questions, the framework and other approaches employed and consequently developing valid and reliable answers that enhance the credibility of this research study.

Keeping in view the various assumptions regarding knowledge and its constituents, researchers are inclined to follow the concepts of their interests in distinctive ways (Maolusi, 2020). These strategies are categorized into positivism and interpretivism (Berryman, 2019). Positivism sees the truth to be isolated from human perceptions implying that both the knowledge and the knower are apart. Therefore, researchers following the positivist paradigm chose objective questions with quantifiable answers (Berryman, 2019). While interpretivism on the contrary expanded as a subjectivist viewpoint by criticising positivism. It views the world from a different angle compared to positivism by considering several truths regarding the subject matter. It implies the development of truth as a result of social interactions and constructions via shared awareness (Berryman, 2019). It addresses the ‘why’ and ‘how’ questions regarding the subject matter for a better understanding and hence regarded as to represent mostly qualitative studies.

Henceforth, according to the positivist epistemological paradigm, knowledge is considered to be a solid reality and objective in nature. While, on the other hand, interpretivist epistemological paradigm considers knowledge to be an intangible phenomena that is subjective in nature (Maolusi, 2020). Based on the constructivist epistemological stance, the study targeted participants of the study with first hand internal experience and to have their subjective opinion regarding the process of reverse knowledge transfer in the context of emerging market.

3.2. Research Design

The success and quality of a research study is considered to be dependent to a greater extent on the research design that paves way for the whole process starting from research aim, research questions and until results of the study (Abutabenjeh & Jaradat, 2018). It can be considered as a planning process of gathering appropriate data and analyzing it for more clearer picture of the subject matter and therefore holds a central position in conducting effective research studies. An inconsistent research design has more chances to result in ineffective outcomes or even failure of the study. Therefore, careful consideration regarding data collection and analysis is of utmost importance. According to Maxwell (1941), a proper research design enables the researcher to carry out extensive research in order to attend the gap in literature once identified and then to fill that gap and accomplish aim of the study.

Qualitative method is primarily categorized as inductive and deductive approaches. A deductive approach moves from general to specific by referring to a theory based on the area of interest and literature gap, generating hypotheses, testing the derivative hypotheses, and reviewing the theory (Locke, 2007). While inductive approach on the contrary moves from specific to more general by generating empirical findings regarding a particular subject matter and developing themes and theories as an outcome (Locke, 2007). Inductive approach is deemed vital for the development of new credible theories and therefore rationally preceded deduction aimed at examining and treating theories (Woiceshyn & Daellenbach, 2018).

This research study employed an exploratory qualitative inductive research approach with semi-structured in-depth interviews and grounded theory for analysis as a research design. Grounded theory encompasses the analysis of collected data for developing new theories, grounded in the actual data (Glaser & Strauss, 2017). Inductive approach also helped us in summarizing the recorded interviews resultantly instituting a connection between aim of the study and subsequent findings. According to Singh (2007), qualitative exploratory studies provide a foundation for researchers to explore issues comprehensively and achieve in-depth understanding regarding their intended subject area. Studies that are relevantly new with no clear alternate options previously delineated or when the authors feel inquisitive regarding a certain topic normally embark on exploratory method. Thus, in line with the objective of qualitative analysis, exploratory technique

goes further to take the perspectives of the participants regarding the issue (Tellis, 1997). This approach also helps in establishing the research design and method of collecting data (Singh, 2007). Thus, our choice of research design is based on observation of the patterns and developing the justifications behind those patterns with the likelihood of drawing conclusions from theory and research questions as suggested by Bernard (2011).

3.3. Unit of Analysis

The participants of a research study can be referred to as the unit of analysis. The unit may comprise of a single person, or a group of participants, companies, countries, and entities depending on the aim of the research (Kumar, 2018). Usually, research studies prefer to employ one particular unit of analysis in order to avoid unwanted components and focus more on the accomplishment of the research aim. Researchers need to carefully consider the unit of analysis for their study based on the research objective and in order to achieve the primary goal of the research study. In order to clarify this point further, a researcher should know the nature of data required and where to get that data from. While, failing to do so may result in inappropriate findings of the study (Kumar, 2018).

The participants of the study (unit of analysis) should offer only relevant information that coincides with the aim of the research. Hence, in order to make sure to get access to only valid and reliable data for our study and to ensure the achievement of our research study aim, we carefully designated our unit of analysis including managerial employees within multinational companies concerned with knowledge generation and sharing. These personnel both at parent companies (in developed countries) and at subsidiaries (in emerging markets) offered appropriate insights, suitable for achieving the aim of our study.

3.4. Research Approach

Primarily, there are three major approaches employed by researchers for conducting research studies. These are named as qualitative, quantitative, and mixed method approach (Bryman, et al., 2018). The end results of these approaches may vary depending on the different strategies employed during the research process. Quantitative approach can be defined as a process aimed at testing theories that are objective in nature, and studies association among the variables

encompassed. This approach relies on quantitative data that is collected via closed ended survey questionnaires which are further analyzed using statistical tools and quantified results are obtained (Creswell, 2014).

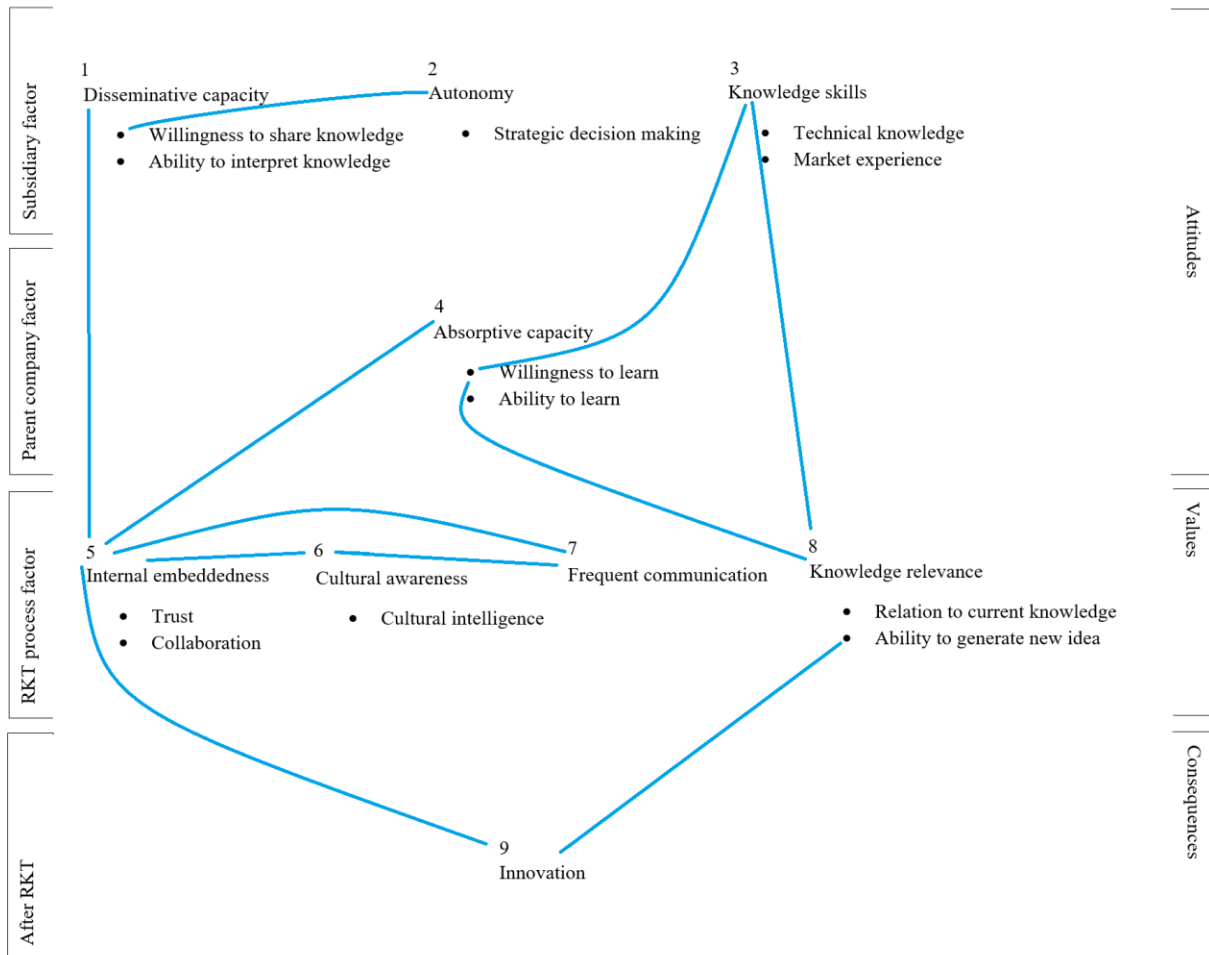
Mixed method approach on the other hand utilizes both quantitative and qualitative data while investigating a subject matter and for that reason may rely on philosophical assumptions and/or theoretical frameworks. Researchers adopting this approach have the luxury of using both quantitative and qualitative data collection techniques including observations, interviews, and surveys for conducting research studies. This data collection process may occur simultaneously for both qualitative and quantitative data or it may take place sequentially as per the situation may demand (Creswell, 2014).

Qualitative approach is concerned with exploring and identifying a phenomenon and subjectively interpreting the meaning associated with it (Creswell, 2014). Qualitative method utilizes numerous data collection techniques including observation, open ended questionnaire survey, structured and in-depth interviews, ethnography, and focus group discussions (Bryman, 2012). Data derived from the respondents regarding the intended area of interest will have to go through empirical examination. Thus, data after collection process is categorized in to different themes for analysis. Consequently, the empirical results are presented as a new theory linked to an enquiry into the subject area via research questions.

An exploratory, qualitative research strategy is adopted to conduct this study as the purpose here is qualifying rather than quantifying, which is coinciding with the characteristics of qualitative studies (Bryman, 2012). The focus of qualitative studies primarily is on the already established theories usually leading to an inductive approach of developing a new theory. Grounded on the existing literature regarding reverse knowledge transfer in the context of emerging markets, we infer that there does exist transfer of knowledge from the subsidiaries that are operating in emerging market to their headquarters in the developed market. However, the research design we employed will validate the findings and enable us in achieving the aim of our research study.

Below appended Figure 3.1 shows cognitive evaluation mapping that illustrates connections among research fragments.

Figure 3. 1 Cognitive Evaluation Map



Source: Own Construction, Adapted from Easterby-Smith, et al., 2018, p.199

— Linkage between variables

Cognitive mapping is the data collecting technique that illustrates connections among research fragments (Easterby-Smith, et al., 2018). This method helps scholars see and understand the patterns of data and their relationship. By making the map, we are able to use laddering up technique in our interview session. Laddering up is the interview method in which researchers seek for broader explanation to the previous statement of respondents (Easterby-Smith, et al., 2018). That way, we can address more relevant questions to achieve our main goal.

3.5. Operationalization

In order to enhance our understanding of the variables under discussion, operationalization of these factors and connecting to the core theories plays a vital role in this regard (Zait, 2016). Operationalization is the process of setting pointers for measuring important concepts involved in the study (George & Marino, 2011). This study followed the existing literature regarding knowledge transfer in multinational companies, specifically theories concerning the bottom up process of knowledge sharing in the context of emerging markets in order to develop interview questions for data collection interviews. Moreover, these questions were grouped based on classified themes to conduct comprehensive data from relevant respondents. We developed questions for both subsidiary units and parent companies separately in order to have perspective of both the actors in the process and cover all-inclusive factors affecting the process of reverse knowledge transfer from emerging market subsidiaries towards their parent companies based in the developed countries. The operationalization table of this study is mentioned below in Table 3.1 and Table 3.2.

Table 3. 1 Questions to be Addressed to Parent Companies

Theme	Questions		Link to literature	Link to RQs
Subsidiary factors	1.	In general, what role does the particular subsidiary play in your company? (R&D, sales, or manufacturing)	Based on resource, subsidiaries have different role in MNCs, for ex, while some have strategic role, others implement the company main activities (Gupta & Govindarajan, 1991).	How knowledge source and recipient factors influence the process of RKT from EM subsidiaries to DM MNCs?
	2.	Is the subsidiary fully owned or joint venture?	Subsidiary establishment can influence the process of RKT (Kogut & de Mello, 2017).	
	3.	What are the unique characteristics of this subsidiary? How does it differ among other subsidiaries?	Subsidiary is required to obtain certain skill and ability to transfer knowledge to headquarters (Costa, et al., 2015; Nair, et al., 2016).	

Parent company factors	4.	How do you organize learning environment?	The capability of absorbing knowledge is important factor for recipient unit to make effective RKT (Nair, et al., 2016)	
Transmission factors	5.	What are the challenges that you face in receiving information from the subsidiary?	Organizations should formulate knowledge supportive environment in order to motivate internal stakeholders to share, learn, and obtain knowledge from each other Invalid source specified.	How is reverse knowledge transferred from EM subsidiaries to DM MNCs?
	6.	How can the communication with EM subsidiaries become smoother?		
	7.	How often do you communicate with the subsidiary? If there are any communication barriers between subsidiary managers and parent company?	Frequent communication and personal interactions are crucial to acquire tacit knowledge (Nair, et al., 2016; Park & Vertinsky, 2017).	
	8.	How do you evaluate the subsidiary's ability to create innovation?	One of the blocks which hinder RKT is low perception of subsidiary's ability (Park & Vertinsky, 2017).	
	9.	How do you manage cultural issues while working with the oversea subsidiary? Any example?	RKT is effective when there is significant distance between home and host country culture (Jimenez-Jimenez, et al., 2020). But it is imperative to mediate the difference, thus avoiding any conflict during the learning process (Costa, et al., 2015).	
	10.	It is important to trust business partners. How do you manage trust issues with your subsidiary?	Trust between knowledge source and recipient is indispensable element in RKT process (Nair, et al., 2016; Leposky, et al., 2017) The question tackles how do headquarters and subsidiary trust each other.	
	11.	What kind of information does your company request from that subsidiary? For example, marketing knowledge, technical, technological, etc.	Tacit feature of knowledge is considered valuable and inimitable, thus leads to competitive advantage (Leposky, et al., 2017)	
Parent company after the RKT	12.	How can knowledge from subsidiary benefit the company? Any example?	RKT improves the possibility of innovation for parent company (Jimenez-Jimenez, et al., 2020)	How reverse knowledge transfer benefits the recipient unit?

Table 3. 2 Questions to be Addressed to Subsidiary Units

The me	Questions		Link to literature	Link to RQs
Subsidiary factors	1.	In general, what role does your subsidiary play in your company? (R&D, sales, or manufacturing)	Based on resource, subsidiaries have different role in MNCs, for ex, while some have strategic role, others implement the company main activities (Gupta & Govindarajan, 1991).	How knowledge source and recipient factors influence the process of RKT from EM subsidiaries to DM MNCs?
	2.	Is the subsidiary fully owned or joint venture?	Subsidiary establishment can influence the process of RKT (Kogut & de Mello, 2017).	
	3.	What are your subsidiary's capabilities that attract attention from parent company?	Subsidiary is required to obtain certain skill and ability to transfer knowledge to headquarters (Costa, et al., 2015; Nair, et al., 2016).	
Parent company	4.	How do you perceive parent company ability to learn? Or to manage learning environment	The capability of absorbing knowledge is important factor for recipient unit to make effective RKT (Nair, et al., 2016)	
Transmission factors	5.	What are the challenges that you face in sending information to the parent company?	Organizations should formulate knowledge supportive environment in order to motivate internal stakeholders to share, learn, and obtain knowledge from each other Invalid source specified.	How is reverse knowledge transferred from EM subsidiaries to DM MNCs?
	6.	How can the communication become smoother?		
	7.	How often do you communicate with parent company? What are the communication barriers between subsidiary managers and parent company?	Frequent communication and personal interactions are crucial to acquire tacit knowledge (Nair, et al., 2016; Park & Vertinsky, 2017).	
	8.	How does parent company perceive your subsidiary's capabilities?	One of the blocks which hinder RKT is low perception of subsidiary's ability (Park & Vertinsky, 2017).	
	9.	How do you manage cultural issues while working with the parent company? Any example?	RKT is effective when there is significant distance between home and host country culture (Jimenez-Jimenez, et al., 2020). But it is imperative to mediate the	

			difference, thus avoiding any conflict during the learning process (Costa, et al., 2015).	
	10.	It is important to trust business partners. How do you manage trust issues with parent company?	Trust between knowledge source and recipient is indispensable element in RKT process (Nair, et al., 2016; Leposky, et al., 2017) The question tackles how do headquarters and subsidiary trust each other.	
	11.	What kind of information does your subsidiary share with parent company? For example, marketing knowledge, technical, technological, etc.	Tacit feature of knowledge is considered valuable and inimitable, thus leads to competitive advantage (Leposky, et al., 2017)	
Parent company after the RKT	12.	How can knowledge from subsidiary benefit the company? Any example?	RKT improves the possibility of innovation for parent company (Jimenez-Jimenez, et al., 2020)	How reverse knowledge transfer benefits the recipient unit?

3.6. Target Companies and Participants

The study primarily targeted different multinational companies operating in different knowledge intensive sectors including Information Technology and Telecommunication, Project Management, Engineering and Management sector. The rationale behind selection of these companies basically was that we needed to approach such multinational companies that were based in developed countries with having subsidiaries in emerging markets and to have their responses based on their first hand experience regarding reverse knowledge transfer. Also, these sectors stood out among others as more knowledge intensive concerning new knowledge generation, development and sharing and were more suited to our aim of the study.

Table 3. 3 Companies and Markets

S. No.	Company	Country of origin	Role
P1	IT	India- EM	Subsidiary
P2	Telecommunication	Pakistan-EM	Subsidiary
P3	Project Management	Pakistan-EM	Subsidiary
P4	Project Management	US-DM	Parent Company
P5	IT	Pakistan-EM	Subsidiary
P6	Engineering	Pakistan-EM	Subsidiary
P7	Engineering	Pakistan-EM	Subsidiary
P8	Logistics	Denmark-DM	Parent Company
P9	Logistics	India-EM	Subsidiary
P10	IT	Bangladesh-EM	Subsidiary

*EM-Emerging Market

*DM-Developed Market

According to qualitative researchers, there is no definite number that has been set for selecting target participants for data collection interviews especially for qualitative research studies (Fjellström & Guttormsen, 2016). It is further recommended to keep in view the obstacles associated with gaining access to those participants and occupying them for a fairly long period of time consequently affecting the overall results of the study. Thus, considering not only the complexities but also the nature of our research topic demanded the purposive selection of our target participants who were also conveniently accessible. We selected individuals who were directly involved in the process of generating and managing new knowledge and/or innovative ideas and also could influence the knowledge transfer process working in those particular MNCs. We believe these individuals could provide us valid and reliable information that would substantiate the findings of our study and research aim.

Consequently, we approached managerial employees with in the target companies working in the head offices based in developed countries and subsidiaries in emerging markets in order to avoid irrelevant information keeping in view the time limitation for both researchers and respondents. Though, we were initially also interested in interviewing the expatriate managers in order to accomplish triangulation but that did not happen because of their organizational commitments and time constraints. Eventually, we were able to interview ten participants in total from both parent companies and subsidiaries. The respondents are termed as P1, P2, P3 ... P10 respectively. We have summarized the details of the process and participants in below mentioned table 3.4.

Table 3. 4 Participants Information

S. No.	Designation	Experience (No. of years)	Interview Date	Duration
P1	Unit Manager	20 Years	22 Nov 2020	1 hour 12 mins
P2	Assistant Manager	06 Years	02 Dec 2020	55 mins
P3	Sr. Energy Specialist	08 Years	03 Dec 2020	48 mins
P4	Senior Associate	10 Years	03 Dec 2020	40 mins
P5	Functional Consultant	03 Years	07 Dec 2020	35 mins
P6	Country Manager	10 Years	07 Dec 2020	1 Hour 5 mins
P7	Manager Aftermarket	05 Years	07 Dec 2020	1 Hour
P8	Director Operations	25 Years	14 Dec 2020	1 Hour 7 mins
P9	Regional Manager	06 Years	15 Dec 2020	58 mins
P10	HR Manager	13 Years	21 Dec 2020	50 mins

3.7. Interviews and Data Collection

Interviews can take three major forms including structured, semi-structured and unstructured types of interviews (Wethington & McDarby, 2015). Fully structured interviews are mostly very time consuming and detailed while unstructured interviews have a higher chance of failing to generate sufficient and relevant information. While semi-structured interviews based on thoroughly composed set of questions can be a useful tool to not only limit the responses of the respondents

from getting too lengthy but also restrict the chances of gathering irrelevant information (Creswell, 2014). Thus, based on inductive approach, our study employed semi-structured interview tool in order to explore the process of reverse knowledge transfer in emerging market context and its effect on innovation.

Initially, we sent emails to multiple multinational companies who were fulfilling the criteria of our topic. We targeted companies that were based in developed markets while having subsidiaries operating in emerging markets. Around 20% of the companies responded back by declaring that due to the COVID-19 pandemic they had cut down staff attendance as highlighted by other studies (Thams, et al., 2020), and also reduced the number of working hours and therefore they are not going to be able to give us that time since they needed to focus on organizational tasks. Approximately, 25% replied by simply letting us know that they will not be able to help us in conducting the interviews. While 35% of the companies have not responded to our emails/queries. Also, 10% did reach back to us by saying that they will get back to us soon. Most of the companies on this list had not displayed their contact email IDs, rather they had a contact form to reach out to them. Although none of the companies who were contacted via contact forms accepted our request for conducting the interviews. However, the response rate of most of these companies was higher as they did respond to the contact forms that we submitted, compared to other companies we contacted via email.

Only 9% of the companies responded back by agreeing to participate in the study and allow us to conduct data collection interviews. We shared formal request letter (Appendix 2) with those companies and asked for a schedule based on their convenience regarding time and mode of digital communication. Due to the COVID-19 pandemic, we were unable to conduct these interviews in person and so had to specifically request for digital interviews. Thus, we conducted digital interviews on Zoom, WhatsApp, Google meeting and TEAMS with our respondents. These modes of digital meeting were selected based on their convenience and the ease of accessibility for both interviewers and interviewees. Krouwel et al. (2019) highlights the utilization of digital modes in the process of data collection interviews and presents their findings that not only Zoom, WhatsApp, Google meeting, Facebook and Skype are free of charge but it also helps in saving a lot of time, cost, and physical effort. These modes of conducting data collection processes are

considered to be comfortable for both researchers and respondents and also deliver relevant results like face-to-face meeting (Krouwel, et al., 2019).

Prior to initiating the interview process, the respondents' permission was sought for recording the session and taking notes of the discussion, as suggested by (Yates & Leggett, 2016). Although, our interview questions were pre-planned for both parent companies and subsidiaries. However, follow up questions were also asked in between the interview sessions if any clearance was needed and/or to achieve profound information regarding the subject matter. Also, after each interview the we referred back to the interview questions to make necessary adjustments in order to refine the tool further by adding follow up questions to get access to more information from the respondents.

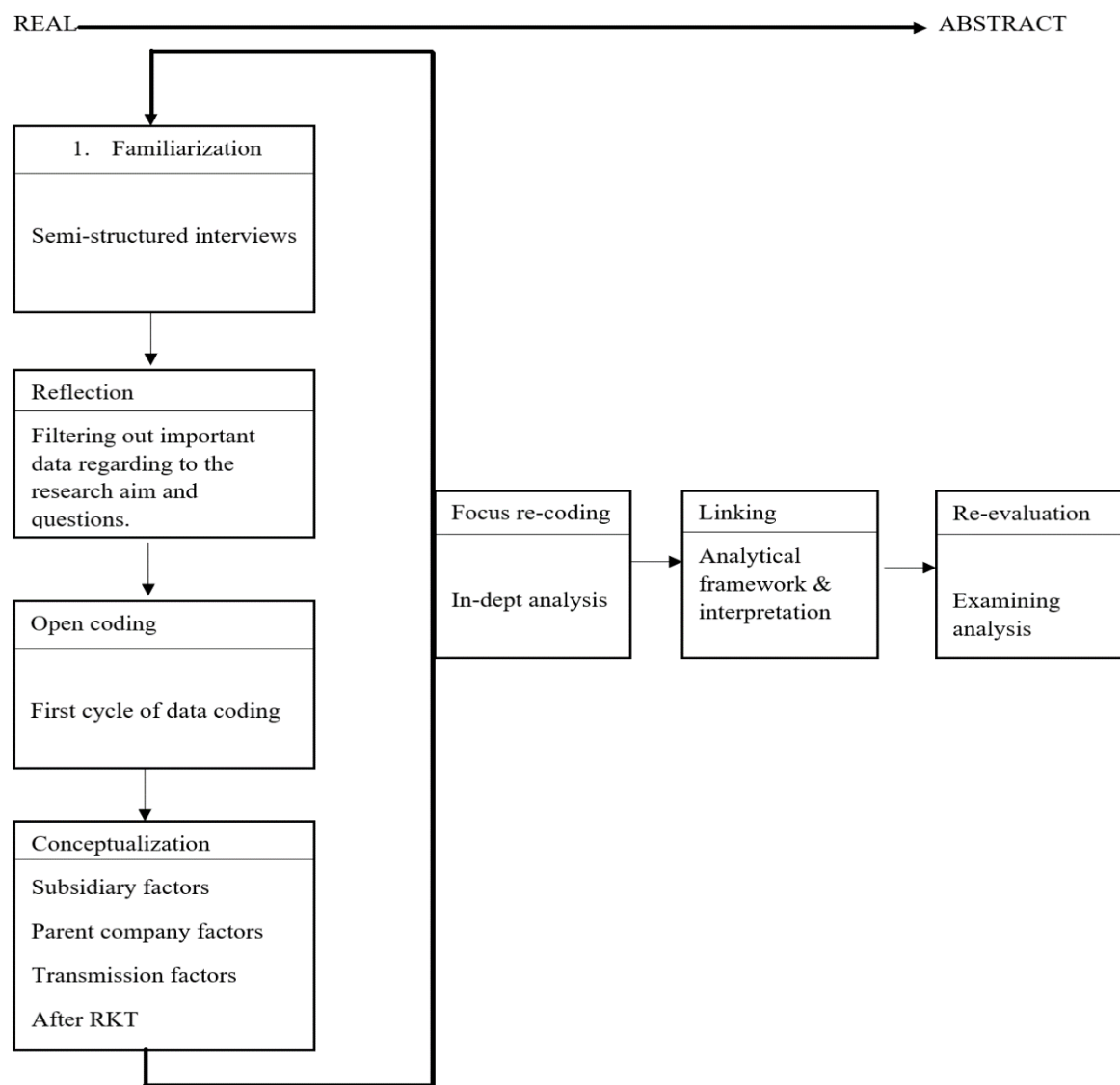
3.9. Analysis Method

Inductive approach exposes the real image of the subject rather than following the existing theories (Gummesson, 2005). In other words, the theory transforms tacit knowledge such as experience, skill, or process into written form. With inductive characteristics, grounded theory is well-known method to analyze data in qualitative research (Gephart, 2014). Developed by Glaser & Strauss (1967), grounded theory starts from data collection or observation and further leads to generate new perspectives based on data that incorporate attitude, words, and actions of research units. One of the essential qualities of this theory is its intention to produce beyond the explanation of the phenomenon through the systematically collected and analyzed data. Therefore, grounded theory is widely used by researchers due to its validity and realistic feature (Gummesson, 2005). Although it has inductive nature, grounded theory also reflects abductive features while making comparison of data. This perspective is also exposed by Gummesson (2005), as he suggested alternative explanations to research findings. By involving interaction among multiple actors and their actions, our study aims to generate conceptually dense results. Thus, we find grounded theory is suitable to analyze our data.

Moreover, it should be noted that grounded theory, as built by 2 scholars, was categorized into two types, each has its own distinctive nature (Goulding, 2002). Whereas Glaser focuses on interpretation, and contextualization of theory development, Strauss emphasizes systematic coding tools (Goulding, 2002). Glaser (1965) developed the third approach, constant comparative method by combining both explicit coding and analytic method to interpret the data in more systematic

way. Considering our purpose which is to produce comprehensive understanding of phenomenon under the study, we choose constant comparative method of joint coding and analysis. Therefore, data will be analyzed through coding, interpretation, and conceptualization. Under this approach, researcher should take collecting, coding, and analyzing data at the same time (O'Reilly, et al., 2012). In grounded analysis, seven steps need to be followed including, Familiarization, Reflection, Open coding, Conceptualization, Focused re-coding, Linking, and Re-evaluation (Easterby-Smith, et al., 2018).

Figure 3. 2 Model for Grounded Analysis



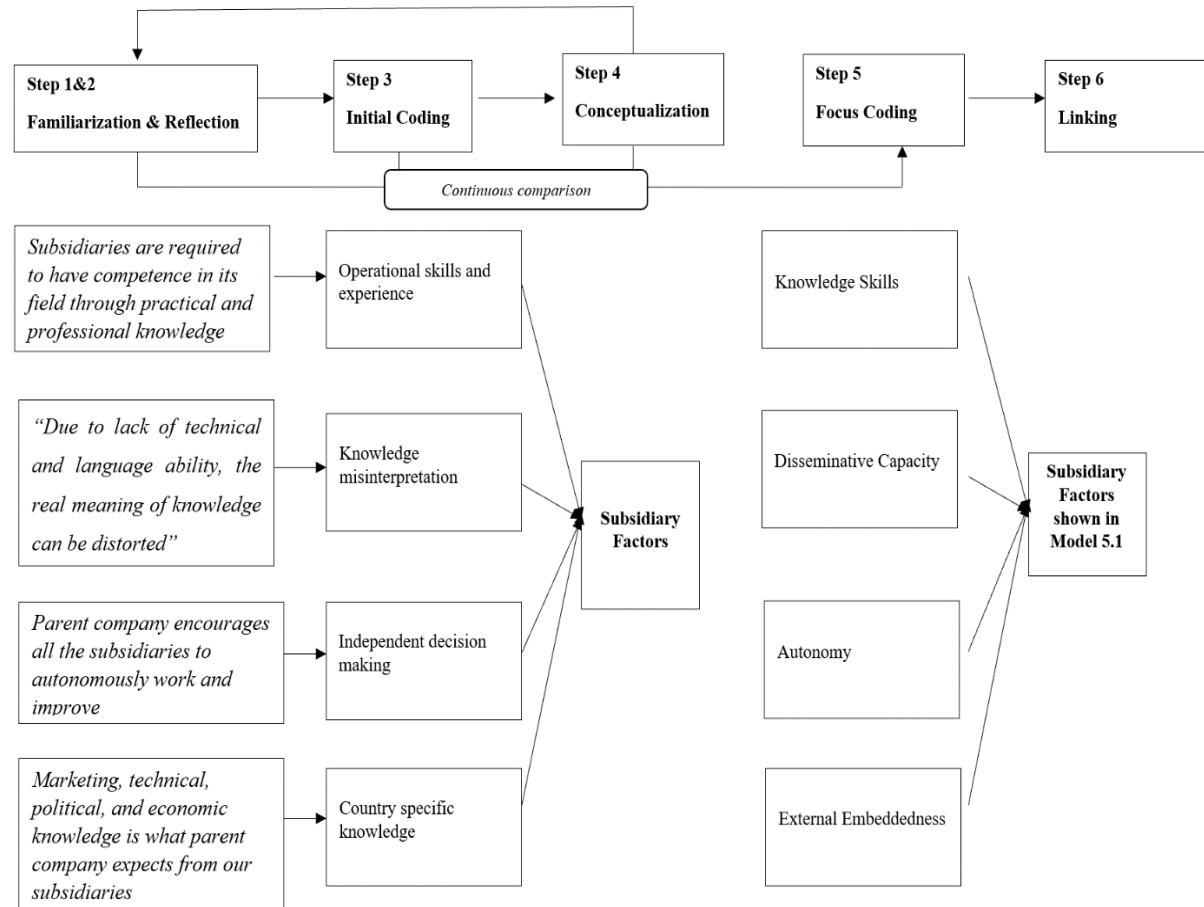
Source: Own Construction, Adapted from Easterby-Smith, et al., 2018, p.245

1. *Familiarization*- At the initial stages of data collection, the authors kept the written memo at every interview as suggested by (Cepellos & Tonelli, 2020). Memo-writing is indispensable method in grounded analysis as it helped the authors to reflect on codes, research questions, and new perspectives as highlighted by (Easterby-Smith, et al., 2018). By writing memo at every interview, we were able to see which research question has been answered, which part should be taken more in-depth in the next interview. This process was repeated for every participant. That way, we kept refining the interview questions to fit the data relevance. We have conducted ten interviews in total via open ended questions.
2. *Reflection*- this stage is for filtering out the essential data from initial data set. In doing so, we evaluated raw data through critical questions recommended by Easterby-Smith et al (2018 p.243). These questions include: *What are these data about? Do they support existing knowledge? Do they answer previously unanswered questions? Are they different? What is different?* Here, second type of memo- writing is taken through detailed notes made from each interview. Both of these memo writing stages assisted us to develop our theory and interpret the findings.
3. *Open coding*: According to Easterby-Smith et al (2018), the coding process takes at least two stages: *open coding and focus coding*. In open coding, we examined data particles through their analytical importance, as outlined by (Cepellos & Tonelli, 2020). In general coding is the process of summarizing the mass of data into a single word or short phrase (Easterby-Smith, et al., 2018). Therefore, initial codes were written in descriptive form. In doing so, we divided raw data into separate parts and compared each to find the difference and similarities under the category. For example, one participant mentioned: *"The subsidiary's experience is a strength for the parent company in the market during bids"* (P4, Project Management Sector). This was labelled into "Knowledge skills". Furthermore, similar descriptions were compared to initial views and final categories were formed by constant comparisons.
4. *Conceptualization*- During this stage, codes were compared in search for their *similarity, difference, frequency, sequence*, and correlation, as mentioned by (Easterby-Smith, et al., 2018). This allowed us to see concepts and themes that explained the subject in more comprehensive way. To conceptualize the codes, we studied each category by making short descriptions and created the attachment among pattern of categories. Based on the

frequency of certain transcripts, related codes were categorized into one unit. For instance, evidence associated with experience or abilities of subsidiary creates the category 'Knowledge skills' under subsidiary factors.

5. *Focused coding*- in second cycle of coding, researchers are required to go back original data and re-analyze through comparison (Cepellos & Tonelli, 2020). Hence, for authors this continuous pattern of back and forth of collecting, coding, and analyzing data resulted various properties, assumptions, and features which expose theoretical underpinnings, as stated by (O'Reilly, et al., 2012). With the aid of comparison of initial coding and conceptualization, we observed that frequent communication was mentioned by all our participants, however, during the focused coding stage by constantly comparing the codes it was subjectively inferred that it was actually the context of communication and not the frequency that resulted in the positive outcome of reverse knowledge transfer.
6. *Linking*- During this phase, analytical interpretation of RKT process was provided. By examining refined data and memo, theoretical framework is developed into model of RKT depicting complete process. Furthermore, constant comparative approach allowed us to produce fresh arguments and supporting points in detailed structure, as indicated by (Gephart, 2014). This is achieved through review of the current data and previous findings. In this stage, we provide final framework with new findings in addition to theoretical variables.
7. *Re-evaluation*- In this stage, the focus was to re-examine the whole process of analysis. It is possible for researchers to take some factors for granted while exaggerating the others (Easterby-Smith, et al., 2018). Therefore, re-evaluation is necessary to keep the balance. During the re-evaluation, we realized that we had labelled the country specific political and economic knowledge of subsidiary into 'knowledge skills'. However, this country specific knowledge should have been associated with 'external embeddedness' of subsidiary units. With the aid of re-evaluation, we considered this factor relevant to our framework. Below given Figure 3.3 shows the example of grounded theory analysis adopted for this study.

Figure 3.3 Modified Grounded Theory Analysis (Illustrates example of the steps we followed in the analysis of data)



Source: Own Construction

Figure 3.3 illustrates an example of the application of modified grounded theory analysis. Though, the figure here shows only one aspect i.e., subsidiary factors, in the final model of RKT presented below (Figure 5.1). However, the detailed process is annexed under Appendix 1 showing the application of a modified grounded theory analysis with complete factors.

3.10. Credibility, Reliability and Validity

Fidelity of the research data is a vital component of the research process. The quality of a research study can be measured by the level of confidence in the collected data, its interpretation and analysis. A trustworthy research study ought to have findings that can be trusted (Korstjens &

Moser, 2018). Trustworthiness of the research studies can be assessed via its credibility, validity, and reliability (Connelly, 2016).

3.10.1. Credibility

Credibility is considered to be the most valuable standard for qualitative studies in order to be considered trustworthy (Connelly, 2016). Credibility of a research study can be achieved via extended meetings, persistent observance, multiple perspectives, and partner inspection (Connelly, 2016; Korstjens & Moser, 2018). However, not all of these steps may be fitting every research study and therefore researchers need to evaluate which of these can be utilized more appropriately based on the nature of their study. Credibility of our study was ensured by having extended sessions with interview participants, and then relentlessly scrutinizing the relevance of the information collected, and finally discussing it with our supervisor. Credibility of a research study may include the following characteristics;

Transferability suggests the utilization of research findings of a particular study across other situations and proving to be substantial (Connelly, 2016). It ascertains the applicability of a research study and its usefulness for other researchers in other contexts as well. We offered an extensive contextual explanation of all the sections of this study aiming to fulfil this important criteria and add to our study.

Dependability showcases how durable and balanced is the research data across different intervals and also the overall situation of the study with the passage of time (Connelly, 2016; Korstjens & Moser, 2018). This was ensured by constant examination of the process and discussions with supervisors.

Confirmability shows the impartiality and uniformity regarding the outcome of research study even after recurrence (Connelly, 2016). It was ensured during the course of this study by continued examination of the methodology and analysis processes.

Authenticity illustrates the degree to which the responses of the respondents along with other relevant realities are expressed by the researchers in their study (Connelly, 2016; Korstjens & Moser, 2018). The authenticity of this study was ensured by selecting suitable participants relevant to the field of the study who offered us their comprehensive responses regarding the research topic.

3.10.2. Reliability

Reliability of research study is concerned with the measurement method employed in the study. It demonstrates, generating the same outcome each time a particular technique is employed (Hayashi, et al., 2019). The reliability of this research study is ensured by approaching each participant with the same approach and creating a uniform environment for the respondents to fully understand the concept and respond openly, based on their experiences.

3.10.3. Validity

Validity of research study illustrates well established research idea, appropriate measurement tools and relevant conclusion. A valid study must include relevant information based on factual data and effective utilization of measurement tools in the research process in order to measure what they are supposed to measure (Hayashi, et al., 2019). For instance, a study aimed at measuring the social values of a society should only focus on and measure the social factors and not the economic factors. The participants of this study were chosen based on their experience, relevant knowledge, and designation in order to gather only relevant in-depth information and data to answer our research questions. Digital interviews offered us a chance to clearly explain our research questions, and gather their detailed answers, hence adding up to the validity of this study.

3.11. Ethical Consideration

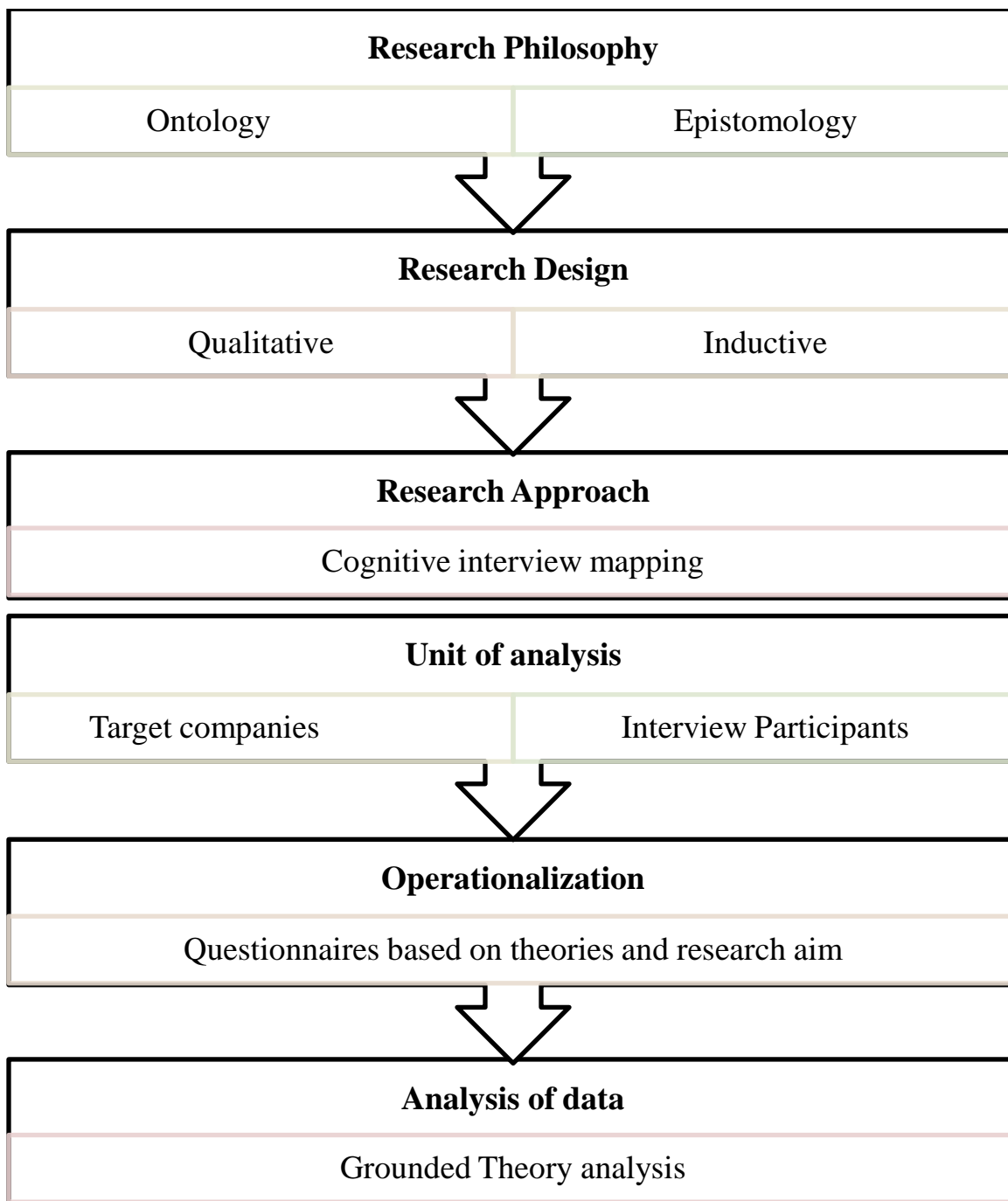
The need for ethical considerations can be witnessed in all types of research studies because the researchers need to consider their influence on the participants of the study, the relevance of the methodologies adopted, the researchers' function, and reasoning behind these selections (Sobočan, et al., 2019). Researchers must know what is considered to be appropriate and inappropriate particularly in the given context and therefore should be concerned about the consequences and impact on the participants. These considerations include an apprised approval of the respondents, confidentiality of their privacy, and honesty during the research process (Diener & Crandall, 1978). According to Babbie (2010), there are certain research ethics need to be considered by the researchers including participants' willingness to participate in the study, no detriments for the participants, privacy and anonymity, and honesty.

This research study ensured to follow all the ethical guidelines and considerations during the entire process as suggested by (Silverman, 2016). Voluntary participation of the respondents was ensured by sending them formal request letters along with the interview questions with a note to corroborate the time, date and means of the interview according to their convenience. We further conveyed that it is solely voluntary process with no compulsion whatsoever on their participation. We also refrained from expressing opinions or comments that could be detrimental psychologically or physically to the participants' personal and/or professional lives. Furthermore, we explicitly asked for the permission of the respondents to record video, audio sessions and also take notes of their comments prior to each interview session. Based on their choices we are therefore ethically restrained to disclose the participants' identity and/or other sensitive information they conveyed during the process. And finally, to ensure full honesty, the participants were made aware to articulate their experiences and views freely and they were not drawn towards any point at any stage of the process merely to enhance the quality of the study. Also, they were given full freedom during the interviews to answer only those questions they feel comfortable to answer and can skip to respond to any question they might feel otherwise.

3.12. Summary of Research Process and Methodology

The research process followed during the course of this study is presented in below appended figure 3.6. It also encompasses a brief overview of our research methodology along with the interconnections between each step. The process starts with the philosophy of research followed by a comprehensive qualitative research design and inductive approach. Data collection interviews are restricted to managerial employees of both subsidiaries and head offices of MNCs that are operating in EM as our unit of analysis leading to the operationalization of our interview questions. Finally, the data collected during interviews is analyzed using grounded theory method. Figure 3.3 given below presents the research process we followed.

Figure 3. 4 Research Process



Source: Own Construction

3.13. Limitations of the Methodology

Although, this study included both subsidiaries' and parent companies' perspectives in the data collection process, however, it would have further enhanced the quality of the research methodology if expatriate managers' perspectives could have been included as well for achieving the triangulation. Also, keeping in view the nature of qualitative research methodology and data collection interviews being exceedingly time consuming, a couple of the respondents were unable to provide in-depth responses due to the time constraints and their busy work schedule. Besides, most of the respondents were having confidentiality concerns which could possibly lead to not openly expressing their opinions and therefore hindering the generalizability of the findings. According to (Easterby-Smith, et al., 2018, p. 269), in order to enhance the quality of the qualitative research studies it should encompass self-reflexivity and transparency.

4. EMPIRICAL STUDY

This chapter includes the findings from our interviews with managers from both headquarters and subsidiary units.

In order to report the results, we used interpretation method in which ‘all’ refers to all 10 participants, ‘most’ refers to 6-9 participants, ‘some’ refers to 3-5 participants, ‘few’ refers to 2, and ‘one’ refers to 1.

4.1. The Role of Participants in RKT

All the participants agreed that parent companies need specific knowledge skill and/or expertise from subsidiaries even though they have a strong background in international business. The main reasons behind necessity of knowledge from subsidiaries include the institutional differences between home and host country and certain skills acquired by only subsidiaries. On the other hand, parent companies being the knowledge recipients play equally important role in RKT process. This section is formulated through interviewees’ perspectives about how subsidiaries and parent companies influence on RKT.

4.1.1. Subsidiary

As outlined by participants, subsidiaries’ know-how is regarded as dominant criteria to transfer the knowledge. Besides of work-related technical knowledge, subsidiaries should be able to respond to the market turbulence. Yet, interviewees expressed different views on knowledge capabilities of subsidiaries. In knowledge driven sectors such as IT, subsidiaries must have technical and technological skills to attract attention of the parent companies.

“Most of our projects involve networking, software developments, and electronics and for that reason the parent company expects us to have IT and technical knowledge.” (P10)

Other industries such as project management firm prove their strength in market specific economic and political knowledge. Here, experience is the main criteria.

“The subsidiary’s experience is a strength for the parent company in the market during bids.” (P4)

Besides of specific abilities and skills, it is crucial to make the recipient unit understand the knowledge in convenient way. Regarding the ability to express the knowledge, respondents addressed mainly language and technical skills.

“Teaching or transferring certain skill is beyond information sharing. Even in case of information, language skill is important, as we communicate in another language- English. So, we can see that if one wants to transfer know-how, the session will require repeated act of explaining in very simple way.” (P10)

Also, some respondents highlighted technical skills as an important factor to disseminative capacity because knowledge is mainly transferred through digital environment.

“As most of our communication takes place online therefore our employees need to have some technical knowledge about the use of digital tools.” (P6 & P7)

Furthermore, some respondents imply that subsidiaries’ ability to transfer the knowledge in limited period of time is critical. Due to the project deadline, sender unit is sometimes required to transfer knowledge, which is not easily codifiable.

“Some projects need to be completed within a short period of time and in that case we subsidiaries need to deliver the know-how to parent company and so that is not easy thing to do. It requires certain abilities to make sure that parent company understands it completely.” (P1)

Moreover, most interviewees suggest that subsidiary’s autonomy plays significant role in subsidiary’s willingness to initiate the knowledge flow. Half of the respondents had more freedom to make decisions than others. Those companies with autonomy are more encouraged to share their skills and experiences.

“In strategy regarding business decisions, products, marketing etc. the subsidiary has autonomy with minimum influence of parent company.” (P2)

“We always feel autonomy in all our decisions and initiatives except for some restrictions in the budget control activities.” (P9)

4.1.2. Parent Company

All participants approved the importance of parent company's willingness and ability to find and absorb new knowledge from subsidiaries. During the interviews, it is observed that RKT depends significantly on parent companies' ability to manage the knowledge flow. By reducing the hierarchical structure, both parent company and subsidiary in IT sector work as a team. Here, respondents felt encouraged to share their knowledge.

"We never feel like working in a subsidiary. The company always maintain a team spirit and we always feel to be a part of the team like others with no hierarchical problems." (P1)

"Parent company is open to critique and to learn from local staff. Head office frequently send foreign consultants to undergo trainings to get a better idea of how the country operates." (P3)

Also, one senior manager from parent company in USA has emphasized that providing learning environment to motivate employees' soft skills is essential in knowledge transfer. By improving the soft skills in both subsidiaries and parent companies, local managers will be motivated to share their knowledge while managers in parent companies will be able to absorb it.

"Through the theory of continuous learning to improve the performance of employees. Every employee can take managerial courses to increase their soft skills." (P4)

In knowledge driven sectors, parent companies are required to improve their capabilities to acquire the knowledge. For the reason that their daily work is deeply rooted in the subsidiary units' knowledge base. However, the urgency of attending this factor may vary across other fields.

4.2. Methods to Transfer Knowledge to DM Parent Companies

Communication takes place in digital environment due to geographical distance. All participants mentioned that they mostly utilize digital tools in communication between parent company and subsidiary.

"Daily regular meetings and communication takes place via digital platforms and only meet in person for particular projects that requires personal interaction." (P1)

“Official meetings every Friday... we meet with project managers online to discuss their progress.” (P4)

Apart from virtual platform, face-to-face communication methods such as business meetings, personal attachment, and regular employee exchange programs are indispensable ways of KT, especially in tacit knowledge case.

“During the annual worker exchange program, we are able to share our idea about some solution to our parent company. As we are working right middle of the operation, we can provide suggestions that overseen by headquarters. Exchanging new ideas, thus learning is one of the goals of such program.” (P9)

“Sometimes we need to communicate oversea headquarters. This is due to the type of know-how we share. If the skill cannot be expressed through online platform, then we have to make it through personal interactions.” (P1)

4.3. Challenges During the RKT

As subsidiaries and parent companies operate in different countries, there are apparently issues and challenges arisen during the RKT process. All interviewees gave certain views regarding those challenges. Mainly these include language problem and issues associated with cultural differences and geographical distance.

Knowledge expression depends on language ability of source unit. Although English is global business language, it is used as second language for all EM subsidiaries. Most interviewees highlighted language barriers in communication. However, it is not general language ability, rather it is about the ‘dialect’.

“Language is not a particular problem; however, dialect does cause confusion at times.” (P2)

“Most of the employees can speak fluently in English but sometimes minor misunderstandings appear during the conversations because of different pronunciations of different words.” (P1)

Although English language is widely used in all interviewees' workplace, a particular expression might not be used in same way in different countries. Any miscellaneous mistake can distort the knowledge, thus lowering disseminative capacity of subsidiaries.

"People coming from different areas with different backgrounds usually pronounce different words differently which sometimes lead to slight confusion during the communication process." (P9)

Most interview participants mentioned cultural differences as main hindrance in knowledge transfer process. Due to the geographical distance, there is little personal interaction between parties. And cultural distance can lead to misunderstandings and misalignments. Apart from some culturally related rituals, work attitude of both parties cannot meet each other's expectations due to different backgrounds. Lack of collaboration can hinder the process of RKT.

"We faced issues in making the managers understand why we had to take 10-15 minutes to offer prayers that fell within office hours." (P3).

"We share knowledge while working together. However, subsidiary work attitude cannot synchronize with ours. And this could prevent us from learning." (P4)

Some participants also point out geographical distance as a main challenge in collaboration. Due to time zone differences, there is no or minimal direct communication between subsidiaries and parent companies.

"Since we run operation in different time zone areas, direct response is almost not possible. And email cannot express the whole meaning of sender. Some parts of information need some clarification immediately. In such case, online meeting is necessary. Here, we need to consider time zone difference to make an appointment." (P8)

As communication relies heavily on digital methods such as Email, Skype, Zoom, TEAMS and company specific portals, security concern has arisen. Although digital platforms are convenient, some respondents addressed its security issue while exchanging critical information.

".... Zoom has security issues, skype will no longer be supported after December 2020." (P4 & P1)

4.4. Factors Mitigating RKT Challenges

All participants provide us with insights on how to mitigate above mentioned challenges in RKT process. From the interviewees' perspectives, it is shown that frequent cooperation, trust, cultural awareness, and knowledge relevance can reduce the problems between EM subsidiaries and DM parent companies.

4.4.1. Internal Embeddedness

Trust and collaboration indicate the internal embeddedness in relationship between parent companies and subsidiaries. Companies lacking internal embeddedness are less effective in knowledge transfer from subsidiaries. It is seen that parent companies who have little bond with subsidiaries have less interest in subsidiary's abilities, thus blocking the reverse knowledge transfer. On the other hand, those MNCs whose parent companies maintain a strong linkage with their subsidiaries encourage RKT by committing mutual trust and understanding.

"Since we are located at a distance from the parent company therefore, we need to maintain mutual trust through regular interactions and collaborations. More collaboration leads to more trust and attachment with the parent company and as a result it enables us to share more and more knowledge and ideas without any hesitation." (P9)

4.3.2. Cultural Awareness

When asked about how to reduce the communication issue, most managers recommended cultural awareness. By being aware of each other's culture, parent companies and subsidiary units can synchronize their work attitudes and therefore improve collaboration. During the efficient cooperation EM subsidiaries are more likely to share their know-how with parent companies. On the other side, MNCs in DM are more receptive to the knowledge from EM subsidiaries through tight bonding and frequent collaboration.

"To improve the collaboration, thus learning experience, both subsidiary and headquarters need to understand each other's work attitude. So that we can understand each other and meet fulfill our expectations." (P9)

“There is a big difference in the cultures of both countries of subsidiary and parent company. But our parent company is very receptive and that is why we never feel that difference and it helps a lot.” (P10)

4.3.3. Communication Method

All the interviewees indicated frequent interactions between companies and subsidiaries. While IT companies prefer daily communication, project management firm conduct meetings once a week. This is because IT work requires constant performance which must be based on previous day work. However, project management company is required to report their work progress on weekly basis. Several companies utilize their own platforms to share the information as a means to mitigate the security problems related to other digital methods. To avoid the information leakage, firms make confidentiality agreements with each other.

“Non-disclosure agreement signed before project initiation & company virtual network or machine used for communication only.” (P2)

However, some respondents illustrated open communication to encourage trust during the RKT. These participants emphasized the face-to-face communication when it comes to transferring skills such as cultural knowledge and work-related skills.

“Through open communication. All issues are discussed openly with the subsidiary and an amenable resolution is sought through negotiation and compromise.” (P4)

“We keep frequent and clear communication with all our subsidiaries and that is one of the reasons we have trustworthy relationships with all our subsidiaries.” (P8)

4.3.4. Knowledge Relevance

As interviewees stated, knowledge from subsidiaries in most cases need to relate to the parent companies' current knowledge base and is able to influence further decision-making process. Internal work-related knowledge includes weekly or daily reports, technical support, and market specific knowledge.

“Marketing knowledge, Subscriber KPIs, market intelligence as well as competitor intelligence.”
(P2)

“We have an open policy to extend all types of knowledge with parent company where required enabling to new opportunities to benefit from past information.” (P5)

External knowledge such as political and economic conditions of the target market has less connection to the parent companies’ knowledge base, though is still regarded as relevant because it plays crucial role in future decisions.

“Marketing, technical, technological, political, and economic knowledge is what our parent company expect from our subsidiaries.” (P4)

“Technical, technological knowledge, issues faced by the country in the relevant area where the company operates.” (P3)

4.5 Positive Impact of RKT on Parent Companies

Respondents ensure that the knowledge from subsidiaries in emerging markets can benefit MNCs in multiple ways. At first, it works as a feedback to company’s performance in specific emerging market. Based on market knowledge from subsidiaries, parent companies can easily detect the gaps in performance.

“Geo mapping of customer base based on clustering through GIS (locating the number of customers in a location, the economic status of that cluster, and investing in the cluster based on their activities and expected return for the company).” (P2)

“Previously, several people were working in shipment confirmations and it would take 4-5 days in to confirm a particular shipment and this was causing us delay and customer service problems. While, in our Indian subsidiary only one person was in charge of shipment confirmations and it would only take them few hours to give confirmation of the shipment. Thus, we took this idea from Indian subsidiary and implemented across the MNC by reducing the number of people in the confirmation for shipments process and it now takes the company only few hours to confirm a particular shipment with less resource utilization.” (P8)

By taking cultural knowledge from particular emerging market, parent company would be equipped with necessary skills to run business in other country with similar cultural or religious attitude. Finally, knowledge from subsidiary is one of the key factors to not only innovation, but also secure future and international market expansion. Some participants agree with the possibility of applying the best practices in certain subsidiary to another unit of MNC.

“We identified a bug while developing a software for a local company and that bug helped us to identify the problems in the software that were not noticeable otherwise and hence, we started to utilize this bug in all our software and the same conveyed to parent company head office and is now employed across the company.” (P1)

4.6 Summary of Empirical Findings

The summarized empirical findings regarding our intended themes of the study including Subsidiary factors, Reverse knowledge transfer factors, Parent company factors and Result of RKT factors are outlined in the given Table 4.1 appended below:

Table 4. 1 Summary of Empirical Findings

Themes	Empirical Findings
Subsidiary Factors	<ul style="list-style-type: none"> • Knowledge skill is considered to be the dominant criteria for subsidiaries to be able to initiate RKT. • Knowledge skill of the subsidiaries vary across different industries. • Subsidiary’s capacity to disseminate knowledge is key for RKT. • Subsidiary’s autonomy is crucial for encouraging RKT.
Parent Company Factors	<ul style="list-style-type: none"> • The RKT process depends on the absorptive capacity of parent companies. • Reducing hierarchies and building team spirit enhances RKT. • Training and development of subsidiaries may result in generating more innovative ideas.

RKT Factors	<ul style="list-style-type: none"> • Internal embeddedness of subsidiary units is vital for maintaining trust and collaboration with parent company. • Internal embeddedness leading to mutual trust resulting in more collaboration between subsidiaries and parent companies. • Awareness regarding cultural differences between subsidiaries and parent companies need to be considered, learnt, and adopted mutually at both ends i.e., subsidiary and parent company. • The degree of knowledge transfer between subsidiaries and parent companies depends more on the context of communication rather than the frequency. • Frequency of formal communication differs among various sectors depending on the need of sharing information. • Knowledge from subsidiaries must relate to parent company's current knowledge base.
Outcome of RKT Factors	<ul style="list-style-type: none"> • Knowledge received from subsidiaries can actually benefit the parent companies in several different ways. • RKT in the form of marketing knowledge can serve as a feedback for parent companies to evaluate their performance in the market. • RKT in the form of technical and/or technological knowledge can enable the parent companies to innovate, initiate new projects and gain competitive advantage in the given sector. • RKT in the form of cultural knowledge from particular emerging market would equip the parent company with necessary skills to run business in other countries with similar cultural or religious background. • Finally, knowledge from subsidiary is one of the key factors to not only innovation, but also secure future and international market expansion.

5. ANALYSIS AND DISCUSSION

This chapter outlines the analysis of the knowledge transfer from subsidiary in emerging market to headquarters in developed economy. Besides of RKT process, the benefit of learning know-how from EM subsidiary is analyzed through theoretical discussion and empirical findings.

5.1. Reverse Knowledge Transfer

Knowledge is identified as one of the most essential resources which can lead to advancements in organizational competencies (Grant, 1996). For MNCs, knowledge from overseas subsidiary nurtures their innovative behavior and productivity (Jimenez-Jimenez, et al., 2020; Huang & Li, 2019). Every subsidiary has unique knowledge sets to offer to parent company (P8). Indeed, there could be significant knowledge gap between emerging and developed markets, demanding MNCs to narrow it by mutual learning (Nair, et al., 2016). In this regard, EM subsidiary can be valuable source of knowledge and thus competitive advantage to MNCs. This statement is also claimed by participant 10 stating that knowledge transfer from EM subsidiaries is important for MNCs because their main operation is deeply attached to those subsidiaries. Yet, the understanding of reverse knowledge transfer from EM subsidiary to developed country/market MNCs is still limited.

Knowledge transfer is defined as the regular process of sharing information and know-how through the channel of sender and recipient unit (Fjellström, et al., 2017). In the case of reverse knowledge transfer, the flow of such intangible resources takes place from subsidiary unit to the headquarters (Kogut & de Mello, 2017). Generally, we find that any MNC is associated with reverse knowledge transfer at different level. However, whether the subsidiary knowledge leads to productivity of parent company would depend on various factors, including sender, recipient, and process factors (Kogut & de Mello, 2017). Besides, previous studies determined challenges during the knowledge transfer within MNCs, regarding to the geographical and cultural distance (Kogut & de Mello, 2017; Liu, 2012). Considering empirical findings, the study agrees with these obstacles. Nonetheless, the data reveals that reverse knowledge transfer can be managed effectively and thus improve the productivity of MNC. Yet, the process requires substantial effort from both subsidiary

and headquarters. In order to answer to our main questions, we analyzed those factors in detail as following.

5.2. Knowledge Source Factors Initiating RKT

5.2.1. Knowledge Skills of Subsidiaries

Subsidiary knowledge skills can be both locally specific and practical experiences that emphasize tacit feature (Najafi-Tavani, et al., 2015). All participants firmly admitted that subsidiary should have local know-how, market experience, as well as technical ability. In the IB literature, it is suggested that the main knowledge transferred from EM subsidiary to parent company is country specific know-how due to the institutional difference (Leposky, et al., 2017). Country specific knowledge involves political & economic conditions, legal & market infrastructure, as well as government regulations (Vlajcic, et al., 2019). Besides of location specific knowledge, our findings claim that advanced skills such as technical, technological capabilities, and innovative ideas in EM subsidiary gain attention from parent company as well. Here subsidiaries' unique knowledge set is important as explained by interviewees. Another example highlighted by the participants who raised concern on the possibility of parent company to look over some essential knowledge or idea. In such case, subsidiary, as being inside the operations, plays significant role to make the parent company aware of future potentials by transferring their knowledge and suggestions. Hence, subsidiary's knowledge skills have positive influence on RKT. Also, subsidiaries' abilities and competencies would be regarded as crucial to persuade parent company to engage with RKT in order to increase its competitiveness (Nair, et al., 2015).

It is observed that knowledge skills are dependent on the subsidiary's role within MNC. While in IT sector parent companies require technical and technological skills, project management field parent companies expect more location specific knowledge. In case of engineering sector, technical knowledge is mandatory. Besides the knowledge skills of subsidiaries, failure can also lead to reverse knowledge transfer. Interviewees confirmed that operational mistake or failed projects may strengthen the collaboration between subsidiary and headquarters to find solution to the problem, thus initiating the RKT as suggested by (Park & Vertinsky, 2017).

5.2.2. Autonomy of Subsidiaries

As (Leposky, et al., 2017) assumes, EM subsidiary establishment mode, whether it is joint venture (IJV) or fully owned (FOS), affect the RKT. Nonetheless, no significant difference between acquisition and greenfield investment in terms of RKT was found since participants from both IJV and FOS revealed both effective and weak RKT. Although most of our target subsidiaries belong to FOS, the freedom to make strategic decision varied. The empirical findings show that subsidiaries which made or contributed to the innovation through transferring their knowledge, operate with relatively high degree of autonomy. It appears that in higher technology and knowledge driven industries, subsidiaries have more autonomy on managerial decision making. This may be related to the flat organizational structure of hi-tech companies (Wild & Wild, 2016). For other companies such as logistics, engineering or telecommunication, the subsidiary requires more autonomy to create knowledge regarding to the local environment. This supports the findings of study by (Ernst, et al., 2015) Hence, we postulate that subsidiary independence plays significant role in RKT.

5.2.3. Disseminative Capacity of Subsidiaries

In RKT, the subsidiary is required to make sure the parent company realize the importance of particular knowledge, because some skill is developed under the unique circumstance of sender unit and can be ignored by recipient unit (Vlajcic, et al., 2019). As participant 2 (telecommunication) explained, in order to develop their new idea into innovation subsidiary team needed to first convince the parent unit that the idea can bring productive results. During the operation, the parent company took the general control and consolidated each progress, though, the subsidiary team was responsible for whole operation and interpretation of every step. Given the challenge, the team must put effort on transferring their knowledge. Therefore, the subsidiary needs to have capability of attracting attention of the parent company while interpreting the knowledge in understandable way. Taking into consideration the geographical distance, the communication is held through digital platforms. Participants posit that the sender should have skills to use software tools to deliver their know-how. In addition to software ability, language skill is crucial factor to express and codify the knowledge. While the lack of software ability might hinder the process of knowledge transfer, language dialect might mislead the meaning of knowledge. The empirical findings of this study are found to be consistent with previous literature.

5.2.4. External Embeddedness of Subsidiaries

Additionally, our findings highlight the difference between emerging market and developed economy. Therefore, knowledge from EM subsidiary concerns local know-how and adaptation (Leposky, et al., 2017). In particular, location specific knowledge requires the subsidiary to have external attachment with local units such as government, non-government agency, and universities (Sheth, 2011). Based on this, subsidiary needs strong bond with external networks to mitigate the influence of political and economic instability on parent company. This opposes the findings by (Ferraris, et al., 2020) which suggests that external embeddedness of subsidiary has no effect on reverse knowledge transfer. However, the study by Ferraris (2020) collected and analyzed the data from developed country subsidiaries. Since, developed markets are more stable both politically and economically, therefore, emphasizing a distinctive view point that external embeddedness is a vital factor for subsidiaries in EMs.

5.3. Knowledge Recipient Factors Leading to RKT

5.3.1. Absorptive Capacity of Parent Companies

The results of our study imply that absorptive capacity of parent company has direct influence on RKT process. This assumption is also applied by previous literatures (Nair, et al., 2016; Kogut & de Mello, 2017). Absorptive capacity points to the capability of discovering, learning, and utilizing new knowledge to improve the productivity in the end (Bhagat, et al., 2002). Simply, it is the ability to make the intangible resource into competitive advantage of company. Hence it is important for companies to provide learning environment to nurture their absorptive capacity (Nair, et al., 2016). In our study, all the participants mentioned that most communication between parent company and the subsidiary goes through the digital tools. Although it is convenient and saves time, digital communication is considered less secure and leads to misunderstandings according to some of the interview participants. Nevertheless, it is suggested that companies with their own platforms and portals can avoid the security issues. Previously, researchers agreed with the importance of technology in connections among oversea units of MNCs (Almeida, et al., 2002). Thus, the parent company can improve its absorptive capacity by developing their own digital communication channel without security concern.

In respect of tacit knowledge which cannot be codified and expressed through digital tools, personal interactions are required (Park & Vertinsky, 2017; Leposky, et al., 2017). This is shown by our empirical findings as well. Interviewees from various sectors, including telecommunication, IT, engineering, and logistics claimed that parent company organizes employees exchange program, training session, and conference to support learning environment. In some cases, mentioned by participants that parent companies use rewarding as motivational tool to support learning practices. Here, innovative idea and efficient outcome of learning would be praised by the parent companies. In terms of learning environment, head office have organized ‘Employee Engagement Survey Program’ for last two years. The program aims to encourage subsidiaries to share new ideas and knowledge by taking the survey among employees. That way, firm ensure effective commitment of both sender and recipient in knowledge transfer process. Developing learning environment with reward system can enhance absorptive capacity of parent company (Nair, et al., 2016) and autonomy of subsidiary in terms of RKT (Najafi-Tavani, et al., 2015). This strategy is specifically important in context of RKT from EM subsidiary and advanced economy parent since subsidiary in EM is less likely to share its know-how without motivation and HQs in developed market are more likely to ignore the knowledge from such unit (Park & Vertinsky, 2017).

5.3.2. Parent Company’s Perception

Apart from absorptive capacity, parent company’s perception toward subsidiary is critical (Nair, et al., 2016). This has also been proved by our findings. For instance, participant from parent company P4 (management sector) conceives the subsidiary as local information holder and receives only country specific knowledge, not to mention new idea or innovation. On the other hand, participant from head office P8 (logistic sector) perceives the subsidiary as various types of knowledge source and has acquired new work method which could reduce the amount of time in shipment confirmation.

Moreover, the fact that parent company perception toward subsidiary can drive the RKT also explain why MNCs are reluctant to take the knowledge from EM subunits. The reason behind this is low perception of companies in EM regarding to the institutional voids (Park & Vertinsky, 2017). Perspectives by two different headquarters gave us an opportunity to compare the results of the way parent companies consider their subsidiaries. As mentioned above, RKT can lead to

effective outcome when the subsidiary is rated highly by the parent unit as more expectations on part of the recipient units pushes the source units to generate and share more innovative ideas.

5.4. Mediating Factors Influencing RKT

5.4.1. Internal Embeddedness

Trust and reciprocal collaborations which are the main indicators of internal embeddedness can have direct positive effect on RKT process (Ferraris, et al., 2020). While our findings present the importance of internal embeddedness to RKT, we analyze the data to provide understanding on how one can improve trust and reciprocity in overseas business relationships. From the findings, it appears that a high degree of collaboration would strengthen the bond between source and recipient units. Collaborative relationship among participants in RKT leads to improved results by fostering trust and mutual understanding (Nair, et al., 2015).

In addition to high degree of collaboration, open communication is also vital. As explained by participants, trust is built through the open communication in which subsidiary managers feel free to share even their bad performances. This informal relationship can lead to mutual understanding and thus encourage the knowledge exchange from subsidiary unit. This statement is also confirmed by (Abdullah & Liang, 2013). However, some studies find that informal connection becomes difficult to control and eventually can hinder the business performance and operations (Marschan, et al., 1996). This implies that such relationship, in deep linkage, might impact negatively on RKT process as well.

5.4.2. Knowledge Relevance

Participants indicate that knowledge relevance is positively associated with RKT procedure. According to (Nair, et al., 2016), knowledge is considered relevant when it has linkage to the intangible assets of parent company and is able to make further inference. Admittedly, our result presents the same point in terms of RKT. Nonetheless, in some cases, new ideas or innovative methods initiated by subsidiaries were not congruent to their parent company's knowledge base, yet those ideas got accepted as long as they could prove effective for the overall business expansion. For example, one of the subsidiaries proposed the idea of developing an application to find potential customers with the help of GPS. Although the idea was based on specific nature of

EM rather than asset of parent unit, headquarters accepted this as useful for their business and supported its further development. Hence, we suppose that RKT can be carried as long as the subsidiary knowledge is related to the competitive advantage of the parent firm.

5.4.3. Frequent Communication

The results present that all participants have regular communication with either HQs or the subsidiaries through the digital platform. However, when it comes to effective RKT, outcomes vary among interviewees. Personal interactions also take place at some degree between subsidiaries and parent companies during the tacit knowledge transfer. Yet not all of them could make it to the innovation or competitive advantage. Thus, we assume that the meeting agenda is more crucial, rather than the meeting frequency. For instance, some participants (HQs and subsidiaries of the same MNC) communicate daily with each other, but the agenda is generally about the work progress report. On the other hand, other participants (HQs and subsidiaries of the same MNC) stated that their communication mainly focuses on problem solving which requires new ideas and innovative solutions, hence, resulting in RKT. Therefore, we argue that communication context is more important rather than merely communicating frequently with no core agenda. This finding seems to be contradicting previous study's results by (Jeong, et al., 2017). According to Jeong et al. (2017), frequent communication encourages RKT by motivating subsidiaries to share more ideas.

5.4.4. Cultural Awareness

According to knowledge management scholars, knowledge should be interpreted in the way that the recipient can understand (Tang, 2011). On the other side, recipient should be able to absorb the critical part of the knowledge (Mu, et al., 2010). With regard to the RKT between two companies from different countries, cultural issue would be great concern. In this case, knowledge from subsidiary can be mixed up with specific cultural element which might hinder the parent company to acquire the core idea (Vlajčić, et al., 2019). Therefore, subsidiaries need to have solid acquaintance with parent company's culture and work attitude to codify and interpret the knowledge accordingly. For parent companies, it is important to view the knowledge from subsidiary's perspective and obtain it efficiently.

Almost all participants in this research study concur that cultural sense have significant influence on RKT process. As participant 4 suggested, any know-how or skill is obtained through co-work practice and lack of cultural awareness would lead to misunderstanding, especially in work attitude, thus knowledge can be blocked or distorted. This was also put forward by another participant who postulated that without cultural awareness, there would be no synchronization and collaboration between parent company and subsidiary. Eventually there would be no effective outcome, which in turn demotivate the subsequent RKT. Our empirical results hereby support the previous studies by Vlačić, et al., 2019 and Leposky, et al., 2017.

5.5. Benefits of RKT to MNCs

As presented by our empirical findings, RKT has positive correlation with innovation in MNCs. In support of this statement, participants mentioned that their subsidiaries while operating in emerging markets suggested innovative ideas which were later on accepted and developed into new projects that enhanced business operations. Findings of this research conform with the previous studies by (Huang & Li, 2019; Driffield, et al., 2016; Jimenez-Jimenez, et al., 2020) and thus support the main assumption that RKT plays major role in MNCs' competitive advantage. During the process of innovation, knowledge from subsidiary needs to be blended with global knowledge of parent company (Li, et al., 2016). This insight is also revealed by our participants during the interview sessions.

Another benefit of RKT from EM is the fact that it provides parent company with the opportunity to apply the best practices of certain subsidiaries to other units with similar market background. In other words, we see that RKT can encourage intra organizational knowledge transfer in MNC.

Furthermore, it is possible that knowledge generated in EM subsidiary can be developed into reverse innovation. When technology is developed in emerging market and then delivered to advanced economy, it is considered reverse innovation (Huang & Li, 2019). Keeping this concept, we illustrate two particular cases. The respondents mentioned that they have been involved in suggesting innovative initiatives that originated at the emerging market subsidiaries and were accepted and applied by the parent companies in developed market MNCs. These initiatives enhanced operational efficiencies of both these MNCs and helped in reducing the errors. These findings are congruent to the existing literature, as utilizing knowledge generated from emerging

markets benefit the productivity of parent companies in developed countries (Jimenez-Jimenez, et al., 2020).

5.6. Summary of Analysis and Discussion

In sum, by constantly re-codifying and comparing the findings, we revealed knowledge sender and receiver's factors, mediating factors as well as the outcome of RKT. In addition to factors produced by literature reviews, we also discovered new factors regarding the RKT process in the given context. Based on our analysis, we developed the initial framework into model for RKT from EM subsidiaries to DM parent companies as shown in figure 5.1.

As a knowledge source, EM subsidiary should have *knowledge skills, autonomy, disseminative capacity, and external embeddedness*. According to (Kogut & de Mello, 2017), initial stages of RKT start with the questions such as '*why is knowledge from this source unit valuable?*'. Therefore, the subsidiary should be aware of its strengths and unique abilities to approach the parent company. Autonomy has a key role in RKT as it facilitates the subsidiaries to create new knowledge, express new ideas, and transfer skills and know-how (Nair, et al., 2015). In order to deliver the knowledge in convenient way for the recipients to understand, the sender should be able to disseminate the critical part of the knowledge. That way, the subsidiary assures its skills which in turn helps improve its autonomy (Najafi-Tavani, et al., 2015). Moreover, our findings suggest that EM subsidiaries should be attached to the external network actors such as government, non-government organizations, and economic institutions to decrease the risks related to the instable business environment of EMs and safeguard the interests of the parent companies.

As a knowledge recipient, parent company in developed economy is responsible for organizational learning environment in which EM subsidiary is motivated to share the knowledge without any security concern. To improve their absorptive capacity, MNCs need to ensure the provision of credible connection between cross-border subsidiaries and parent companies by providing reliable digital platforms since most of their communication relies on the digital tools (Nair, et al., 2016). Considering tacit knowledge, certain programs intended to motivate sharing of knowledge and learning practices in organizations, regular meetings, employees exchange, and reward systems are effective. We also found that parent companies' perception regarding EM subsidiaries is

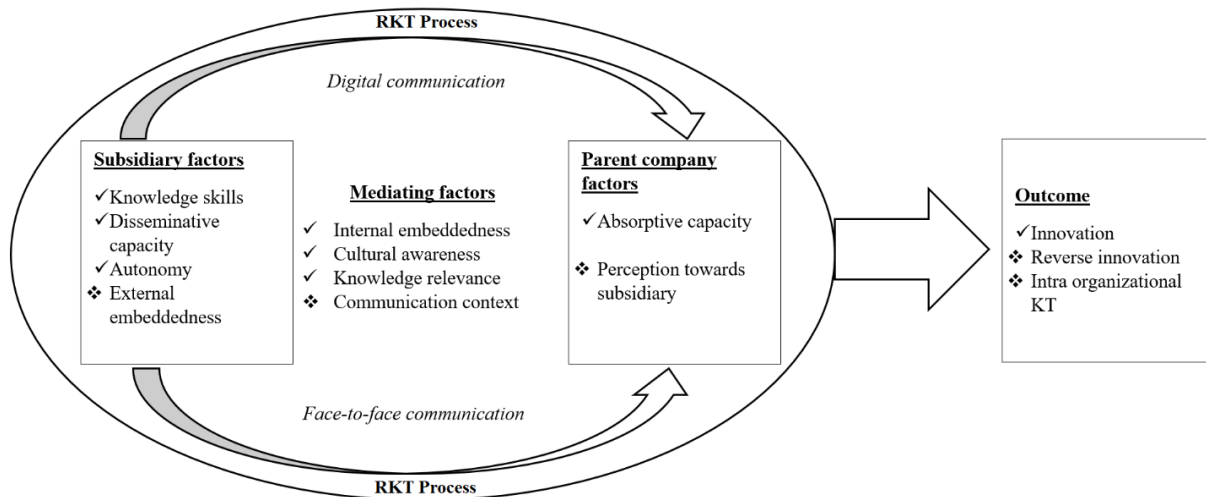
pertinent to RKT. We argue that willingness of the subsidiaries to share their skills depend on how the parent company perceives them (Park & Vertinsky, 2017).

As for mediating factors in RKT process, we posit that *internal embeddedness, knowledge relevance, frequent communication, and cultural awareness* are affective in RKT. Amongst, internal embeddedness plays major role in knowledge flow from subsidiaries. Collaboration between the parent companies and subsidiaries can strengthen the trust, which increases internal embeddedness among units in MNCs (Ferraris, et al., 2020). Additionally, in terms of innovation, knowledge should be relevant to the interests of parent companies and therefore infer new ideas leading to their competitive advantage (Nair, et al., 2016). Although empirical findings of this study propose that knowledge sharing process should be able to generate further innovative ideas, still it does not necessarily have to fall within the existing sphere of knowledge or expertise of the parent companies as long as it is effective for the business. Another important factor which has significant influence on RKT is cultural awareness. Regarding the two distinct cultural backgrounds of emerging markets and developed markets, cultural sensitivity and/or intelligence helps in interpretation of the ideas generating knowledge leading to innovation (Leposky, et al., 2017). However, we did not find any significant impact of frequent communication in RKT process. This study proposes that communication context, rather than frequency, is pertinent to RKT, as all participants engage in daily commitments with their respective subsidiaries or parent companies, though the contexts of their engagement vary from each other and therefore results in varied outcomes.

Lastly, the authors discovered certain benefits in the form of outcome of RKT from EM subsidiaries to parent companies in developed markets. Based on our analysis, we suggest that RKT can contribute to the innovation of parent company, reverse innovation from subsidiary, and horizontal knowledge transfer among other units in MNCs. The findings of our study reveal certain innovative processes as an outcome of RKT from EM subsidiaries leading to enhanced work environment and business opportunities for the MNCs. Reverse innovation is yet another outcome of RKT in the given context that resulted in operational efficiency and reducing procedural errors for the parent companies in DM. These reverse innovations are now utilized across all the other units of these MNCs. Finally, yet another important outcome of RKT from EM subsidiaries is in the form of enhanced intra-organizational knowledge transfer among subsidiary units of MNCs as

innovative practices of one subsidiary may benefit other subsidiaries, particularly the ones with a similar cultural and environmental background.

Figure 5. 1 Model for Reverse Knowledge Transfer from EM Subsidiaries to Parent Companies in DM



Key:

- ❖ *New factors identified*
- *Factors identified in existing literature*

Source: Own Construction

Knowledge from EM subsidiaries is transferred through two channels including digital communication and face to face communication. Subsidiaries need to ensure possessing knowledge skills, have the capacity to disseminate knowledge, having autonomy, and embedded in their external environment. Similarly, parent companies need to have the capacity to absorb/receive knowledge from their subsidiaries, also to encourage and perceive these subsidiaries to be able to generate new ideas. While, mediating factors play a major role by mitigating the issues in RKT through internal embeddedness, mutual cultural awareness, knowledge relevance, and communication context, in order to complete the knowledge transfer process. Ultimately, the outcome of RKT process generating benefits for MNCs that are categorized into innovation, reverse innovation, and intra-organizational knowledge transfer.

6. CONCLUSION

This chapter comprises of the findings of our research study based on our research aim to fulfill the gap identified in the literature mentioned previously. It further outlines the theoretical, managerial, and economic implications of the study.

6.1. Reverse Knowledge Transfer

This research study intended to explore the process of reverse knowledge transfer (RKT) from emerging market subsidiaries to their parent companies headquartered in developed countries. This aim of the study was based on the realization of a gap in the current literature regarding reverse knowledge transfer from emerging market subsidiaries to their developed countries'-based parent companies resulting in innovation as a by-product of this process. Hence, this study was commenced in the direction to answer the research questions and cover this gap by exploring comprehensively the process of reverse knowledge transfer in the context of emerging market subsidiaries, the factors involved in each step of the process, and the results of the RKT process.

However, prior to seeking the answers to research questions, it is crucial to review the bottom-up transfer of knowledge, participants involved in the process of RKT and the mediating factors affecting both the source and receiver of the knowledge within developed countries' MNCs having subsidiaries in emerging markets. Knowledge that originates from subsidiaries is influenced by the disseminative capacity, autonomy, skills of the particular subsidiary to generate knowledge and external embeddedness of that unit in order to be able to initiate the RKT process. Once the process initiates, there are other factors that affect this flow of knowledge including internal embeddedness, cultural awareness, communication context, and relevance of the knowledge that is being generated.

Findings of our study further suggest that for the RKT process to initiate and reach this stage, the parent company's absorptive capacity and perception toward its subsidiary have a direct influence on this process. Firstly, to motivate and train the subsidiary units and then collaborate via trusting and overcoming cultural and communication barriers to accept the ideas and/or knowledge generated at the subsidiaries.

Moreover, our empirical findings and analysis suggested new constructs that were previously not considered in the theoretical framework of this study but actually have a significant role in the RKT process. External embeddedness of the subsidiaries was found to be an important factor for multinational companies (MNCs) as economic and political instability of the emerging markets make them more vulnerable for international business and may lead to closure of the markets for these international ventures. Another noteworthy finding was that apart from the parent companies' absorptive capacity, their perception regarding the EM subsidiary units was also witnessed to have a critical role in the RKT process.

6.2. Answering the Research Questions

This section outlines the findings of this research study based on the research inquiries presented in the earlier chapter.

How is knowledge transferred from EM subsidiaries to DM MNCs?

Our study took the initiative to outline the RKT process from emerging market subsidiaries to their parent companies located in developed countries by indicating numerous mediating factors from the existing literature regarding the subject matter. These secondary sources in the form of previous peer reviewed articles from renowned journals lead to our initial framework of the study. The framework comprises of subsidiary factors, RKT factors, parent company factors and the result of RKT process.

The study highlights certain process factors that are influential during the RKT process. Internal embeddedness in the form of mutual trust and collaboration between subsidiaries and parent companies have a direct influence on the entire process of RKT. The findings of our study suggest that mutual trust and collaboration between both the units can be enhanced via open communication. There are some instances where informal open communication between subsidiaries and parent units would allow the subunits to share even their failure thus leading to better mutual understanding and resultantly encouraging RKT. In Addition, knowledge relevance also influences the RKT process by sharing knowledge that is relevant to the knowledge base of the parent company. Yet, the results of this study confer that some knowledge ideas and/or innovative initiatives might not directly relate to the knowledge base of the parent company even

then it is accepted if it can become a source of competitive advantage for the MNC in a particular industry.

The fact that both knowledge source and recipient being physically distant thus, most of the communication is taking place digitally and therefore these subsidiaries need to have the know-how to effectively utilize these digital tools regardless of the industry they are operating in. The reliability of these digital tools and/or companies' own platforms for communication are found to have a positive impact on the RKT process. The role of COVID-19 pandemic has further been highlighted by the participants to have reduced the frequency of in-person meetings. Yet, there are still personal communication between subsidiaries and parent companies in order to discuss important projects and transfer tacit knowledge which is otherwise difficult via digital meetings. Language barrier in this regard is one of the core issues that subsidiaries need to overcome. This study also shows that in some cases the dialect leads to confusion during the knowledge transfer process and for that reason subsidiary units need to be capable enough to convey their ideas to the parent companies in an explicable way.

However, the study also outlines the context of communication to be more important as some frequent communications may only be targeted at sharing the updates regarding an ongoing project not producing any innovative outcome while other communications aimed at solving problems and discussing innovative ideas are more likely to result in generation and development of new knowledge. Similarly, cultural awareness is a critical factor in the RKT process that needs mutual consideration both from the subsidiary units and parent companies to realize and sensitize the importance of each other's cultures. For both the units, culture awareness enables them to understand their work attitudes and codify and interpret knowledge appropriately. Parent companies in order to encourage their subsidiaries to share more knowledge need to support their subunits' perspective. Lack of cultural awareness has a higher probability of resulting in misunderstandings between the knowledge sender and recipient leading to negatively influencing the RKT process.

Which factors regarding participants in RKT influence the process?

Knowledge Source Factors

Subsidiaries need to possess certain expertise, skills, experience, technical and technological knowledge, country specific know-how regarding local market, and economic and political situation of the country in order to be able to share ideas with their parent companies. All these different types of knowledge skills can prove to be vital for MNCs in the emerging markets as these markets are yet to be fully explored. Different MNCs might expect their subsidiaries to share unique skills relevant to the nature of their business and the industry they are operating within. Our study also ascertains the fact that the more knowledge a particular subsidiary might possess, the greater the attention they get from the parent companies and the better the MNC performs by generating innovative outcomes. Yet, it is also argued in rare cases that the subsidiary's failure also may attract the parent company's attention in order to start collaborating and come up with a mutually beneficial innovative solution.

Moreover, in order for subsidiaries to transfer their knowledge i.e., explicit and/or tacit, they need to have the disseminative capacity. The study outlines the fact that parent companies expect their subsidiaries to be proficient enough to be able to grab headquarters' attention and make them realize their importance. Subsidiaries in this regard need to overcome the language and communication barriers in order to be able to indulge in RKT. This study further explored the influence of subsidiary units' autonomy on the RKT process. These MNCs have granted their subsidiary units' full autonomy to be able to generate and share new ideas. It is observed that autonomy encouraged these EM subsidiaries to indulge in knowledge generation and sharing leading to enhanced RKT.

Additionally, our study unveils an important finding regarding the different dynamics of emerging and developed markets which was one of the primary reasons of the selection of this particular topic. MNCs with subsidiaries operating in the emerging markets require them to have the relevant knowledge of the market including country specific economic and political know-how. Based on the transfer of this country specific knowledge, the parent companies make further decisions regarding the expansion or contraction of the projects in these emerging markets as these markets are specifically characterized by volatile economic and political situations. Therefore, such

knowledge would require these subsidiary units to expand their network beyond their internal boundaries and indulge in the external environment with external local actors including government units, non-government actors, and universities in some cases. These subsidiaries need to develop external embeddedness via strong connection with these external local actors in order to neutralize the impact of economic and political instability on the parent companies. Thus, we suggest that knowledge from emerging markets differ from that of the developed markets, affecting the RKT process differently due to varying market dynamics. Consequently, we argue that subsidiary units operating in emerging markets need to develop external embeddedness as an additional factor to initiate RKT and benefit the parent companies.

Knowledge Recipient Factors

Likewise, parent companies' absorptive capacity also has been witnessed to have a great deal of influence on the RKT process. Absorptive capacity involves uncovering, absorbing, and applying the new knowledge. MNCs with a high absorptive capacity encourages their subsidiaries to generate and share knowledge with their parent companies. Since most of the communication between these units take place via digital platforms which brings certain risks and security factors with it. Our study reveals that most MNCs are concerned with the security and confidentiality risks associated with digital platforms and thus prefer to have a platform of their own to neutralize these risks and enhance their absorptive capacity leading to an increased RKT. However, certain MNCs arrange workshops and training sessions in order to meet in person and transfer tacit knowledge from subsidiaries as it is difficult to transfer it digitally. Other MNCs were found to enhance their absorptive capacity by arranging competitions within their subsidiaries for generating valuable innovative ideas which are consequently rewarded as well. All these initiatives were found to have a positive effect on the RKT process in those particular MNCs.

On the other hand, the study further highlights an interesting point of the perception of parent companies about their subsidiaries in the emerging markets. Respondents from parent companies were expecting and relying on their subsidiaries to transfer merely country specific knowledge regarding the market, its economic and political situation. While others were expecting new knowledge in the form of innovative ideas and initiatives from their subsidiaries. Consequently, MNCs with former perceptions/expectations regarding their subsidiaries did not result in any

major breakthroughs while the later ones having higher perceptions/expectations from their subsidiaries mostly resulted in enhanced RKT and innovative ideas developed into worthy projects for the MNCs. Thus, it further underlines the perceptions of most MNCs approaching emerging markets, restraining them from achieving more innovative opportunities.

How does RKT benefit MNCs?

Finally, our study establishes a positive connection between the RKT process and innovation in the context of emerging market subsidiaries and parent companies based in the developed countries. Ideas in the form of knowledge from subsidiaries operating in the emerging markets after being absorbed by the parent companies based in the developed markets, result in innovative processes for the MNCs positively affecting their processes, working environment and overall business. Although, nature of the knowledge may vary across different industries and every MNC might expect a different set of skills from their subsidiaries, still, the outcome of the RKT proves to be beneficial for all those parent companies regardless of their nature of business.

Yet another noteworthy finding of this study is to highlight the benefits of RKT process in the form of reverse innovation for the MNCs. As innovative ideas from EM subsidiaries lead to the development of new technologies that eventually are adopted by parent companies in the developed markets. These technologies help the MNCs in initiating new projects to enhance the operational efficiencies and reduce procedural errors. Thus, RKT is seen to have a significant positive influence on these developed market MNCs adopting reverse innovations. Reverse innovation, apart from benefiting the parent companies in the developed markets also portrays a progressive image of EM subsidiaries being able to contribute towards the overall competitive advantage and success of the MNCs thus encouraging more investments in these emerging markets.

RKT in the given context of emerging markets also result in the development of intra organizational knowledge transfer among subsidiaries operating in these markets with similar cultural, political or economic backgrounds. Innovative initiatives proving to be beneficial for one EM subsidiary may be transferred and applied in the other subsidiaries facing almost similar conditions. The RKT process itself serve as a guideline for other subsidiaries in the emerging markets to follow and improve their performance. Though this study primarily focused on the

benefits of RKT from the perspective of parent companies in developed countries, yet these outcomes may benefit the EM subsidiaries as well in the form of not only building a progressive image of these subsidiaries but also intra organizational knowledge transfer benefiting both the parent companies and subsidiary units.

6.3. Theoretical Implications of the Study

The study devotes to extension of current literature concerning RKT by bringing all-inclusive factors with source, recipient, and process factors along with the outcome under the framework. With the in-depth analysis of RKT, we bring new aspects in knowledge management field for strategy and international business. In doing so, we built a conceptual framework to study how RKT takes place in the context of EM subsidiaries and DM parent companies. Through the framework, significant factors which play major role in the process of RKT has been identified. Besides these essential factors in RKT, we also examined the outcome for parent companies after RKT process. The research also makes empirical contribution to relation between subsidiary-based knowledge and parent company competitive advantage (Costa, et al., 2015; Driffield, et al., 2016; Huang & Li, 2019). Specifically, our study made the initial attempt to make the linkage between EM subsidiary knowledge and innovation in developed market MNCs. Therefore, the results can contribute to the literature of innovation in MNCs through RKT, as suggested by (Jimenez-Jimenez, et al., 2020). The study makes another theoretical contribution to the literature on intra-organization knowledge transfer in MNCs, by breaking down into component factors of participants' aspects.

To make RKT effective, parent company, as a knowledge recipient, play important role in evaluating the subsidiary's ability, examining the knowledge from certain unit, and encouraging the learning practice. However, in RKT context, parent companies need to be demanding the knowledge from subsidiaries. Especially the subsidiaries in EMs are simply ignored by MNCs in developed markets due to the institutional voids. Hence our study made an attempt to capture the parent companies' perspectives toward their subsidiaries in emerging markets.

6.4. Practical Implications of the Study

Our study offers several significant implications for managers of multinational companies at both the parent company and subsidiary level. The results indicate that headquarters can improve their absorptive capacity through reliable digital communication tools and programs aimed at supporting learning environment. Parent companies should also provide a certain level of autonomy to the subsidiary units in order to encourage them to generate new initiatives and knowledge on their own. The findings also imply that subsidiary level managers ought to portray their capabilities to grab the attention of the parent companies. We also encountered resistance on part of the subsidiaries to share their tacit knowledge due to the insecurity of their positions in the organizations and therefore in this case parent companies need to assure the subsidiaries of their rightful place by signing legal agreements regarding their services to be rendered.

Likewise, our paper serves to persuade C level managers at the headquarters to take knowledge and ideas from subsidiaries in the emerging markets keeping in view the benefits of the RKT outlined by this paper. Even though, these markets are characterized by turbulences in the form of political and economic instabilities posing threats to MNCs operating in such conditions, however, subsidiaries in this case can prove to minimize such risks by generating and transferring relevant knowledge with the help of RKT if encouraged by the parent companies.

6.5. Reflections on the Study, Limitations and Future Research Suggestions

This research study employed a qualitative research approach for collecting relevant data from different multinational companies headquartered in developed countries with subsidiaries operating in different emerging markets. Purposive sampling technique was utilized to approach participants of the study via snowball sampling method where interview participants referred other participants for participating in the study accordingly. Managerial employees were primarily targeted including individuals involved in organizational knowledge transfer and management activities. The empirical findings were analyzed using the grounded theory concept of constant comparison method of joint coding and analysis.

Nevertheless, despite the credibility of our study no research is exempted to have limitations. Primarily, keeping in view the nature of knowledge transfer process from emerging market subsidiaries to developed market MNCs, empirical data in the form of detailed responses were needed from respondents with relevant experience in order to meticulously explore the process. However, a mixed methodology approach with both qualitative and quantitative data simultaneously could have added more to the credibility and generalizability of the findings of this study. Likewise, outcome of the RKT process could have been quantified for MNCs to help them in decision-making about promoting RKT. Secondly, due to the pandemic situation, semi structured interviews were conducted via digital tools with the respondents with detailed discussions regarding the topic and their experiences. However, we believe face to face in person interview sessions could have provided us additional opportunities to collect more comprehensive data and analyze the expressions and body language of the participants physically. Also, the number of interviews from parent companies were outweighed by the participants from subsidiary units thus limiting headquarters' perspectives. Finally, we included participants from different sectors which adds to the generalizability factor of our study, however, it can constrain our understanding to study RKT process in depth in specific sectors individually.

Henceforth, future studies can be developed regarding the reverse knowledge transfer process by conducting longitudinal case studies separately in each sector, country, or even by focusing on particular MNCs. Future research in this field may also strive for triangulation of perspectives from subsidiaries, parent companies and expatriate managers. Considering employees' perspectives also may add an interesting insight in to this field of research and may expand on the benefits associated with RKT from EM subsidiaries to DM MNCs. Finally, future research studies in this area can extend on exploring the steps and processes involved in implementing the outcome of RKT across all the other subsidiaries of the MNCs.

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APPENDICES

Appendix 1

Modified Grounded Theory Analysis

Step 1 and 2 Familiarization & Reflection

In this stage, we conducted memo-writing during each interview as shown below.

Interview Participant 1

Field of business: IT sector

“For any subsidiary working in the IT field must have some relevant background knowledge in this field in order to be able to transfer knowledge to the parent company”.

“Some projects need to be completed within a short period of time and in that case we subsidiaries need to deliver the know-how to parent company and so that is not easy thing to do. It requires certain abilities to make sure that parent company understands it completely”.

“We never feel like working in a subsidiary. The company always maintain a team spirit and we always feel to be a part of the team like others with no hierarchical problems”.

“Daily regular meetings and communication takes place via digital platforms and only meet in person for particular projects that requires personal interaction”.

“Sometimes we need to communicate oversea headquarters. This is due to the type of know-how we share. If the skill cannot be expressed through online platform, then we have to make it through personal interactions”

“Most of the employees can speak fluently in English but sometimes minor misunderstandings appear during the conversations because of different pronunciations of different words”.

“We identified a bug while developing a software for a local company and that bug helped us to identify the problems in the software that were not noticeable otherwise and hence, we started to

utilize this bug in all our software and the same conveyed to parent company head office and is now employed across the company”.

Interview Participant 2

Field of business: Telecommunication

“Language is not a particular problem, however, dialect does cause confusion at times”.

“In strategy regarding business decisions, products, marketing etc. the subsidiary has autonomy with minimum influence of parent company”.

“Geo mapping of customer base based on clustering through GIS (locating the number of customers in a location, the economic status of that cluster, and investing in the cluster based on their activities and expected return for the company)”.

“Non-disclosure agreement signed before project initiation & company virtual network or machine used for communication only”.

“Marketing knowledge, Subscriber KPIs, market intelligence as well as competitor intelligence”.

Interview Participant 3

Field of business: Project Management

“parent company is open to critique and to learn from local staff. Parent company frequently send foreign consultants to undergo trainings to get a better idea of how the country operates”.

“We faced issues in making the managers understand why we had to take 10-15 minutes to offer prayers that fell within office hours”.

“Technical, technological knowledge, issues faced by the country in the relevant area where the company operates”.

Interview Participant 4

Field of business: Project Management

“Marketing, technical, technological, political, and economic knowledge is what our parent company expect from our subsidiaries”.

“The subsidiary has over 30 years of energy sector experience in the country of implementation which gives it a strong edge over the rest of the companies. The subsidiary’s experience is a strength for the parent company in the market during bids”.

“Through open communication. All issues are discussed openly with the subsidiary and an amenable resolution is sought through negotiation and compromise”.

“.... Zoom has security issues, skype will no longer be supported after December 2020”.

“One of the main problems is the language issue”.

“We share knowledge while working together. However, subsidiary work attitude cannot synchronize with ours. And this could prevent us from learning”

“Time zone differences, language barriers, cultural differences, political instability leading to shutdowns, and approach to how work is done”.

“Through the theory of continuous learning to improve the performance of employees. Every employee can take managerial courses to increase their soft skills”.

“The subsidiary’s experience is a strength for the parent company in the market during bids”.

“Official meetings every Friday... we meet with project managers online to discuss their progress”.

“Onboarding is conducted for new hires to sensitize them to the implementing country’s culture. Frequent team building events are arranged to increase collaboration, team spirit and cultural sensitivity between the group. This eventually leads to better learning environment”.

Interview Participant 5

Field of business: Information Technology

“We are never influenced in our business matters and tasks as far as our actions are in-line with parent company’s principles.”

“We use conventional and business standard mediums along with custom developed and secure technological tools for the purpose.”

“Solid mechanism and responsible processes are our strength in this matter hence no challenge faced in doing so.”

“Our company understands and values multicultural environment. Never faced a clash or issue because of a cultural gap or customs of our society.”

“Physical exchange is made possible through secure networks and reliable mediums while established policies and enforcement of legal agreements ensures trustworthy transmission of information and data.”

“We have an open policy to extend all types of knowledge with parent company where required enabling to new opportunities to benefit from past information”.

Interview Participants 6, 7

Field of business: Engineering

“As most of our communication takes place online therefore our employees need to have some technical knowledge about the use of digital tools”.

“The principal office never restricts us in making any improvements in our services operations”.

“Almost 90% of our communication is held through digital platforms”.

“While conducting feedback from the customers during the aftermarket services process, we noted that some of the engines running in the mountainous regions of the country were reported for

overheating and thus we examined the fault, came up with a solution, reported to the principal office and is now being used in all other regions”.

“The principal office expects usually the after-market services knowledge, customer feedback, market knowledge, and surveys but subsidiary office may also share any innovative idea or knowledge that can be beneficial for the company”.

Interview Participant 8

Field of business: Logistics

“We in the head office have this open culture and encourage all the subsidiaries to autonomously work and improve”.

“Since we run operation in different time zone areas, direct response is almost not possible. And email cannot express the whole meaning of sender. Some parts of information need some clarification immediately. In such case, online meeting is necessary. Here, we need to consider time zone difference to make an appointment”

“Previously, several people were working in shipment confirmations and it would take 4-5 days in to confirm a particular shipment and this was causing us delay and customer service problems. While, in our Indian subsidiary only one person was in charge of shipment confirmations and it would only take them few hours to give confirmation of the shipment. Thus, we took this idea from Indian subsidiary and implemented across the MNC by reducing the number of people in the confirmation for shipments process and it now takes the company only few hours to confirm a particular shipment with less resource utilization”.

“We keep frequent and clear communication with all our subsidiaries and that is one of the reasons we have trustworthy relationships with all our subsidiaries”.

Interview Participant 9

Field of business: Logistics

“We initiated a terminal acceptance report (TAR) in the subsidiary and by utilizing that we were able to avoid almost 70% of our extra costs and helped the parent company reduce their overall annual expenses. This idea is now being implemented across the world in all of the subsidiaries of the company”.

“We always feel autonomy in all our decisions and initiatives except for some restrictions in the budget control activities”.

“During the annual worker exchange program, we are able to share our idea about some solution to our parent company. As we are working right middle of the operation, we can provide suggestions that overseen by headquarters. Exchanging new ideas, thus learning is one of the goals of such program.”

“Since we are located at a distance from the parent company therefore, we need to maintain mutual trust through regular interactions and collaborations. More collaboration leads to more trust and attachment with the parent company and as a result it enables us to share more and more knowledge and ideas without any hesitation”.

“People coming from different areas with different backgrounds usually pronounce different words differently which sometimes lead to slight confusion during the communication process”.

“To improve the collaboration, thus learning experience, both subsidiary and headquarters need to understand each other’s work attitude. So that we can understand each other and meet fulfill our expectations”

Interview Participant 10

Field of business: Information Technology (Outsourcing)

“Most of our projects involve networking, software developments, and electronics and for that reason the parent company expects us to have IT and technical knowledge”.

“Teaching or transferring certain skill is beyond information sharing. Even in case of information, language skill is important, as we communicate in another language- English. So, we can see that if one wants to transfer know-how, the session will require repeated act of explaining in very simple way”

“Our office feels full freedom to explore the market and look for functional leads. We are also encouraged to follow any best practices that suit our market”.

“There is a big difference in the cultures of both countries of subsidiary and parent company. But our parent company is very receptive and that is why we never feel that difference and it helps a lot”.

“We have bi-weekly meetings through video conferencing to share all the details and progress”.

Step 3 Initial coding

In this stage, we intend to express the significant points of interviewees within few words.

Interview 1

- IT sector
- Fully owned subsidiary
- IT engineering background, ability to express the knowledge
- Flat organizational structure
- Parent company demands subsidiary knowledge
- Regular communication
- Personal interaction & digital communication
- Technical issues, time zone difference, dialect issues
- Non-disclosure agreement for trust issue
- Knowledge related to IT engineering
- New software development at subsidiary level

Interview 2

- Telecommunication sector
- Joint venture- subsidiary
- Independent on decision making
- Marketing knowledge
- Receptive attitude from parent company
- Regular communication
- Digital communication
- Dialect issues
- Legal agreement, company virtual network
- New application development at subsidiary level

Interview 3

- Project management
- Fully owned subsidiary
- Dependent to parent company on decision making
- Country specific knowledge, weekly report
- Weekly communication
- Digital communication, personal interaction
- Cultural difference problem
- Importance of cultural sensibility
- No significant contribution to innovation

Interview 4

- Project management
- Parent company
- Hierarchical on decision making
- Country specific knowledge
- Importance of subsidiary's market knowledge

- Weekly communication
- Digital communication, personal interaction during the training,
- Cultural difference issue, security issues on digital communication, language issues, social and political instability, time zone
- Importance of open communication, training session
- No example on innovation

Interview 5

- IT sector
- Fully owned subsidiary
- Flat organizational structure
- Technical & technological knowledge
- Receptive attitude from parent company
- Regular communication
- Digital communication
- No issue on communication
- Secure company virtual network, cultural sensibility, legal agreements
- No example on innovation

Interview 6 & 7

- Engineering sector
- Joint venture- subsidiary
- Independent on decision making
- Technical skills
- After market service skills
- Receptive attitude from parent company
- Regular communication
- Mostly digital communication
- Time differences, lack of technical know-how (some staff members), Language problem (some staff members)

- Parent company is more friendly and open to discuss cultural issues
- Open communication leads to full trust between parent company and subsidiary
- Subsidiary technical knowledge helped in fixing mechanical issues (over heating)

Interview 8

- Logistics sector
- Parent company
- No influence on subsidiary decision making
- Value subsidiary's operational skills and experience
- Regular communication
- Digital and personal interaction
- Mostly language problems, different pronunciations lead to confusion sometimes, time zone differences, different work attitudes
- Lack of motivation in subsidiaries, lack of soft skills, lack of technical skills of using digital media hinders information sharing
- Skills development training sessions, work attitude workshops
- Encouraging subsidiary, enhancing soft skills, more frequent in person meetings and training sessions
- Friendly environment develops more trust
- Mainly operational knowledge is expected from subsidiaries
- Operational efficiency enhancement idea from Indian subsidiary

Interview 9

- Logistics sector
- Fully owned subsidiary
- Independent on decision making
- Services, operational knowledge, market experience
- Operational knowledge, market specific knowledge
- Parent company encourages new ideas sharing
- Regular communication

- Digital and personal interactions
- Time zone differences sometimes affect knowledge sharing
- Language and dialect issues, time zone differences
- Mutual awareness of cultures, cultural orientation sessions
- Open communication, open trust
- Subsidiary's operational knowledge helped in reducing the annual cost by 70%

Interview 10

- IT sector
- Fully owned subsidiary
- Independent on decision making
- Technical, technological, market specific knowledge
- Parent company very supportive, receptive to new ideas
- Daily digital meetings, only once or twice a year in person meetings
- Differences in working hours, leading to multiple working hours shifts
- Language barriers, different way to speaking, cultural differences, working environment
- Mutual respect for cultures
- Mutual trust
- Organized work system to eliminate trust issues,
- Employee feedback survey, rewarding employees with most innovative ideas

Step 4 Conceptualization

In this stage, we intend to organize initial coding through similarities and differences.

Subsidiary Factors

- IT engineering background, (P1)
- Ability to express the knowledge (P1, P10)
- Flat organizational structure (P1, P5)
- Independent on decision making (P2, P6, P7, P8, P9)
- Dependent to parent company on decision making (P3)

- Hierarchical on decision making (P4)
- Operational experience and skills (P8, P9)

Parent Company Factors

- Parent company demands subsidiary knowledge (P1)
- Receptive attitude from parent company (P2, P5, P6, P7)
- Positive perception toward subsidiary (P1, P6, P7, P8, P9, P10)
- Promoting learning environment through workshops, training sessions, and worker exchange program (P8, P9)

Type of Knowledge

- Technical and Technological knowledge (P5, P10)
- Technical skills and aftermarket skills (P6, P7)
- Marketing knowledge (P2, P9)
- Knowledge related to IT engineering (P1)
- Country specific knowledge (P3, P4, P10)

Issues in RKT

- Technical issues (P1)
- Time zone difference (P1, P4, P6, P7, P8, P9, P10)
- Dialect issues (P1, P2, P4, P6, P7, P8, P9)
- Cultural difference issues (P3, P4, P10)
- Security issues (P4)
- lack of technical know-how (P6, P7)
- Different work attitude (P4, P8)

Communication Method

- Regular communication (P1-10)
- Digital communication (P1-10)
- Personal interaction (P1, P4, P6, P7, P8, P9, P10)

Solutions to issues

- Non-disclosure agreement for trust issue (P1, P2, P5, P10)
- Company virtual network (P2, P5)
- Importance of cultural sensibility (P1, P3, P5, P9, P10)
- Open communication (P1, P4, P6, P7, P9)
- Friendly working environment (P8)
- Training sessions (P4, P8)
- Work exchange program (P9)

Outcome of RKT

- New software development at subsidiary level (P1)
- Subsidiary technical knowledge helped in fixing mechanical issues (over heating) (P6 & P7)
- Operational efficiency enhancement idea from Indian subsidiary (P8)
- Subsidiary's operational knowledge helped in reducing the annual cost by 70% (P9)
- Employee feedback survey, rewarding employees with most innovative ideas (P10)

Step 5 Focus coding

In this stage, we intend to re-code the findings and categorize regarding to factors of RKT process

Subsidiary Factors

Based on conceptualization we categorized following codes into subsidiary factors. In doing so we re-coded the conceptualized points.

Knowledge Skills:

- Technical and Technological knowledge
- Technical skills and aftermarket skills
- Marketing knowledge
- Knowledge related to IT engineering

- Operational experience and skills

Disseminative Capacity:

- Ability to express the knowledge

Autonomy

- Flat organizational structure
- Independent on decision making
- Dependent to parent company on decision making
- Hierarchical on decision making

Here, when we compared this category to the outcome of RKT, we realized that the more freedom the subsidiary has on decision making, the more effective outcomes resulted from RKT process. Therefore, we analyzed that subsidiary needs higher level of autonomy to transfer the knowledge to parent company.

External Embeddedness

- Country specific knowledge
- Political, social, economic instability

Parent Company Factors

Absorptive Capacity

- Parent company demands subsidiary knowledge
- Receptive attitude from parent company
- Promoting learning environment through workshops, training sessions, and worker exchange program

Perception towards Subsidiaries

- Positive perception toward subsidiary
- Demand and rely on subsidiaries' ideas

Mediating Factors

Internal embeddedness

- Company virtual network
- Open communication- trust

Cultural Awareness

- Importance of cultural sensibility

Communication Context

- Although regular communication is evident from all participant companies, the outcome of RKT varied. During the focus coding, we realized that effective RKT is resulted through workshops, training sessions and workers exchange program. Therefore, we take ‘communication context’ as a mediating factor, rather than ‘communication frequency.’

Knowledge Relevance

- During the comparison of categories, we find out that knowledge from EM subsidiary is related to parent company’s knowledge base and able to generate further new innovative ideas or innovation.

Outcome of RKT

Innovation

- Subsidiary technical knowledge helped in fixing mechanical issues (over heating)

Reverse Innovation

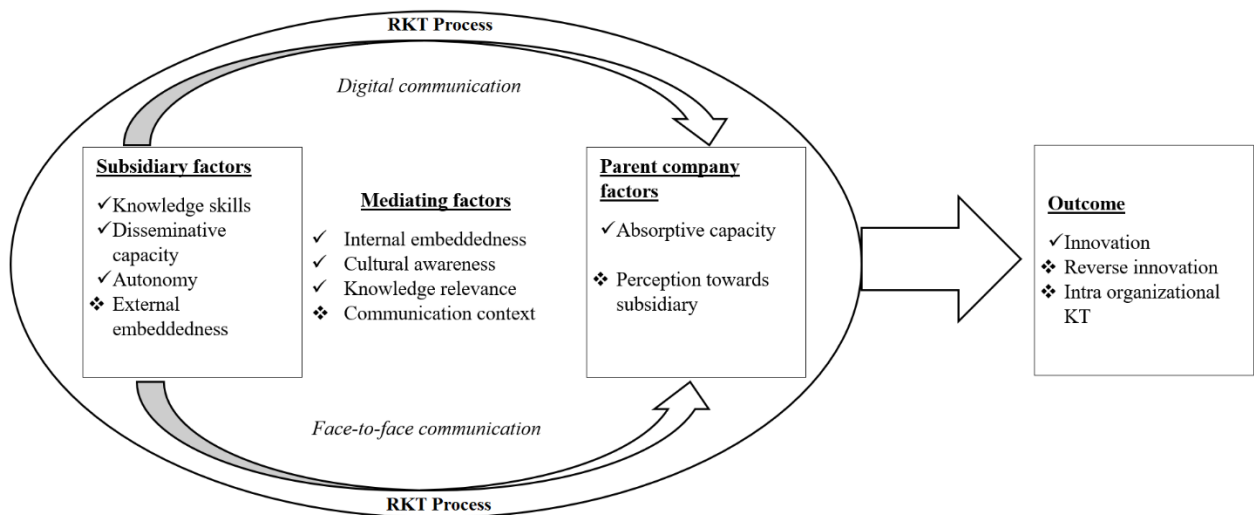
- New software development at subsidiary level
- Operational efficiency enhancement idea from Indian subsidiary
- Subsidiary’s operational knowledge helped in reducing the annual cost by 70%

Intra-organizational RKT

- Employee feedback survey (rewarding employees with most innovative ideas)
- Best practices can be applied to other units of MNCs

Step 6 Linking

In linking phase of the process, analytical interpretation of the RKT process led to the development of RKT model, which is presented below:



Model for Reverse Knowledge Transfer from EM Subsidiaries to Parent Companies in DM

Key:

- ❖ *New factors identified*
- *Factors identified in existing literature*

Source: Own Construction

Based on our analysis, we developed the initial framework into model for RKT from EM subsidiaries to DM parent companies as shown in figure 5.1. Knowledge from EM subsidiaries is transferred through two channels including digital communication and face to face communication. During the RKT process, both actors should be embedded internally and have mutual cultural awareness. Here, knowledge should be relevant to MNC's competitive advantage

and knowledge base. Also, knowledge transfer depends more on the context of communication rather than the frequency of communication.

Adding further, subsidiaries need to have certain skills, expertise, and knowledge in order to be able to attract parent company's attention and initiate RKT process. However, the ability to disseminate this knowledge is complementary for subsidiaries in the given context. Subsidiaries also demand a certain level of autonomy to try new ways and generate innovative ideas. Likewise, external embeddedness of the subsidiaries may benefit the MNCs in their most important decisions making in terms of future investments and/or new projects extension by providing country specific political and economic information.

Moreover, the parent companies need to encourage subsidiaries to generate and transfer innovative ideas while enhance their own absorptive capacity as well for successful transfer of knowledge. Similarly, the perception of parent companies regarding subsidiaries also implies to have an important role in initiating and promoting RKT process.

Finally, the outcome of RKT can be categorized into three distinctive results for MNCs. Knowledge from subsidiaries can result in innovative initiatives that enhance overall productivity of the MNCs. RKT can also lead to reverse innovation in the form of fully developed ideas that are employed by MNCs adding to their operational efficiencies and performance. RKT also encourages intraorganizational knowledge transfer within MNCs by implementing innovative ideas generated in one unit, in all the other subsidiary units with similar market conditions, thus, promoting the process of knowledge transfer.

Step 7 Re-evaluation

During the final stage of re-evaluation, the whole analysis process is re-examined for any possible mistakes or misinterpretations. This is necessary to make sure that none of the factors are overlooked or exaggerated, thus, leading to a balanced analysis. For instance, initially the subsidiaries' country specific political and economic knowledge was categorized as knowledge skills but later on was realized as a new factor categorized under the external embeddedness that plays a vital role in the context of RKT.

Appendix 2

Letter to the company



Date: 23/12/2020

Co-operation for Master Thesis

We are Mr. Sohail Ahmad and Ms. Bolortuya Batkhoo, Master students at the University of Gävle. Our thesis concerns 'knowledge transfer' and we are conducting a research study regarding reverse knowledge transfer from emerging market subsidiaries to headquarters in developed markets.

We want to investigate the complete process of this reverse knowledge transfer by interviewing managers at the headquarter concerned with knowledge sharing and managers working at the subsidiaries in the emerging markets. It will also be beneficial for us to interview few expatriate managers if possible, who has the experience of working in particular emerging market. We will share with you Zoom link for a digital meeting. We would like to conduct as many interviews as possible and promise you anonymity if you want and we will not publish the names of managers, employees, or company.

We can also present the results of our study after completion if you want and you will receive two copies of the thesis. You are also welcome to participate in the defense seminar of our thesis (will share the dates once finalized). We need your help and are depending on your cooperation to write our thesis. Thanking you in anticipation.

Sincerely yours,

Sohail Ahmad (sohkhan345@gmail.com), 0046-70-0406568

Bolortuya Batkhoo (bolortuya_bolor@mail.ru), 0046-73-5623512

Appendix 3

Interview Questions

Introductory Questions

- Could you please tell us about yourself including your position in the company, your roles and responsibilities, and how long have you been working for this company?

Questionnaire to be addressed to parent companies

- In general, what role does the particular subsidiary play in your company? (R&D, sales, or manufacturing)
- Is the subsidiary fully owned or joint venture?
- What are the unique characteristics of this subsidiary? How does it differ among other subsidiaries?
- What are the challenges that you face in receiving information from the subsidiary?
- How can the communication with EM subsidiaries become smoother?
- How often do you communicate with the subsidiary? What are the communication barriers between subsidiary managers and parent company?
- How do you evaluate the subsidiary's ability to create innovation?
- How do you manage cultural issues while working with the oversea subsidiary? Any example?
- It is important to trust business partners. How do you manage trust issues with your subsidiary?
- What kind of information does your company request from that subsidiary? For example, marketing knowledge, technical, technological, etc.
- How do you organize learning environment?
- How can knowledge from subsidiary benefit the company? Any example?

Questionnaire to be addressed to subsidiary units

- In general, what role does your subsidiary play in your company? (R&D, sales, or manufacturing)
- Is the subsidiary fully owned or joint venture?
- What are your subsidiary's capabilities that attract attention from parent company?
- What are the challenges that you face in sending information with the parent company?
- How can the communication become smoother?
- How often do you communicate with parent company? What are the communication barriers between subsidiary managers and parent company?
- How does parent company perceive your subsidiary's capabilities?
- How do you manage cultural issues while working with the parent company? Any example?
- It is important to trust business partners. How do you manage trust issues with parent company?
- What kind of information does your subsidiary share with parent company? For example, marketing knowledge, technical, technological, etc.
- How do you perceive parent company ability to learn? Or to manage learning environment
- How can knowledge from subsidiary benefit the company? Any example?