



# THE UNIVERSITY *of* EDINBURGH

This thesis has been submitted in fulfilment of the requirements for a postgraduate degree (e.g. PhD, MPhil, DClinPsychol) at the University of Edinburgh. Please note the following terms and conditions of use:

This work is protected by copyright and other intellectual property rights, which are retained by the thesis author, unless otherwise stated.

A copy can be downloaded for personal non-commercial research or study, without prior permission or charge.

This thesis cannot be reproduced or quoted extensively from without first obtaining permission in writing from the author.

The content must not be changed in any way or sold commercially in any format or medium without the formal permission of the author.

When referring to this work, full bibliographic details including the author, title, awarding institution and date of the thesis must be given.

**KNOWLEDGE SHARING AND LEARNING  
FOR  
INTERNATIONALISATION  
WITHIN INTERNATIONAL JOINT VENTURES**

**JEONG-YANG PARK**

**DOCTOR OF PHILOSOPHY  
THE UNIVERSITY OF EDINBURGH**

**2013**

## DECLARATION

In accordance with the University of Edinburgh Regulations for Research Degrees, the author declares that:

- (a) This thesis has been composed by the author
- (b) It is the result of the author's own original research
- (c) It has not previously been submitted for any other degree or professional qualification except as specified
- (d) Preliminary results of this research were presented at international conferences as per attached list of Publications and Refereed Conference Papers.

The copyright of this thesis belongs to the author.

Signed: Jeong-Yang Park

Date: 13 June 2013

## LIST OF PUBLICATIONS

### Journals:

**Manuscript under 2<sup>nd</sup> revision:** Revised and resubmitted in December, 2012

Jeong-Yang Park and Simon Harris (2012). Microfoundations for Learning and Absorptive Capacity Building within International Joint Ventures. *International Business Review*.

### To be submitted June 2013

Jeong-Yang Park and Simon Harris (2013). Overcoming barriers to knowledge sharing and embeddedness in International Joint Ventures. *Long Range Planning*.

### Referred conference proceedings:

Jeong-Yang Park (2012). Knowledge transfer, learning and capability building. 12<sup>th</sup> European Academy of Management Doctoral Colloquium, Rotterdam School of Management, Erasmus University, Netherland, 5-6 June.

Jeong-Yang Park and Simon Harris (2012). Learning, knowledge transfer and capability building within international joint ventures. 39<sup>th</sup> Academy of International Business (UK & Ireland) Conference, University of Liverpool Management School, UK, 29-31. March.

Jeong-Yang Park and Simon Harris (2012). Overcoming institutional barriers to knowledge sharing in international joint ventures. 26<sup>th</sup> British Academy of Management Conference, Cardiff Business School, UK, 11-13 September.

Jeong-Yang Park and Simon Harris (2012). Knowledge management and knowledge sharing in international joint ventures. 38<sup>th</sup> European International Business Academy Conference, University of Sussex, UK 7-9 December.

Jeong-Yang Park and Simon Harris (2013). International joint ventures embeddedness and knowledge sharing. 40<sup>th</sup> Academy of International Business (UK & Ireland) Conference, Aston Business School, Birmingham, UK, 21-23 March.

## ACKNOWLEDGEMENTS

I would like to sincerely thank my principle supervisor and co-author, Professor Simon Harris. I am very grateful for his valuable insights, continuous encouragement and helpful comments. It was a great learning process developing ideas and writing academic papers together which I enjoy very much working with him. Professor Harris has been a great supervisor and I am indebted to him.

I would also like to thank Professor John Dawson, my second supervisor, for his guidance. Professor Dawson initially took me on the PhD program at The University of Edinburgh. He has been very supportive especially in the data collection process in Korea.

A huge contribution came from all my interviewees. I would like to thank them for their valuable time and help. This research would not have been possible without their support and sharing their experiences during lengthy interviews.

I benefitted from the constructive suggestions of the journal's editor, Professor Pervez Ghauri and the three anonymous reviewers of *International Business Review*. I also gratefully acknowledge the helpful comments from several conferences.

I am grateful to Gore Langton family for their continuing support.

Finally, I would like to thank my parents, Sung-Won Park and Mi-Sun An and my brother Ji-Hwan Park. I dedicate my thesis to my parents for the unconditional love they gave me, as always.

March 2013  
Jeong-Yang Park

***FOR MY PARENTS***

## ABSTRACT

Though International Joint Ventures (IJVs) are widespread, their high failure rate, attributed to the difficulty of managing them, has increased interest in their management. IJV research has seen knowledge sharing and learning between partners to be essential for success, and has noted that this is easier when the international partners are culturally aligned with one another. The process of integrating knowledge across national boundaries and between people from dissimilar cultures is a challenge, because it requires the firms to be embedded into the local market. IJVs need to ensure appropriate approaches for acquiring the knowledge and learning they require. The purpose of this thesis is to examine the knowledge sharing and learning processes that IJV managers undertake, focusing on the “micro-level” of IJV manager action and interaction. It explores how managers of the partners and of IJVs overcome barriers to knowledge sharing.

This research combines internationalisation process, knowledge sharing and organisational learning research to develop an overarching theoretical framework for IJV learning that positions the IJV managers’ roles within the learning process within IJVs. It then examines theoretical ideas concerning the ‘microfoundations’ of learning to consider the structural arrangements, the individual capabilities and the organisational processes of the IJV that might help IJV managers to learn from their partners, to develop capacity within their IJV, and to help the internationalisation of their partners.

This study explores knowledge sharing and learning within the highly successful Samsung-Tesco Homeplus retail IJV formed in 1999 in South Korea as part of Tesco’s internationalisation process. The retail context is appropriate to study the concepts of IJV learning, because retail businesses need to be highly embedded in their market through strong ties with their local customer base, which increases the need for internationalising retail firms to gain knowledge and learning from local IJV partners. The case partner firms, having complementary resource bases but facing barriers of dissimilarity (Korean electronics manufacturer and UK retail firm), yielded a rich context for examining how these were overcome to achieve learning. Data from semi-structured interviews with top and middle level managers and

industry experts were triangulated with multiple sources of secondary data. A microanalysis approach for data analysis enabled analytical abstraction to theory.

The study draws three broad findings regarding the overarching theoretical framework for IJV learning. First, IJV partners can themselves develop strategies that help knowledge sharing that will enhance the prospects for IJV success. The IJV partner's prior capabilities are critical for building and sustaining their IJV relationship prior to and during the IJV. These capabilities facilitate cross-fertilization, integration, and combination of new knowledge and learning between the partner's prior bodies of knowledge, helping knowledge application to be focused on the IJV's needs. This, in turn, helps an absorptive capacity building process to be generated within the IJV itself.

Second, the IJV managers proactively sought the knowledge they needed from outside the IJV and its partners, using their own personal networks (including from their previous working life), that represented important specific external sources of knowledge. By giving the IJV managers high levels of managerial autonomy, the partners indirectly promoted knowledge sharing and learning by requiring them to develop learning strategies appropriate for their context. Learning in IJVs characterised by differences between partners may be helped by IJV manager autonomy rather than by close partner interaction. In this way, the partners' internationalisation capability was developed through the IJV managers sharing knowledge and learning with other international subsidiaries of the partners, especially of their 'best practices'.

Third, challenging a key assumption that knowledge sharing in IJVs requires high levels of social interaction between partners; partners do not share knowledge directly when facing large dissimilarities of hierarchies and organisational cultures, but share it within the IJVs. That way, partners' managers do not need to directly address barriers of dissimilarity in becoming closely embedded with one another for their IJVs to gain the knowledge it needs, but high intensity of effort in learning and capability building within the IJV is needed in a context of dissimilar partners with complementary resource bases.



Findings were drawn concerning the structural, individual and process levels of microfoundations of learning. The study clearly demonstrated a paradox at the structural level in that the difference in the partner's industrial and national cultures simultaneously presented both opportunities for and barriers to new learning. The Homeplus IJV overcame these by investing in intensive processes for developing effective absorptive capacity, by its managers having high levels of absorptive capacity as individuals, and by their having structural and process autonomy to drive the learning themselves. At individual level, the IJV managers' high underlying educational level and their extensive prior knowledge and experience was critical for the speed of learning. Their individual capabilities interacted positively with the context of structural and process autonomy: they independently chose to invest intensively in learning to increase the IJV's absorptive capacity. At process level, the study found many types of learning processes, not only the experiential learning emphasized in previous international business research, but also vicarious learning, grafting, searching and noticing.

The analysis from a microfoundations focus shows how the IJV managers had the structural position, the process authority and the individual capability to source the knowledge they needed from where they could find it most readily within the firms and externally, and to implement it as they considered appropriate. This shows all three sets of microfoundations of learning to be important, rather than the structural one that has hitherto been the focus of IJV research. Furthermore, the study shows the importance of coherent linkages between the structural, individual and process microfoundations of learning that are essential for the potential opportunities and strategic benefits presented by learning and knowledge sharing within an IJV to be realised. The study enriches our understanding of the ways in which learning can take place within an IJV. It does this by adding important elements to the IJV learning research framework that was developed from previous IJV research, these additions representing sources of learning in IJVs that have been overlooked to date. The study also contributes by recognizing other types of learning, beyond the experiential learning that research has assumed to be the main form of learning in IJVs. Finally, the study highlights the importance of coherence between the structural, individual and process microfoundations of learning that underpin IJV absorptive capacity for learning for capability building.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>i</b>
<b>LIST OF PUBLICATIONS</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iii</b>
<b>ABSTRACT</b> .....	<b>v</b>
<b>NOTATION: USE OF ACRONYMS</b> .....	<b>xii</b>
<b>LIST OF FIGURES</b> .....	<b>xiii</b>
<b>LIST OF TABLES</b> .....	<b>xiv</b>
<b>LIST OF APPENDICES</b> .....	<b>xv</b>
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1 Background to the subject of study .....	1
1.2 This study: Theoretical frameworks that can address the problem and research objectives.....	6
1.3 Overview of research method .....	8
1.4 Structure of the thesis.....	9
<b>CHAPTER TWO: INTERNATIONALISATION PROCESS AND LEARNING</b> .....	<b>13</b>
2.1 The internationalisation of multinational enterprises.....	13
2.2 Models of the internationalisation process.....	15
2.3 The Uppsala model: From knowledge to learning.....	17
2.4 Critiques and developments in internationalisation process research.....	22
2.5 Knowledge and learning in the internationalisation process.....	24
2.6 The role of international joint ventures in the internationalisation process.....	28
2.7 Summary .....	30
2.8 Retail internationalisation .....	31
2.9 Definition of retailing and retail internationalisation.....	31
2.10 Drivers of retail internationalisation: Push and Pull factors .....	32
2.11 Main themes in the retail internationalisation research.....	34
2.12 Forms of retail internationalisation .....	35
2.13 The need for learning in the retail internationalisation research.....	39
2.14 Conclusion.....	41
<b>CHAPTER THREE: ORGANISATIONAL KNOWLEDGE</b> .....	<b>42</b>
3.1 The resource based view of the firm .....	42

3.2 The knowledge based view of the firm .....	47
3.3 The nature of knowledge.....	50
Objective knowledge and experiential knowledge.....	52
Explicit knowledge and tacit knowledge .....	52
3.4 Importance of tacit knowledge and internationalisation process .....	54
3.5 Organisation as information-processing machine vs. knowledge-creating entity .....	56
Knowledge creation process theory: concepts and issues .....	57
3.6 Four stages of knowledge creation: SECI model.....	59
3.7 Conclusions .....	61
<b>CHAPTER FOUR: ORGANISATIONAL LEARNING AND ITS PROCESSES</b>	<b>62</b>
.....	
4.1 Organisational learning .....	62
From individual learning to organisational learning .....	64
4.2 Types of organisational learning: Single loop and double loop learning.....	67
4.3 Absorptive capacity.....	69
Four dimensions of absorptive capacity.....	70
Extension of the notion of absorptive capacity .....	72
4. 4 Experiential learning theory .....	73
The cycle of experiential learning .....	74
4.5 Four stages of experiential learning theory .....	74
4.6 Drawbacks of experiential learning model .....	77
4.7 Experiential learning theory and cross-cultural learning .....	78
4.8 Different types of knowledge acquisition: Organisational learning and its processes .....	81
Internal knowledge acquisition: Congenital learning.....	81
Internal knowledge acquisition: Experiential learning.....	82
External knowledge acquisition: Vicarious learning .....	83
External knowledge acquisition: Grafting.....	84
External knowledge acquisition: Searching and noticing .....	84
4. 9 Conclusions .....	87
<b>CHAPTER FIVE: THIS STUDY .....</b>	<b>88</b>
5.1 Addressing research question one .....	89
Knowledge sharing in IJVs .....	90
The challenges of knowledge sharing in IJVs.....	91

Specific barriers to knowledge sharing in IJVs.....	93
Knowledge sharing approaches in international contexts .....	95
5.2 Addressing research question two.....	96
Microfoundations for learning .....	96
Microfoundations for organisational learning at the structural level .....	97
Individual level microfoundations of IJV learning .....	100
Processes and interaction microfoundations of IJV learning .....	102
5.3 The research gap to be addressed.....	105
5.4 A theoretical research framework .....	108
5.5 Conclusion.....	112
<b>CHAPTER SIX: METHODOLOGY .....</b>	<b>113</b>
6.1 Research questions .....	113
6.2 Research methodology .....	114
6.3 Possible research approaches and philosophies .....	114
6.4 The choice of research approach: Qualitative research.....	117
6.5 Different types of qualitative research .....	118
6.6 Research design and method for this study.....	120
Case study design .....	122
6.7 Single case study .....	125
6.8 The research Procedure: Eight phases.....	126
Phase 1: Identification and theoretical sampling of a case IJV.....	127
Phase 2: Interview protocol development. ....	129
Source of Data .....	131
Phase 3: Selection of interview population: Key Informant and semi structured Interviews. ....	132
Phase 4: Data collection for empirical study: semi-structure interviews. ....	134
Translating interviews into English.....	135
Triangulation .....	136
Phase 5: Qualitative data coding. ....	138
Phase 6: Qualitative data analysis. ....	140
Phase 7: Follow- up interviews. ....	142
Phase 8: Overall data analysis, evaluation and re-evaluation .....	143
6.9 Limitations of qualitative single case study .....	143
6.10 Conclusions .....	144

<b>CHAPTER SEVEN: DATA FINDINGS AND ANALYSIS-THE STUDY CONTEXT .....</b>	<b>145</b>
7.1 Research Context: Industry overview .....	145
7.2 Overview of the partners .....	149
Discount retail firm: Tesco Homeplus Company overview.....	149
7.3 Summary .....	153
7.4 The barriers to knowledge sharing and learning .....	154
Differences in hierarchy .....	154
Differences in organisational cultures and managerial methods.....	157
Differences in language.....	162
7. 5 Conclusions .....	164
<b>CHAPTER EIGHT: FINDINGS AND ANALYSIS .....</b>	<b>165</b>
8.1 Prior knowledge and learning base .....	166
8.2 Inter-partner knowledge sharing .....	178
8.3 Knowledge and information sharing between partners and international joint venture.....	185
8.4Skills and capability learning from partners to international joint venture.....	190
8.5 Internal process of learning within the international joint venture .....	195
8.6 Learning and capacity building for the partners .....	206
8.7 Emergent findings: Best practices knowledge sharing and learning between international joint venture and partners’ other subsidiaries .....	211
8.8 Emergent findings: Learning from the outside network- Managers’ own networks .....	220
8.9 Conclusion.....	222
<b>CHAPTER NINE: CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>225</b>
9.1 Revised framework .....	226
9.2 Implications for theory and research in knowledge sharing and organisational learning.....	231
Interfaces between the microfoundations of learning .....	235
9.3 Implications for practice .....	240
9.4 Limitations and implications for future research .....	241
<b>REFERENCES.....</b>	<b>246</b>
<b>APPENDIX A.1 Interview protocol for Groups 1and 2.....</b>	<b>276</b>
<b>APPENDIX A.2 Interview protocol for Groups 3 and 4.....</b>	<b>281</b>
<b>APPENDIX A.3 Interview protocol for Group 5.....</b>	<b>286</b>

## NOTATION: USE OF ACRONYMS

E-Mart: Shinsegae Co. E-Mart  
FDI: Foreign Direct Investment  
GDP: Gross Domestic Product  
Homeplus: Samsung Tesco Homeplus Co.  
IPLC: International Product Life Cycle  
IMF: International Monetary Fund  
IJV: International Joint Venture  
Korea: South Korea or Republic of Korea  
KPI: Key Performance Indicator  
M&A: Merger and Acquisition  
MNEs: Multinational Enterprises  
POS: Point of Sale  
R&D: Research and Development  
ROI: Return on Investment  
SMEs: Small and medium sized Enterprises  
TNCs: transnational corporations  
UK: United Kingdom  
WTO: World Trade Organisation

## LIST OF FIGURES

	<b>PAGE</b>
Figure 2.1: The mechanism of internationalisation process model	20
Figure 2.2: Retail internationalisation: motivational structure	38
Figure 3.1: Growth of knowledge of the firm	51
Figure 4.1: Cross-cultural knowledge transfer as a process of learning model	78
Figure 5.1: Three microfoundations of organisational learning	98
Figure 5.2: The structure of knowledge sharing and learning in IJVs	106
Figure 5.3: The research model: A dynamic framework of knowledge sharing and learning processes within an international joint venture	109
Figure 5.4: The dynamic framework of knowledge sharing and learning processes where the numbers on each arrow refer to the six findings	112
Figure 6.1: The difference in emphasis in quantitative versus qualitative methods and their research philosophies	116
Figure 6.2: Framework illustrating building theories from single case study	121
Figure 6.3: Research Procedure	126
Figure 8.1: The framework of knowledge sharing and learning within an IJV	166
Figure 8.2: The framework of knowledge sharing and learning within an IJV	178
Figure 8.3: The framework of knowledge sharing and learning within an IJV	185
Figure 8.4: The framework of knowledge sharing and learning within an IJV	190
Figure 8.5: The framework of knowledge sharing and learning within an IJV	195
Figure 8.6: The framework of knowledge sharing and learning within an IJV	206
Figure 8.7: The revised framework of knowledge sharing and learning within an IJV	211
Figure 8.8: The revised framework of knowledge sharing and learning within an IJV	220
Figure 9.1: The revised framework of knowledge sharing and learning within an IJV	227
Figure 9.2: A revised framework of knowledge sharing and learning within IJVs	229
Figure 9.3: Interlinked microfoundations for IJV learning and absorptive capacity building	236

## LIST OF TABLES

	<b>PAGE</b>
Table 2.1: Types of strategic alliance	28
Table 2.2: Main themes in the international retail research	34
Table 2.3: The limited dimension of learning in the retail internationalisation research	40
Table 3.1: The description of information and know-how by distinguishing between individual, group, organisational, and network knowledge	51
Table 4.1: Seven competencies of cross-cultural learning	79
Table 6.1: Key differences between deductive and inductive approach to research and their emphasis	115
Table 6.2: The selection of a research strategy according to the different forms of research questions	123
Table 6.3: Three different types of case study approach and their definitions	124
Table 6.4: Four types of case study designs	124
Table 6.5: Source of data classified into different groups of interviewee	131
Table 6.6: Case study tactics for four research design tests and their definitions	138
Table 6.7: The different techniques for case study analysis	139
Table 6.8: Research paradigms of the study	143
Table 7.1: Five stages of liberalization process in the Korean distribution industry	146
Table 7.2: Description of Tesco by industry	150
Table 7.3: Tesco's international operations	151
Table 7.4: Profile of the MNE retail firm for empirical study	153
Table 7.5: Main barriers to knowledge sharing and learning within the IJV.	164
Table: 8.1: Summary of the findings	223



## **LIST OF APPENDICES**

	<b>PAGE</b>
APPENDIX A.1: Interview protocol for Groups 1 and 2	276
APPENDIX A.2: Interview protocol for Groups 3 and 4	281
APPENDIX A.3: Interview protocol for Group 5	286

## **CHAPTER ONE: INTRODUCTION**

This chapter presents the overall background to the subject of study and shows how knowledge sharing and learning within International Joint Ventures (IJVs) is of great importance (in the context of increasing globalisation in the world economy) for the successful internationalisation of growing and successful firms. It then argues that there are significant gaps in our knowledge about effective knowledge sharing and learning within and between firms, especially in the context of IJVs. These gaps are identified and potentially useful theoretical frameworks for addressing them are briefly presented. The specific objectives for this study are then explained, and the way the study addresses it is outlined, with an explanation of the specific research context involved. The chapter concludes with an outline of the structure of the thesis.

### **1.1 Background to the subject of study**

Globalisation actively drives the engagement of domestic firms into expanding internationally by leveraging their strengths which leads to increasing numbers of internationalisation activities, but not all firms' efforts to internationalise seem successful. Internationalisation process research has identified the need for learning in internationalisation is critical and international strategic alliances such as IJVs are one way of undertaking this learning for firms in the increasing level of complexity in today's highly competitive markets. Since the 1980s, the form of IJVs has been broadly incorporated for MNEs typically for learning imperative to learn about foreign markets (Prahalad and Lieberthal, 2003). The level of international strategic alliances including IJVs, has been continuing to increase in total foreign direct investments (FDI) over greenfield investments which reflects that firms are aware of the many advantages of establishing such alliances (Shankar and Luo, 2008). The

increasing number of IJVs thus requires further examination in the subject of learning which provides valuable events for learning for partners.

IJVs defined for the purpose of this study, are when ‘two or more organisations share resources and activities to pursue a strategy’ (Johnson, Scholes and Whittington, 2006: 353). IJVs present opportunities for partners to create and obtain appropriate knowledge, know-how and skills which plays a considerable role in IJV outcomes (Dong and Glaister, 2006; Inkpen and Beamish, 1997; Inkpen and Dinur, 1998; Liu, Ghauri and Sinkovics, 2010; Lyles and Salk, 1996) and can offer a channel for learning opportunities to learn skills and competencies from partners (Kwon, 2008; Tsang, 2002). By accumulating knowledge from partners, firms can gain new opportunities, and can find a source of organisational regeneration (Inkpen and Pien, 2006; Liu et al., 2010; Yli-Renko, Autio and Tontti, 2002) or strategic repositioning (Kipchillat, 2002). The capability to share knowledge effectively helps to sustain competitive advantage (Grant, 1996; Kogut and Zander, 1993; Noorderhaven and Harzing, 2009).

IJVs benefit from a process in which knowledge that has been created in one place is transferred internationally and employed by others (McCann and Mudambi, 2005; Noorderhaven and Harzing, 2009) which is particularly useful for the transfer of organisationally embedded knowledge that cannot be easily transferred (Kogut, 1988). It can be a means for managers to identify and avoid problems (Mody, 1993; Teece, Pisano and Shuen, 1997) and to generate or to accelerate their organisational learning (Inkpen and Dinur, 1998; Teece et al., 1997; Tsang, 2002) which provides external visibility as well as internal coordination (Dyer, Kale and Singh, 2001). This learning process is a critical determinant for the development of IJVs purposefully to create value for example in human resources, know-how transfer, technological progression, efficiency enhancement, increasing productivity and spreading financial risk (Glaister, Husan and Buckley, 2003; Hamel, 1991; Inkpen

and beamish, 1997; Park and Ghauri, 2011; Patton, 2008). There is a commonality within the knowledge transfer and IJV streams of research indicating that learning is therefore one important objective for MNEs in creating IJVs (Bresman, Birkinshaw and Nobel, 1999; Hamel, 1991; Kogut, 1988; Lane, Salk and Lyles, 2001; Lyles, 1988).

Though IJVs are widespread and strategically important, they also face considerable barriers to knowledge sharing in comparison with single firms due to their complex nature (Pak, Ra and Park, 2009). This arises from IJVs being newly set up, independent units jointly owned by the partners which are composed of individuals that are recruited from the local market and from the two partners (Buckley, Devinney and Louviere, 2007; Zhang, Li, Hitt and Cui, 2007) which creates tensions. The process of integrating knowledge across national boundaries and between people from dissimilar cultures is a challenge (Bartlett and Ghoshal, 1991; Westney, 2001) because it requires the firms to embed themselves into the local market, making success uncertain (Bamford, Ernst and Gubini, 2004).

Continued poor performance of IJVs has increased interest in their management (Hyder and Ghauri, 2000), and the difficulty of managing IJVs has been found to lead to a high failure rate, at least in developed countries (Beamish and Delio, 1997; Pak et al., 2009). Knowledge sharing between partners from different national contexts is made more difficult when these differences are great; national cultures, for example lead to different ways of social interaction (Pak et al., 2009), and different rules and understandings (Morgan and Kristensen, 2006). IJV research has seen knowledge sharing and learning between partners to be essential for success, and has noted that this is easier when the international partners are culturally aligned with one another. Thus, IJVs need to ensure appropriate learning processes and approaches for acquiring the knowledge they require (Glaister et al., 2003), because their capability to learn and diffuse accumulated knowledge stocks, flows and

processes is critical for their development (Beamish and Berdrow, 2003; Park and Ghauri, 2011) and will become their source of competitive advantage (Foss, Husted and Michailova, 2010; Glaister et al., 2003; Kandemir and Hult, 2005).

In particular, retail firms appear to demonstrate further challenges and difficulties in the process of internationalisation in globalised marketplace. Difficulties in the internationalisation of retail firms are noticeably evident in the market, as the number of withdrawals, caused by rather limited and inadequate success in several markets despite their prior experiences and successes in their domestic markets or elsewhere by one of the largest retail MNEs, has been rising (For example, Wal-Mart in Korea, Germany and Brazil, Carrefour in Korea, Japan, Russia and Germany and Tesco in US and Japan). Unlike the majority of manufacturing firms and their offerings, retail businesses are entirely distinctive in their nature and operation of such business is affected by three main locally embedded environmental factors concerning changes in consumer character in terms of demographic, social or economic factors, changes in technology and changes in competition strength (Cox and Brittain, 2004).

Retail firms face particular challenges. They need to dynamically and constantly update their processes, and they also need to be highly embedded in their markets through strong ties with their local customers. This increases the need for internationalising retail firms (especially firms dealing with selling groceries) to gain more rigorous knowledge and learn about their new local markets and constantly changing customer needs, where their own internal competences, knowledge base and resources are typically not appropriate. The new learning they need includes, for example, local consumer tastes, lifestyles and shopping habits as these characteristics are not uniform and these should be tailored to fit locally. Here, IJV partnerships can provide this knowledge they require (Prahalad and Lieberthal, 2003), which is why an increasing number of retail firms seeking to establish IJV with local partners who have suitable level of local market and business knowledge

they need to share risks with associating internationalisation. To achieve this, however, foreign partners still need to be capable of knowledge sharing and learning from their local IJV partners and be able to understand how they are managed and what approaches their partners take in order for the IJV partnership to be beneficial for both partners (Kipchillat, 2002; Luo, 2009; Patton, 2008).

The retail industry provides an appealing setting to examine knowledge sharing and the concepts of IJV learning, since, as Miozzo and Yamin (2012) have recently noted, research to date focuses heavily on manufacturing multinationals regarding headquarters and subsidiaries relationships, and there is a need to examine service multinationals in their own ability and ownership as well. In particular, the discussions of the growing global nature of the retail industry and influences and movements of international retail firms have been for the most part neglected and deficient in research despite the fact that retail MNEs comprise 10 per cent of the world's largest 500 MNEs, and that there have been critical events in retail firms in the last decade. These events include such as merger and acquisition (M&A) activities by large retail firms in Southeast Asia, Central Europe and Latin America (Coe, 2003; GPN Working Paper 8, 2003; Rugman and Girod, 2003; Wrigley, 2000b). The lack of focus on retail industry and internationalising retail firms has been suggested to be the result of deficiency of theory in international retailing (Dawson, 2007).

International business, organisational learning and internationalisation process research has paid some attention to the issue of knowledge sharing and transfer within IJVs and has highlighted the importance of the learning processes. Previous research has recognized the important role of knowledge sharing, learning and management within MNEs (e.g. Buckley and Carter, 2002). This has typically only taken the perspective of headquarters or the parents, and has focused on factors of performance such as the role of trust and commitment between partners, resource bases, skills, and contractual formats where subsidiaries act as receivers of

knowledge resource (Ambos, Ambos and Schlegelmilch, 2006; Luo, Shenkar and Nyaw, 1998). The reason firms form IJVs and, the structural forms they use is known (e.g. Makino and Beamish, 1998; Yan, 1998), as is what they are trying to achieve with them (e.g. Inkpen and Beamish, 1997; Lyles, 1994).

IJV research has rarely, however, examined how managers in IJVs achieve the learning that they need and how they make them work (Beamish and Berdrow, 2003). Managers of IJVs can construct organisational routines and processes to help create, diffuse and transfer knowledge and learning (Bhagat, Kedia, Harveston and Triandis, 2002), but there is limited research about what these are and there is little research available that sheds light on these. It leaves a gap concerning the microfoundations of learning at the “micro-level” of IJV manager action, interaction and sources from managerial perspective (Foss et al., 2010; Glaister et al., 2003).

Previous research has noted that the amount of knowledge available for transfer within IJVs depends on the IJV partner’s prior knowledge and experience (e.g. Tsai, 2001), and has highlighted the importance of diverse sources and processes for acquiring organisational knowledge (Huber, 1991). Organisational learning theory has introduced the notion of absorptive capacity to reflect a firm’s capability for learning and has shown that a firm’s absorptive capacity is critical for rapid knowledge acquisition in multinational enterprises (MNEs) (Cohen and Levinthal, 1990; Yao, Yang, Fisher, Ma and Fang, 2013).

## **1.2 This study: Theoretical frameworks that can address the problem and research objectives**

The study presented here benefits from a well-established focus on learning within internationalisation process research, which has usually seen it to be a cumulative, path-dependent, slow and incremental process, arising from experience (Coviello

and McAuley, 1999; Eriksson, Johanson, Majkgard and Sharma, 2000; Johanson and Vahlne, 1977, 1990). Furthermore, this study takes advantage of recent theoretical advances concerning the microfoundations of routines and capabilities to disentangle the underpinnings of knowledge sharing and organisational learning within IJVs. Felin, Foss, Heimeriks and Madsen (2012) have recently drawn on the behavioural theory of the firm (Feldman and Pentland, 2003; Winter, 2003) and have noted that effective organisational capacity building requires coordinated development needs to take place at individual, process and structural levels. This is potentially valuable because IJV research has typically focused on the structural level of development.

Separately, organisational learning research has noted the importance of IJV managers' capacity to absorb new knowledge, and that internationalising firms are not restricted to experiential learning (Johanson and Vahlne, 1977, 1990) but can also use vicarious learning, congenital learning, grafting, searching and noticing for their learning and knowledge acquisition (Cohen and Levinthal, 1990; De Prijcker, Manigart, Wright and De Maeseneire, 2012; Huber, 1991).

The purpose of this thesis is to examine the knowledge sharing and learning processes that IJV managers undertake, focusing on the "micro-level" of IJV manager action and interaction. It explores how managers of the partners and of IJVs overcome barriers to knowledge sharing, with whom they were interacting and what they were learning. Specifically, this research asks what are the capabilities and decisions that help IJV managers to learn from their partners, to develop capability from that learning, and to build the absorptive capacity needed to do so. Here this study does not assume the primacy of headquarters' managers (Ambos et al., 2006), and draws on the processes in detail rather than on the content of learning.



To do this, this research combines internationalisation process, knowledge sharing and organisational learning research to develop an overarching theoretical framework shown in Figure 5.3 in Chapter Five for IJV learning that positions the IJV managers' important potential roles within the learning process within IJVs. It then examines theoretical ideas concerning the 'microfoundations' of learning to consider the structural arrangements, the individual capabilities and the organisational processes of the IJV that might help IJV managers to learn from their partners, to develop capacity within their IJV, and to help the internationalisation of their partners. This research renders the notion of knowledge sharing and learning more relevant specifically to IJV development, as well as presenting the specific lessons Homeplus derived from its IJV experience more broadly offered for use elsewhere which have been occasionally included in research. The research is guided by the two sets of research questions as below:

1. How do IJV and IJV partners' managers undertake knowledge sharing and learning and how do they overcome barriers to knowledge sharing?
2. How do IJV managers learn from their partners to develop capacity within their IJV that helps the partners' internationalisation?

They are considered sequentially in order to present a logical progression through the study. Research questions act as guidance for collecting focused empirical data as well as secondary data.

### **1.3 Overview of research method**

Given the research questions, this study explores knowledge sharing and learning within a well-known and highly successful retail IJV, Samsung-Tesco Homeplus (hereafter Homeplus), formed by Samsung Corporation (hereafter Samsung) and Tesco in Korea in 1999. It was formed to achieve internationalisation to Korea for

Tesco and diversification into retail for Samsung. Managers in this IJV and in its partners had complementary resource bases and achieved successful knowledge sharing and learning despite considerable cultural differences and barriers of dissimilarity (Korean electronics manufacturer and UK retail firm). The case IJV presents a rich context to examine how these were overcome to achieve learning and the individual managers' specific approaches, activities and collaborative behaviours in fine detail. Recent studies have examined this IJV (Coe and Lee, 2006; Palmer, 2005; Suh and Howard, 2009), but did so only at the firm level, so did not observe how Homeplus managers engineered its success.

Reflecting the research questions and given the research background, a qualitative research with a single case study is conducted. Data from semi-structured interviews of top and middle level managers and industry experts were triangulated with multiple sources of secondary data. A microanalysis approach for data analysis enabled analytical abstraction to theory, in which the findings of the study addressed the knowledge sharing and learning as well as the microfoundations of learning concept inductively. IJV is a useful context to study individual-level learning as it helps understanding the issue of IJV that still seems to be a difficult thing to manage for many firms.

#### **1.4 Structure of the thesis**

Following this introductory chapter, this thesis contains nine chapters which are addressed as follows:

**Chapter One** introduces the overall background to the subject of study of knowledge sharing and learning within IJVs and the research gaps are identified and potentially useful theoretical frameworks for addressing them are presented briefly. The specific two research objectives for this study are then presented, and the way

the study addresses it is outlined, with an explanation of the specific research context involved. The chapter ends with an outline of the structure of the thesis.

**Chapter Two** presents a review of existing key research on the field of internationalisation of multinational enterprises and its theories. It critically evaluates the motivations and impact of internationalisation. It reviews the stage approach models of internationalisation process of the firm with particular emphasis on the theoretical links within the Penrosean growth theory and Hymer (1976). Drawbacks of the stage approach models are discussed. Then the internationalisation process in retail industry is discussed. It demonstrate the particular challenges retail firms face when they internationalise and explained the reasons why they require more rigorous learning and knowledge sharing.

**Chapter Three** draws on the theoretical perspectives on organisational knowledge. At the outset, the chapter sets out the conceptual framework for the analysis and provides a literature review concerning the role of knowledge involved in the resource based view of the firm and the knowledge based view of the firm. The nature of knowledge and its classifications are presented in particular link to internationalisation process. This chapter extends to the process of knowledge creations and strategies.

**Chapter Four** elaborates the important role of organisational learning in the internationalisation process and individual and organisational learning connect. Experiential learning theory, the main emphasis on the majority of previous research is presented with its four stages model. The concept of experiential learning extends its notion to cross-cultural setting. The idea of firms' absorptive capacity, different types of learning and approaches of learning are discussed.

**Chapter Five** sets out theoretical grounds for this study, specifically at a manager level and develops an exploratory theoretical research framework to approach addressing the research questions. The framework reflects each of two research questions accordingly. Taking these theoretical grounds from the literature review in the previous three chapters, Chapter Five explores how these might be applied to the manager level and develops an exploratory research framework at a manager level by incorporating theories of knowledge sharing and microfoundations for learning specifically within IJV partnerships.

**Chapter Six** sets out research methodology of the thesis and presents research paradigms. The profile of the sample is presented by industry and the primary data collection method is discussed in detail. The first part sets out the foundation concepts of research method, philosophy and approach in this context. Qualitative research methods are discussed in-depth and the reason for adopting such method over quantitative research methods is presented. Then, the steps to select an appropriate method in accordance with the research questions of this research are elaborated. The rationale behind the research strategy adopted is discussed followed by the presentation of the research design, the selection of the case study method and finally, on the chosen methods of analysis and the kind of output of the study. The drawbacks of methodology adopted in this study are also presented.

**Chapter Seven** presents the results and analysis from primary and secondary research data. This chapter presents an overview of the research context and industry for the case study, in order to give the background of the research setting. The Korean retail sector is described with an in-depth market analysis. Then, the chapter gives detailed profiles of the IJV firm of Tesco and Samsung Corporation and outlines the internationalisation process by Tesco into the Korean market and the diversification process made by Samsung. It also offers the development of the IJV partnership. The second part of this chapter discusses the considerable barriers that

the case study firm faced regarding barriers to knowledge sharing and learning between partners. The following section presents the research context for this study and overviews of the IJV case firm in detail, in addition to the rationale behind the formation of the partnership.

**Chapter Eight** presents eight findings including emergent findings and analysis accordingly with the research framework developed in Chapter Five. The internal environment of the IJV was overwhelmed by important differences in terms of differences in hierarchy, organisational cultures, managerial methods and language. While a number of differences impeded knowledge sharing and learning, this chapter presented to facilitators of knowledge sharing and learning built into the IJV in order to overcome the differences between the partners in sharing knowledge and learning. Both of the partners strongly believed in knowledge sharing and learning which led the IJV to develop the structure so that they are able to achieve it. It is clear that both IJV and headquarters managers were proactive in their own knowledge sharing and learning.

**Chapter Nine** involves addressing two research questions that were set out in Chapter One. This chapter presents three broad findings regarding the theoretical framework for IJV learning (Figure 9.1) and presenting revised theoretical framework with two emerging features from the inductive findings. Then, the conclusions are drawn concerning the structural, individual and process levels of microfoundations of learning which respond to research question two. From the findings, the revised concept of microfoundations for IJV learning and absorptive capacity building is presented focusing on the interlinked three levels of microfoundations. This chapter also presents implications for theory and research in knowledge sharing and learning and implications for practices. This chapter concludes with limitations and implications for future research.

## **CHAPTER TWO: INTERNATIONALISATION PROCESS AND LEARNING**

Internationalisation and internationalisation of the firm are considered to be key topics as international business explores the interaction between organisations and various locations (Buckley and Ghauri, 2006). This chapter provides a review of existing key research on the field of internationalisation of multinational enterprises and its theories. It critically evaluates the motivations and impact of internationalisation. It reviews the stage approach models of internationalisation process of the firm with particular emphasis on the theoretical links within the Penrosean growth theory and Hymer (1976). Drawbacks of the stage approach models are discussed. Then the internationalisation process in the retail industry is discussed. It demonstrate the particular challenges retail firms face when they internationalise and explained the reasons why they require more rigorous learning and knowledge sharing.

### **2.1 The internationalisation of multinational enterprises**

Internationalisation is a complex process. Internationalising involves a 'changing state and thus implies dynamic change' (Buckley and Ghauri, 2006: iii). Understanding the concept of internationalisation requires research into the domain of cross-national studies (commercial activities and operations) which comes from the international economics, international finance and international business research (Morgan and Katsikeas, 1997). In the past, the research of international business stood heavily on a macro level as it focused more on countries or industries themselves. In the 1980s, this phenomenon began to change with more focus on companies, in particular, multinational enterprises (MNEs). The theory of the MNE is to explicate the foreign value added activities of firms in regards to their level and pattern, such as the development of foreign activities and investment decision (Dunning, 1993). This theory requires the understanding of two things: the original investment decision to commit to international expansion and how foreign activities have evolved subsequently (Kogut, 1983).

Extensive research has been developed concerning the MNE and the linked issue of FDI. MNEs are enterprises which have a significant presence and power in local (home) economic markets in addition to a number of other (host) markets. This paradigm on the internationalisation model is relatively eclectic and advocates international and location advantages (Rugman, 1981). This discipline is mainly derived from an economics stance to understand the nature of the MNEs in the mid-1970s which is static in nature (Buckley and Casson, 1976; Dunning, 1980; Rugman, 1981).

Hymer (1976) is regarded as a founder for the study of internationalisation and the theory of MNE rooted in industrial organisational theory in the international business research. Initially, he interprets internationalisation by using an in-depth analysis of the firm and perceives the firm as principally national; its foreign operations are expansions of its home (national), thus portfolio and FDI are considered to be separate entities. Portfolio foreign investment gives a share of ownership without control whereas FDI involves control of the foreign operation that “the process of FDI as an international extension of industrial organisational theory” (Dunning and Rugman, 1985: 228).

The main elements in the theory of FDI are the transferability of non-financial and specific intangible assets by the MNE and this is the point where control is required in order to manage the degree of utilization of its internationalised advantages (Dunning and Rugman, 1985). Integration in a business sense refers to the pooling of resources under regular control to maintain growth strategy and to achieve economies of scale. Control is considered as a key feature of internationalisation and the driving force for FDI, which was the requirement to control foreign operations (Hymer, 1976). In this perspective, the firm who already holds an advantage (firm specific advantage), for instance, managerial or organisational advantage built in its home or national market and having the advantage, it further requires having an adequate condition that the firm is able to gain more profit by exploiting the advantage by expanding foreign operations (Buckley, 2006). This is precisely the intention of MNE retail firms entering the Korean market.

The development and growth of the firm is the foundation of its internationalisation and the process depends on how a firm deals with this complexity and its special advantages and characteristics (Buckley and Ghauri, 2006). There are several reasons why firms internationalise their operations and many researchers have studied this area. Internationalisation theorists argue that firms internationalise their units when their external markets are able to offer an effective setting to make profit by exploiting their product or technological capabilities. Firms build up 'cross-border value-added activities' due to the inefficiency of intermediate market operations (Calori, Atamer and Nunes, 2000: 2). There also exists a belief in the theory that with an international expansion, firms will be able to achieve a synergy and gain advantages by operating in foreign markets which result from global scale economies and other potential benefits of internationalisation (Buckley and Casson, 1981; Rugman, 1979; Teece, 1985).

Examples of the benefits gained from internationalisation include a higher degree of capability and profitability of existing operations and higher growth rates (Collinson and Rugman, 2008). The other drive to internationalise lies with possibly institutional pressures such as that to direct firms to adopt internationalisation (Abrahamson and Rosenkopf, 1993). Research also focuses on the international expansion process and patterns of firms. There are two main international expansion patterns: one characterized by the process of incremental international expansion and the other is characterized by fast expansion (Maitland, Rose and Nicholas, 2005). With the exception of very few 'born global' firms, in general firms begin their foreign expansion by entering foreign markets in close proximity to their own markets by placing most of their research and development (R&D) and manufacturing in these countries (Ghemawat, 2005 ).

## **2.2 Models of the internationalisation process**

This section examines stage approach as of internationalisation process. There are three main stage approach models in international business research: the product life cycle theory (Vernon, 1966; 1971; 1979), the establishment chain (Johanson and



Wiedersheim-Paul, 1975) and the Uppsala international model (Johanson and Vahlne, 1977; 1990; 2006). These approaches argue that firms begin selling products in their domestic markets and then they enter new markets in sequence. The main assumptions as well as challenges of each of these stage approaches are discussed in the following sections.

### ***Product life cycle theory***

The majority of countries experience phases or stages of economic expansion and growth. The internationalisation process of the firm is seen to pursue the development of the product life cycle model (IPLC) as firms typically launch new products within their domestic market and gradually they expand into international markets during the product maturity stage (Vernon, 1966; 1971). IPLC model illustrates a perception of global competition by employing sequential process model which means that MNEs are able to sell or develop new products and innovations in sequence that typically search for ways to increase their revenues by maximizing sales of products or services. It simply depicts the internationalisation pattern of firms and demonstrates the dynamics of comparative advantage in due course. IPLC consists of four stages: introduction, growth, maturity and decline.

This model has been useful when firms are planning to expand into other nations which offers an overall guide to behaviour of some firms globally, however, the economic environment has transformed into more complex structures and systems which makes IPLC model irrelevant in one way or another due to its oversimplified nature of the model (Vernon, 1979).

### ***The establishment chain***

In this section, the micro level of analysis of the internationalisation process is discussed. The Scandinavian discipline's perspective on the internationalisation process model suggests that a firm builds foreign units incrementally, adjusting its level of resource commitments depending on cultural and geographic scope

(Carlson, 1974; Johanson and Wiedersheim-Paul, 1975; Wiedersheim-Paul et al., 1978). In this perspective, knowledge and experiential learning are significant and the focus is on the incremental internationalisation process of knowledge and experience accumulation which has a behavioural stance in trying to incorporate dynamism into understanding the internationalisation of the firm and managerial commitment, resources and perspicacity (Steen and Liesch, 2007). The roots of this approach also lie within Penrose's (1959: 31) theory of the growth of the firm which is "essentially an examination of the changing productive opportunity of firms" and such productive opportunity or possibility that "its 'entrepreneurs' see and can take advantage of". This opportunity is seen to be the main concept here (Foss, 1999).

The establishment chain model implies that the internationalisation process of a firm is slow as a firm begins operating in a domestic market, enters nearby markets that are relatively similar with the simplest entry modes as firms are risk-averse, progressing to sales subsidiaries then setting up production or manufacturing (Johanson and Wiedersheim-Paul, 1975). The establishment chain reveals the rising level of contribution or involvement in terms of the firm's commitment of resources and types of information channels to and from the market. The development of a firm does not follow the whole establishment chain all the time as it depends on different circumstances, for example the level of resource commitment or new market entry and importantly, the most vital impediments to the process of internalization are seen to be lack of knowledge and resources (Johanson and Wiedersheim-Paul, 1975).

### **2.3 The Uppsala model: From knowledge to learning**

Johanson and Vahlne (1977, 1990, 2006) and their Uppsala colleagues consider the importance of experience in internationalisation. Johanson and Vahlne (1977) developed an internationalisation process model which is referred to as the Uppsala model. The theoretical approach of the Uppsala model is in line with Penrosean ways in many respects which offers the form and expansion of MNEs (Bjorkman and Forsgren, 1997). The main aspect of the Uppsala model is largely related to the

firm's uncertainty faced with not known opportunities in foreign markets and such uncertainty can be overcome by building up markets knowledge of managers as the "enterprise gradually increases its international involvement" (Johanson and Vahlne, 1990: 11).

The internationalisation process by the firm is typically linked to the psychic distance and firms begin their entry into new markets from those that are considered as being psychically close. It centres on integration and employs new knowledge about foreign markets and operations and on the incremental learning and commitment process in foreign market for firms. As such the firms can progressively enhance the degree of their international involvement, commitment to actual markets and integrate either horizontally or vertically in order to maximize their return on investment (ROI) so that they can expand into new markets characterized by greater psychic distance (Johanson and Vahlne, 1977).

The separation of objective knowledge from experiential knowledge which is obtained by personal experience and the distinction between objective and experiential knowledge signifies the gradual nature of the internationalisation process. Here experiential knowledge is seen to be more relevant in the internationalisation process as it may diminish psychic distance such as differences in languages, cultures, political systems that may disturb a firm's new market entry (Johanson and Vahlne, 1990). It is therefore assumed that the firm's international market knowledge is subjective and mainly based on experience which also indicates that the firm commits resources incrementally as it obtains experience accumulatively from current activities in the market (Johanson and Vahlne, 1977; Steen and Liesch, 2007). The build-up of knowledge is perceived as the motivating and the restraining feature of internationalisation. Subsequently, a higher degree of knowledge about a market can result in a firmer commitment to the market where different approaches in acquiring and applying knowledge can become key competitive elements (Nonaka and Takeuchi, 1995).

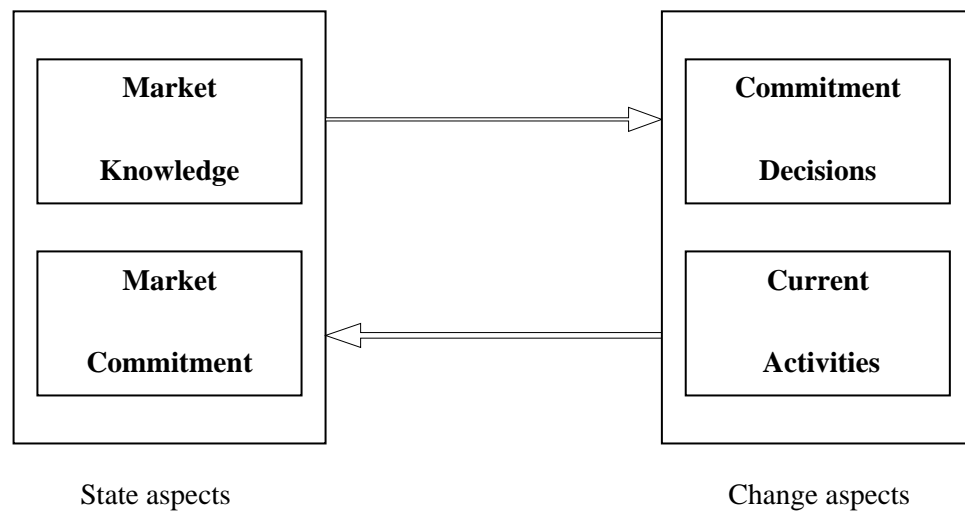
The model demonstrates that the firm is eventually supposed to acquire ownership of its activities in the course of FDI. Hence, internationalisation is viewed as a dynamic evolutionary process (Johanson and Vahlne, 1977, 1990, Pedersen and Petersen, 1998; Forsgren, 2002). Although the role of knowledge in order to lessen uncertainty in non-domestic markets, is emphasized the most in the stage approach, it can also facilitate firms to distinguish and create opportunities in those markets (Johanson and Vahlne, 2006). The positive effect of organisational experience and learning on performance frequently presents itself during the initial stage of the internationalisation progression according to this model. The fundamental elements of internationalisation are shown in a diagram in Figure 2.1.

There are four elements in this model: market knowledge, market commitment, commitment decisions and current activities. There is each state and change aspects linked to the model that has a recurring relationship between the state and change aspects of internationalisation. Market knowledge and market commitment are expected to impact on both decisions concerning the commitment of resources to foreign markets and the approach of current activities operated. The state aspects of the mechanism of internationalisation model emphasize the direct relationship of market knowledge and market commitment.

Market knowledge is concerned with the knowledge of foreign markets acquired by the firm, which is also linked to current and potential demand and supply to competition and to channels for distribution networks that can vary among countries (Carlson, 1974). It is viewed as a key function as it provides a foundation for commitment decisions for firms and market commitment decisions are derived from several types of knowledge.

Johanson and Vahlne (1977) classified knowledge into two types: general knowledge and market-specific knowledge. General knowledge involves generic characteristics of managerial and marketing methods which involve engagement of “common characteristics of certain types of customers, irrespective of their geographical location” (Johanson and Vahlne, 1977: 28). It can be transferred from

one operation to another however as Forsgren (2002) mentions that the method of obtaining general knowledge is not clear. Market-specific knowledge deals with distinctive characteristics and conditions of the specific market therefore it is concerned with “business climate, cultural patterns, structure of the market system, and most importantly, characteristics of the individual customer firms and their personnel” (Johanson and Vahlne, 1977: 28).



**Figure 2.1: The mechanism of internationalisation process model**

Source: Johanson and Vahlne (1977: 26)

Market-specific knowledge is obtained primarily by experience in the market where it can be transferred from one operation to another. In Eriksson et al.’s (2000) recent study, it classified market-specific knowledge into business knowledge and institutional knowledge. Business knowledge is referred to as foreign experiential knowledge of specific market conditions including customers and competitors and institutional knowledge implies foreign experiential knowledge of institutional structures, rules and values in a given market. Although market-specific knowledge is seen to be more critical for the internationalisation process of a firm, firms need to possess general knowledge as well (Johanson and Vahlne, 1977). The build-up of knowledge is perceived as both the restraining and the motivating feature of internationalisation. Subsequently, a higher degree of knowledge about a market can result in a firmer commitment to the market. Thus, both market knowledge and

market commitment is progressively intensified as a firm incrementally expands relationships outward across international borders (Johanson and Vahlne, 1977).

Market commitment is typically related to the level of resources dedicated to a foreign market which can be viewed as a commitment to such a market which contains two elements: the amount of resources committed and the degree of commitment (Johanson and Vahlne, 1977). Both factors are regarded at an instance in time in this model and it is assumed that both the market knowledge and market commitment influence commitment decisions and current activities. Thus, it implies that a deficiency in market knowledge can be referred to as a barrier in the internationalisation process. Accordingly, vertical integration signifies a higher level of commitment than a firm's foreign investment.

The change aspects of the mechanism of the internationalisation model which impacts on the state aspect consist of current activities and commitment decisions. Current business activities are the major basis of experience which are internally obtained experiences, which can contribute towards the accumulation of experience according to the model. It should be noted that there is usually a gap between the current business activities and their outcomes, as these outcomes are likely to occur in connection with the series of activities. This learning process by actually performing activities tends to take a lengthy period of time which is why internationalisation commonly occurs gradually (Johanson and Vahlne, 1977).

Commitment decisions are concerned with determining the level of resources to commit to foreign markets. The decisions depend on certain variables such as in response to apparent problems and/or opportunities which are dependent on experience from activities in the particular market (Buckley and Ghauri, 2006; Johanson and Vahlne, 1977). It is also assumed that problems and opportunities are components of that applicable firm and market experience. Therefore, commitment decisions are connected to the operations presently run on the market either in regards to problems or in regards to opportunities. The approach of commitment

decisions however, fails to take into consideration other factors such as technology, market uncertainty and risk. These complex variable factors can also considerably influence the economy of the market operations (Johanson and Vahlne, 1977).

#### **2.4 Critiques and developments in internationalisation process research**

Although the Uppsala model offers a concrete theoretical ground for understanding the internationalisation process of the firm, this model has been criticised for several aspects since it was established in 1977 (c.f. Andersson, Gabrielsson and Wictor, 2004; Chetty and Campbell-Hunt, 2004). There is a view that the Uppsala model is too deterministic and oversimplifies the complex process of internationalisation as it ignores the interdependencies between different country markets and the influence of external variables (Chetty and Campbell-Hunt, 2004). It is inadequate to explain entirely the internationalisation process of firms specifically for small firms, service sectors, or high technology firms in the global market as they typically do not take an incremental stage approach since they internationalise from their birth with their unique product offerings (Andersson et al., 2004; Jolly, Alahuhta and Jheannet, 1992). The underlying principle behind high technology based firms is to avoid potential imitation processes so that they intend to pursue more rapid internationalisation (Andersson et al., 2004).

Also there is a concern that the Uppsala model is not seen to be valid in highly internationalised firms and sectors due to the fact that competitive forces and factors become countermand psychic distance. Once the firms develop a market for knowledge and experience about international markets, they are expected to be considering the psychic distance to a new international market shorter or more accessible than firms with a few foreign experiences. Since the mid-1970s, the degree of integration between foreign markets has increased by lessening psychic distance. As a result, the information flow has also been increased between markets and obtaining information about doing business in foreign markets including competitors, supply, distribution network, financial and legal system and market potential has been easier since it is feasible to acquire such knowledge from

international accounting firms and investment banks. These factors seem to drive firms to actively expand directly into large markets where the process of internationalisation is seen to be accelerated and the firms often do not follow stages of internationalisation (Johanson and Wiedersheim-Paul, 1975; Oviatt and McDougall, 1994).

Moreover, the new paradigm of “global approach” is becoming more prevalent owing to new external circumstances such as advancement in production, transportation and communication technology as well as of improvement in foreign market knowledge and international related experience (Chetty and Campbell-Hunt, 2004). There are also other environmental factors which drive firms away from following the stage approach, for instance the liberalisation of trade drives firms’ customers to the international market thus there exists a higher competition from imports in a firm’s home market (Oviatt and McDougall, 1994). There are other types of internationalisation such as new international market markers, geographically focused start-ups and global start-up (Oviatt and McDougall, 1994). It is increasingly prevalent to begin their involvement internationally from their founding for exporting and sourcing activities for some firms (Andersson et al., 2004).

Other researchers demonstrate an extreme perspective on the internationalisation approach by stating that “gradual internationalisation is dead” (Cavusgil, 1994: 18), which attracted academic debate on the different theories of internationalisation and led to attempts to seek a theoretical basis for such observations on a firm’s behaviour (c.f. Collis, 1991; Knight and Cavusgil, 2004; Lopez, Kundu and Ciravegna, 2009; McDougall et al., 1994; Oviatt and McDougall, 1994). Several researchers also criticise the Uppsala model for concentrating mostly on specific market knowledge and experiential market knowledge. Its lack of consideration for experience related to all markets and broader internationalisation knowledge as the function of general and objective knowledge in the internationalisation process of firms is mainly overlooked (Eriksson, Johanson, Majkgard and Sharma, 1997; Li et al., 2004).



Finally, under the sense of extensive concept of internationalisation, it requires both inward and outward perspectives of the internationalisation process mutually in terms of increasing involvement in foreign markets (Welch and Luostarinen, 1988). Beamish (1990: 77) considers the term internationalisation as “the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other countries” which indicates the direct connection between the dynamics of international trade with both of import led, inward and export led, outward activities. However, the stage approach models only consider the process of internationalisation as an export led and outward perspectives and there is need to consider import led and inward activities (Korhonen, Luostarinen and Welch, 1996).

Taken as a whole, the international theory of Johanson and Vahlne (1977; 1990) provides a solid ground for understanding the phenomenon of internationalisation and this model can be a valuable tool for the company and its international operations when planning; it can also be used in the decision-making process in spite of several challenges and criticisms as discussed above. Also, the Uppsala model attempts to progress Vernon’s (1979) The Product Life Cycle model by taking into consideration the development of the firm within its environment to facilitate improved explanation of the internationalisation process. In Johanson and Vahlne’s (2006) recent paper, they discard the traditional perspective of the “establishment chain” of their model and emphasize the basis for learning and commitment building in their model. To a certain extent, the focus is on the interaction of both development of knowledge and involvement in international commitments.

## **2.5 Knowledge and learning in the internationalisation process**

The above discussions on the models of the internationalisation process clearly demonstrate that the internationalisation is a learning process for firms (Buckley et al., 2007). Based on international business research on the internationalisation, the key principle lies on the notion of the firm’s inherent ‘foreignness’ in foreign

markets when competing with local firms and it thus discusses the characteristics and processes needed for firms to defeat the disadvantage of this liability of ‘foreignness’ (Hutzchenreuter, Pedersen and Volberda, 2007). Setbacks in internationalisation are seen to be caused by a lack of knowledge about unknown foreign markets. The required knowledge about markets can only be obtained by actually doing business overseas, as this can provide new entrants with an incremental build-up of information (incremental steps), knowledge and experience accumulation (Johanson and Vahlne, 1977). Thus, the process of internationalisation requires rigorous learning (Andersen, 1993; Johanson and Vahlne, 2009; Zaheer, 1995).

Learning and the process of obtaining appropriate knowledge about foreign markets in the course of practical direct experiences overseas, which involves the process of trial and error and also through experiment, helps to diminish this disadvantage of foreignness and operational risks while enhancing overall performance in foreign markets (Kemp and Ghauri, 1997). Thus the role of knowledge and learning become critical to success in the process of internationalisation (Autio, Sapienza and Almeida, 2000; Davidson, 1980; Hennart and Park, 1994; Johanson and Vahlne, 1977).

In a discussion on knowledge and internationalisation, Knight and Cavusgil (2004: 136) point out that “firms must possess specific knowledge based internal organisation capabilities that support both early internationalisation and subsequent success in foreign markets.” The firm’s capacity to employ this knowledge and utilise its relationship is a critical factor which offers unique advantages that assist both foreign market entry as and operations within international business (Autio et al., 2000). Increasingly, the significance of learning and knowledge in the process of internationalisation is emphasized in an international context (e.g. Eisenhardt and Santos, 2002; Ghoshal and Bartlett, 1988; Gupta and Govindarajan, 2000; Monteiro, Arvidsson and Birkinshaw, 2008; Schulz, 2003; Szulanski, 1996; Zander and Kogut, 1995). The notion of knowledge and learning impact on the process of internationalisation can be divided into three levels: the individual level, the

organisation and its inter-organisational network level (Casillas, Moreno, Acedo, Gallego and Ramos, 2009).

The integration of knowledge in such diverse settings, such as in MNEs is complicated (Schulz, 2003) and the practice of knowledge integration has been identified to be fundamental (Monteiro et al., 2008). There is an agreement in the idea that an MNE is “an international network that creates, accesses, integrates and applies knowledge in multiple locations” (Almeida, Song and Grant, 2002:148). The process of integrating knowledge allows MNEs to obtain the “incremental value of being multinational” (Kogut, 1989: 383). The concept that MNEs generate value in the process of internationalisation of their accumulated knowledge and knowledge assets such as patents and organisational routines has its basis from the work of several researchers (Buckley and Casson, 1976; Caves, 1971).

Furthermore, prior experience, both with reference to the amount or intensity and breadth of the knowledge obtained, can play a role as a forecaster of the firm’s international activities (Johanson and Vahlne, 1990; Luo and Peng, 1999). Also, the dimension of knowledge flows relates with existing degrees of communication and reciprocity (Monteiro et al., 2008). The knowledge flows usually take place between “highly capable members of an in-crowd”, whereas the isolated minority infrequently engages in such knowledge sharing activities (Monteiro et al., 2008).

In Johanson and Vahlne’s (2006: 175) recent paper, they demonstrate how “learning and commitment building is more about discovering and constructing opportunities... involving other firms in the network” than regarding ambiguity lessening performed by the one firm. In this view, such opportunities that are recognized by a specific firm at a specific point in time principally rely on the accumulation of knowledge and commitment. Thus, the accumulation of knowledge and commitment influences how a firm constructs opportunities; its learning and the interplay between knowledge development and the degree of foreign commitment is considered as a key factor in the internationalisation process (Johanson and Vahlne, 2006).

The emphasis is on the firm's increasing level of know-how in relation to foreign markets prior to expanding into new markets and also knowledge, in particular experiential knowledge, which the firm is only able to gain when learning by doing is emphasized. (Johanson and Vahlne, 1977, 1990, 2006). Firms can obtain experiential, tacit knowledge or managerial resources by interacting with local and international networks that enhance the knowledge sharing process (Freeman and Cavusgil, 2007; Laanti, Gabrielsson and Gabrielsson, 2007). In order to acquire experiential knowledge, time is required and accordingly, the amount or intensity of knowledge that is operationalized generally increases with the number of years that the firm has been expanding abroad (Luo and Peng, 1999). The significant role of learning in the internationalisation process is highlighted by several papers (Coviello and McAuley, 1999; Johanson and Vahlne, 1977, 2006; Eriksson et al., 2000). It is regarded as a cumulative process which can impact on such process. The process of learning in particular, managerial learning acts as a basis for a firm to shift from a purely domestic one to one that expands into foreign market operations (Coviello and McAuley, 1999).

Although the models of the internationalisation process have demonstrated that knowledge and experience are regarded as key factors in explaining international activities of firms, there are limitations with the Uppsala model mainly due to its narrow focus; that a firm can obtain experiential market knowledge by continuing with its current activities when it is learning about international markets (Johanson and Vahlne, 1990). It completely ignores variations of other types and sources of knowledge acquisition that are available to internationalising firms which demonstrates the need to look at other various types and sources of knowledge and learning. Such limitations have been explored by several researchers and suggest that there exist other ways of learning and acquiring knowledge. Firms are seen to typically learn through four processes: experience, imitation, grafting and synergism (Hyder and Ghauri, 2000: 208). These different ways of learning and acquiring knowledge should be taken into consideration when discussing the internationalisation process.

## 2.6 The role of international joint ventures in the internationalisation process

Internationalisation process research has recognized that the need for appropriate knowledge and learning in internationalisation is significant and their important role as key competencies is increasingly emphasised for success within MNEs (Ferraro, 2002). Moreover, the internationalisation process into developing economies or newly industrialised countries, where this research context is based, has seen to require even greater efforts in organisational learning (Luo and Peng, 1999). Here, international strategic alliances are one way of establishing this learning for internationalising firms in the complex foreign markets by reducing risk. There are different types of strategic alliance ranging from loosely in-formalised to tightly formalised inter-organisational relationships. Table 2.1 illustrates different types of strategic alliances and their influencing factors of forming relationship. The decision-making on control issues of MNEs between the continuums of the foreign market entry, including entry modes from Greenfield investment to a joint venture has been most widely discussed (Buckley et al., 2007; Kipchillat, 2002).

**Table 2.1 Types of strategic alliance**

Influencing Factors	Form of Relationship		
	Loose (Market) - Networks - Opportunistic alliances	Contractual - licensing - Franchising - Subcontracting	Ownership - consortia - joint ventures
The Market - speed of market change	Fast change	→	Slow change
Resources - Asset management - Partner's assets - Risk of losing assets to partner	Managed separately Each parent draws on partners' assets'  High risk	→	Managed together Dedicated assets for alliance  Low risk
Expectations - Spreading financial risk - Political climate	Maintains risk  Unfavourable climate	→	Dilutes risk  Favourable climate

Source: Johnson et al., (2006: 354)

The influencing factors of forming different types of strategic alliances mainly depend on three factors: the speed of market change, resources and expectations. For this study's research context of newly industrialised countries like Korea, the characteristics of these markets are often referred to as fragmented with inconsistent regulations and unfamiliar organisational structure (Boisot and Child, 1996; Peng and Heath, 1996). Due to the hostile conditions in these economies, firms generally pursue an 'evolutionary path' when internationalising which goes through greater 'environmental dynamism, complexity and hostility' (Luo and Peng, 1999: 269). For this reason, a joint venture strategy is often appropriate and utilised in these markets by MNEs to learn about foreign markets as well as to spread financial risk (Prahalad and Lieberthal, 2003). Research has acknowledged that learning is one important goal for MNEs in creating IJVs (Bresman et al., 1999; Hamel, 1991; Kogut, 1988; Lane et al., 2001; Lyles, 1988).

IJVs can offer opportunities for MNEs and local partners to create and obtain appropriate knowledge, know-how and skills (Dong and Glaister, 2006; Inkpen and Dinur, 1998; Liu et al., 2010) and can offer useful events for learning for both partners. IJVs can activate organisational learning across the various strategic business operations and can be valued from a process in which knowledge that has been created in one place is transferred internationally and employed by other partners (McCann and Mudambi, 2005; Noorderhaven and Harzing, 2009; Patton, 2008). As internationalisation process research has emphasised the importance of obtaining experiential learning in internationalisation process, IJVs are especially beneficial for the transfer and sharing of experiential knowledge or organisationally embedded knowledge (Kogut, 1988).

However, the learning process and its synergy between IJVs depends on the compatibility of objectives between the MNEs and the local joint venture partner, the prior experiences of joint venture partnership of the MNEs as well as the prior experiences of managing joint venture partnerships by individual managers at the firm (Lyles, 1994). Since the entire firms or partners do not accurately possess the

same level of ability or competence in learning, it has been stated that the learning that occurs between joint venture partners appears to be rather asymmetrical (Hyder and Ghauri, 2000; Hamel, 1991). Such an asymmetrical nature in learning between joint ventures partners indicates that the learning capacity is different as well as their willingness to learn (Hyder and Ghauri, 2000). Accordingly, it can lead to competition of learning over time as the rate of achieving learning is different between them and one may learn faster than the partner. The partner, with a higher learning capacity to obtain learning from its counterpart, is typically in a stronger bargaining position in their joint venture partnership and as a result, the MNE with a lower learning capacity may undergo a decline in strength in their partnership. The level of uncertainties decreases when the partnership develops more through learning from each other (Hyder and Ghauri, 2000).

There is a still a limited understanding and knowledge of how firms learn or benefit from other local joint venture partners or subsidiaries' knowledge; 'learn at the periphery' which requires further examination into this area of research (Ambos et al., 2006: 295). The majority of existing studies on the aspect of value of knowledge flows has been rather implicit (e.g. Becerra-Fernandez and Sabherwal, 2001; Gold et al., 2001; Gupta and Govindarajan, 2000; Kogut and Zander, 1993; Tsai, 2001).

## **2.7 Summary**

This section has explored the main themes of internationalisation and its theories as they provide a concrete foundation for the rest of the literature review. It examined the stage approach models of internationalisation process of the firm and demonstrated that knowledge and learning aspects of internationalisation process is critical. It also considered the role of IJVs in the internationalisation process. Having discussed the internationalisation process of MNEs in general, the following section discusses the internationalisation process specifically in the retail sector.

## **2.8 Retail internationalisation**

This section presents a review of the internationalisation process specifically in the context of retail industry. The retail industry is defined and the drivers of retail internationalisation are discussed. In particular, the challenges are identified in internationalising retail firms. By identifying such problems, it aims to demonstrate how learning and knowledge come into the interplay and to connect between the internationalisation process theories and current activities involved in retail. Overall, it reveals that the important role of learning and knowledge is required for a retail firm in order to overcome challenges that it may face in non-domestic markets.

## **2.9 Definition of retailing and retail internationalisation**

Retailing is seen as a key element of most economies due to its large scale of operations at a local, regional, national and even international level and increasingly retailing plays a key role in many aspects of international business today (Sparks, 1992). The increasing degree of international involvement in retailing was seen as a crucial strategy to systematic growth as well as an important part in strategic development for retail firms in the 21<sup>st</sup> century (Shackleton, 1996). Retailing is defined as the transaction of products or services to the consumer in a broad sense (Cox and Brittain, 2004). It lies in the final linkage in the production chain which initiates at the extractive stages, shifts throughout the manufacturing progressions and finishes by the distribution of products or services to the buyer. It also engages with purchasing and introducing products, controlling inventories and promotion activities. There are many advantages to international development beyond the purpose of achieving store expansion which include better brand recognition and the acquisition of know-how that assists in understanding consumers and gaining economies of scale.

The process of retail internationalisation is typically seen as a planned and incremental one which is managed by the retail firm's corporate objective and experience (Davies and Fergusson, 1995). Although Dawson (1993) points out that



the strength of a firm's retail offering, marketing resources and product range can also influence the process of internationalisation, it can also allow firms to differ from such incremental process (Johanson and Vahlne, 1990; Reid, 1984). However, the retail internationalisation is not solely concerned with international store expansion but rather importantly, retail internationalisation requires an involvement with the utilization of management knowledge or know-how to the degree of international level (Wrigley, 2000b).

## **2.10 Drivers of retail internationalisation: Push and Pull factors**

It has been widely acknowledged that firms gain advantages by operating in foreign markets which result from global scale economies and scope in general as well as profiting from other potential benefits of internationalisation in logistics, purchasing activities and increased capitalization (Dawson, Mukoyama, Sang and Larke, 2003). Internationalisation of retail firms is seen to be quite possibly encouraged by demand factors whereas manufacturing firms tend to expand in order to utilize the location advantages of cost and resources in a foreign market but the drives of internationalisation into a foreign market are likely to differ according to the market (Gripsrud and Benito, 2005). From the mid 1990s, the rate of the knowledge transfer procedure has seen to be accelerated and the influences of knowledge transfer process have been more prevalent in the context of internationalisation of retailing which increased the rate of internationalisation of retailing on the whole (Dawson, 2007). Conventionally, the motives behind retail internationalisation have been classified into two categories; push and pull factors (Wrigley and Lowe, 2002) where there is interplay between push and pull factors.

The drivers behind push factors are regarded as a threat which causes retail firms to look to foreign markets. Three major push factors have been classified: market saturation, recession and planning restrictions (Cox and Brittain, 2004: 43). The retail sector experienced a strong push as a result of high level of market saturation in their domestic markets in the US and Europe at the beginning of the 1990s which is seen to primarily drive the retail internationalisation (Cox and Brittain, 2004;

Treadgold, 1998). In view of this, there was severe competition in US and European markets which encouraged them to find ways to internationalise for growth. For instance, in the UK, retail chains' share of the grocery retail market share jumped from under half in 1973 to more than 80 per cent by 2000 (Cox and Brittain, 2004: 42). The saturation of the retail market in other countries in Europe, such as France, Germany and Belgium, showed a relatively comparable pattern to that of the UK.

Moreover, recession in the domestic market is seen to act as a push factor to retail firms. As a strategic requirement to maintain growth, retail firms may be pushed to expand to other foreign countries where economies are thriving. Planning restrictions and regulations in domestic markets also push retail firms to internationalise. For instance, Tesco was faced with challenges to acquire premises in order to expand under severe planning restrictions in the domestic market. Other push factors may include demand from shareholders or financial institutions to encourage retail firms to internationalise.

The drivers of pull factors are regarded as opportunities. These include: falling barriers to market entry, supplier strategies, strategic retail alliances, identification of less developed markets, converging consumer tastes and possible economies of scale (Cox and Brittain, 2004: 43). There was a dominant pull from newly industrialized countries in the 1990s, due to falling barriers to market expansion and the influence of organisations such as World Trade Organisation (WTO) and IMF (Monbiot, 2003). Specifically, several Asian countries saw the liberalisation of the retail sector, since there was severe pressure from governments and WTO to open their retail market completely (China in 1995 and Korea in 1996). Such deregulation in the retail sector was regarded as a big opportunity for retail firms to internationalise; as large retail firms are supported by advanced IT in the supply chain system which they are able to utilise to expand internationally. Such pull factors encourage global retail firms to obtain economies of scale. Overall, the push and pull factors are useful in considering the phenomenon and motives of retail internationalisation, however, these oversimplify the complicated rationale of drivers behind the retail internationalisation process (Moore, Fernie and Burt, 2000; Williams, 1992).

## 2.11 Main themes in the retail internationalisation research

**Table 2.2: Main themes in the international retail research**

Main Theme	Aspect of international retail research	Researchers
The process of implementing retail internationalisation	Definition	Alexander, 1997; Dawson, 1993, 1994; Sparks, 1995
	Motives	Alexander, 1990, 1995; Hallsworth, 1992; Kacker, 1988; Quinn, 1999
	Spatial	Burt, 1991; Myers, 1996; Myers and Alexander, 1996; Pellegrini, 1991
	Strategies	Dawson, 1993, 1994, 2001; Doherty, 2000; Gielens and Dekimpe, 2001; Quinn and Doherty, 2000; Salmon and Tordjman, 1989; Sternquist, 1998; Vida and Fairhurst, 1998; Wrigley, 2002
	Developing a framework	Akehurst and Alexander, 1995b
The operational aspects of retail internationalisation	Sourcing	Pache, 1998
	Pricing, positioning	McGoldrick and Blair, 1995; McGoldrick and Ho, 1992
	Branding and imaging	Burt and Carralero-Encinas, 2000; Burt and Sparks, 2002; McGoldrick, 1998; Moore et al., 2000; Warnaby, 1994
	Organisational behavioural issues	McGoldrick and Fryer, 1993; Shackleton, 1996; Whysall, 1997
	Logistics	Fernie, 1992, 1994, 1995; Pellow, 1990
Intra and inter-company relationships of retail internationalisation	Corporate governance	Palmer, 2002; Palmer and Quinn 2003; Wrigley, 1998, 2000a
	Financial performance	Cotter et al., 1999; Doherty et al., 1998; Howard and Dragun, 2002
	Retail-supplier relationships	Bengtsson et al., 1999; Collins and Burt, 2000, 2002
	Joint venture research	Palmer and Owens, 2006; Palmer et al., 2010
International retail learning	Definition	Palmer and Quinn, 2005
	Joint venture learning	Palmer, 2006
	Knowledge sharing	Jonsson and Elg, 2006
	Case study of retail learning	Palmer, 2005
	Organisational learning and adaptation	Currah and Wrigley, 2004; Pellegrini, 2003
Failure of retail internationalisation	Success and failure factors	Burt et al., 2003; Dupuis and Prime, 1996
	Psychic distance and the performance	Evans et al., 2000
	Case study of failure in retail	Burt et al., 2002; Christopherson, 2007; Wrigley and Currah, 2003
The process of de-internationalisation	Definition	Burt et al., 2003
	Forced exit	Burt et al., 2002; Mellahi et al., 2002; Palmer, 2004; Wrigley and Currah, 2003
	Strategic exit	Alexander and Quinn, 2002; Palmer and Quinn, 2003

Source: Adapted from Palmer and Quinn (2005: 28)

Within the subject of internationalisation, manufacturing sectors were originally considered as a dominant theme regarding foreign market entry strategies as it has been involved with such processes ahead of the retail sector. Internationalisation of retail firms has been relatively slow as most of the largest retail firms have initiated to internationalise only since the beginning of the 1990s. Despite the fact that retail internationalisation has a relatively short history, it has attracted more interest in the last decade and there has been an increasing amount of research produced regarding the foreign expansion of retail firms (Alexander, 1997; Davies, 1995; Dawson, 2003; Gielens and Dekimpe, 2001).

The topic of retail internationalisation was initially introduced by Hollander in 1970 in *Multinational Retailing*. Since its introduction into research, the subject of retail internationalisation has been explored from diverse perspectives. The main research has been around the aspects of business operation and behaviour in the retail industry. Table 2.2 summarizes six main themes in the international retail research.

## **2.12 Forms of retail internationalisation**

Within retail internationalisation research, it has been focused mainly on the several attempts to classify retail firms into different forms of internationalisation process and strategy (Alexander, 1997; Salmon and Tordjman, 1989; Treadgold, 1988).

Treadgold (1988) presents a typology of international retail firms in an attempt to classify retail firms depending on other aspects that determines their international operations. The basis for this typology system is entry and operational mode, and geographical presence of international retail firms. There are four clusters of retail firms: cautious internationalists, emboldened internationalists, aggressive internationalists or world powers (Treadgold, 1988). These four clusters signify the stance of corporate entities of retail firms. Cautious internationalists refer to those who require high control thus the higher cost of entry in the international market and

this cluster has a restricted international market presence in either geographically or culturally close by (Treadgold, 1988).

Emboldened internationalists are those who determine to operate with a high control over foreign operations which thus require high cost of market entry in relatively geographically or culturally remote markets. Aggressive internationalists maintain a high degree of control over their foreign operations although they expand into a broader range of markets. Those retail firms within the world powers cluster, incorporate the low level of control of market entry and accordingly building up a presence in numerous markets globally (Treadgold, 1988). The clusters of cautious and emboldened internationalists usually fall into general or wide merchandise range retail firms whereas specialist retail firms fall into either aggressive internationalists or world powers. Also several other studies have indicated that corporate stances and approaches are able to make decisions of their expandability internationally (Akehurst and Alexander, 1995a; Evans, Johanson and Vahlne, 1977; O’Grady and Lane, 1996).

The geographical presence of retail firms also corresponds to differences between international retail operations. Such international retail operations of geographical spread are divided into four ranges: concentrated, dispersed, multinational and global internationalisation. Those in the concentrated internationalisation range engage in more border expansion, and dispersed international retail firms are those who have ‘a presence in a number of markets geographically remote and culturally diverse from their domestic market place’ (Treadgold, 1988: 9). Multinational retail firms refer to those who have a presence in a large number of foreign markets that are geographically remote and culturally diverse markets whereas global international retail firms seek to develop a truly “global” presence in non-domestic markets and who ambitiously continue to search for opportunities in new markets (Treadgold, 1988: 10).

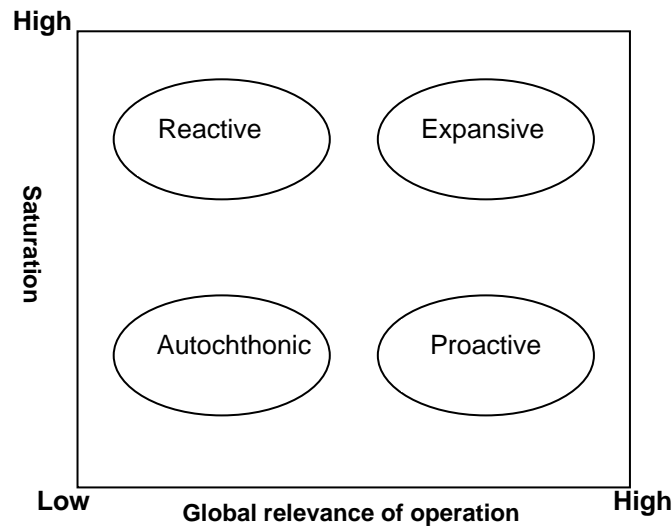
It is also useful to classify retail firms into three levels according to their internationalisation strategy and entry modes: global, multinational or investment

international strategy (Salmon and Tordjman, 1989). The main concerns for this are on issues regarding integration and the need to adapt to local environments, and the operational advantages of sustaining a common method in all markets which are fundamental issues. It also recognizes a key dichotomy in the subject of retail internationalisation since differences exist between retail firms who imitate their retail operations globally with a relatively low level of adaptation to the local conditions, and those retail firms who seek to manage diverse operations in different markets with a much higher degree of local adaptation.

With a global international retail strategy, the retail formula is able to be replicated in all markets globally with a standardized marketing mix strategy, centralized management and vertical integration in distribution, production and design (Salmon and Tordjman, 1989). As a result, limited transfer of know-how exists in this mode of strategy. With a multinational strategy, the retail formula is able to adapt to local environments with a decentralized management system, and it promotes the transfer of information across national boundaries. Though it is operated under the general sector retaining similarities within different markets, there exists transfer of know-how (Salmon and Tordjman, 1989). The strategy of investment, which involves purchasing an existing firm in the non-domestic market, offers the rapid expansion of an international presence with a low risk. Within an investment strategy, the transfer of skills or know-how is not taken into consideration as a key element. Both the multinational and investment strategies correspond to a basic orientation to the intended market more willingly than a global segment (Alexander, 1997).

There has been another notable attempt to categorise a retail firm's individual requirement of the strategic positions into four categories for international expansion: reactive, expansive, autochthonic and proactive (Alexander, 1997). These four categories are presented in Figure 2.2 below. The phases of internationalisation can begin in any of the four stances except for the 'expansive' one that is case for the many global retail firms since the mid-1990s.

The autochthonic position refers to the earliest stages of development where the saturation in domestic market and global business potential are low whereas with the reactive stage exists where the saturation in domestic market is high but global business potential is still low (Alexander, 1997). Accordingly in reactive position, some retail firms might be required to try internationalisation as a ways to expand, for example in the case of Sainsbury (Alexander, 1997).



**Figure 2.2: Retail internationalisation: motivational structure**

Source: Alexander (1997: 133)

The proactive position refers to the niche retail firms such as Costco, who look out for opportunities to utilise their competitive advantage and choose to expand internationally in an early stage enforcedly. Such a position takes place when saturation in the domestic market is low but possesses a high level of global business potential. In the case of retail firms such as Wal-Mart, Carrefour and Tesco, there exists an active internationalisation strategy of the expansive position. It takes place when the level of domestic market saturation is high along with a high business potential for the global market (Alexander, 1997). The main key driver for retail firms' internationalisation is seen to be an incident of domestic market saturation level.

However, it is increasingly difficult to classify retail firms according to whether they are operating with a high or low level of control and cost strategies since they

employ different or a combination of several operating strategies and formats within one organisational constitution, depending on the diversity in international markets they face (Alexander, 1997). Retail firms for instance, Wal-Mart and Carrefour, employ several strategies collectively and ambitiously expand regardless of geographic or cultural distances. However, in Asian markets predominantly, retail investment has seemed to demonstrate that retail firms prefer expanding into markets that are geographically and culturally close to their own domestic markets (Schmekel, 2005).

Moreover, despite the fact that these several attempts to classify retail firms provide valuable insights in this field, they fail to take into account tangible and substantial characteristics. The key observation here is that these authors have provided descriptive classifications that typify different approaches in the retail internationalisation process but it is inefficient to explain why retail firms internalise in specific ways or approaches or how they pursue and manage this internationalisation to achieve success.

### **2.13 The need for learning in the retail internationalisation research**

For this study, the phenomenon of retail internationalisation is defined as “the transfer of retail management technology or the establishment of international trading relationships, which bring to a retail organisation a level of international integration which establishes the retail firm within the international environment in such a way as to transcend regulatory, economic, social, cultural, and retail structural boundaries” (Alexander, 1997:37). This requirement of retail firms to be embedded in their international environments which are dissimilar from each other in many aspects especially socially and culturally generates challenges and a factor of uncertainty about foreign markets.

Retail firms also need to be aware of their responsiveness to local culture and the large extent of networking roles (Dawson, 2000) and retail firms’ approach and stances in internationalisation need to reflect this (Evans et al., 2000; Dupuis and



Prime, 1996). Thus, the retail sector appears to demonstrate more difficulties and challenges in the process of internationalisation, compared to the manufacturing sector. These difficulties in internationalising the retail sector are noticeably evident in the market, as the number of withdrawals of the operations by some of the largest retail MNEs, has been rising. Given the distinctive and complex nature of retail business, Pellegrini (2003: 30) points out, in retailing, “adapting to new markets is a subtle process: ‘learning how to learn’ is critical to success”. The need for learning and having adequate knowledge about foreign markets to prevail over cultural and social elements becomes critical in retail internationalisation.

**Table 2.3 The limited dimension of learning in the retail internationalisation research**

<b>Dimension</b>	<b>Main findings</b>	<b>Authors</b>
Motives for international expansion	<ul style="list-style-type: none"> <li>• Learning facilitates a retail business to internationalise its activities</li> <li>• In order to obtain knowledge from overseas retail firms, retail firms internationalise their units</li> </ul>	Alexander, 1995; Jackson, 1976; McGoldrick and Fryer, 1993; Williams, 1991a, 1991b
Concept of psychic distance	<ul style="list-style-type: none"> <li>• Physically and psychologically close countries are easier to learn about and understand</li> </ul>	Evans et al., 2000; Evans and Mavondo, 2002; O’Grady and Lane, 1996;
Market entry modes	<ul style="list-style-type: none"> <li>• Retail market entry modes with low capital cost will have less scope for learning and skills transfer on a mutual scale</li> <li>• A multinational strategy will create greater learning opportunities from the markets in which the retail firm operates</li> </ul>	Clarke- Hill et al., 1998; Salmon and Tordjman, 1989;  Sternquist, 1998
Challenges and problems	<ul style="list-style-type: none"> <li>• A lack of knowledge of foreign markets and operations was seen as a major obstacle in the development of international operations</li> </ul>	Dupuis and Prime, 1996; Hildebrand, 1989; Lane and Hildebrand, 1990
Analysing international retail learning	<ul style="list-style-type: none"> <li>• Developed an exploratory framework for analysing international learning specifically for retail sector</li> </ul>	Palmer and Quinn, 2005

Source: adapted from Palmer and Quinn (2005): 33

Despite the importance of learning in retail internationalisation and the increasing influences of knowledge and learning in internationalisation since the mid-1990s, becoming more prevalent, there has been little attention in this subject area (Dawson, 2007). Specifically, there is a scarcity of retail internationalisation research that combines research from knowledge and organisational research perspectives to offer theoretical insights to stress the main aspects of international retail learning in its own right. Table 2.3 illustrates the limited dimension of learning in the retail internationalisation research. Although current research provides some dimensions and useful insights into learning and knowledge in retail internationalisation, the important reflection here is that no way help to understand *how* retail firms' learning and knowledge related activities essentially take place (Dawson, 2003).

## **2.14 Conclusion**

This chapter has explored the main themes of internationalisation and its theories as they provide a concrete foundation for the rest of the literature review. It examined the stage approach models of internationalisation process of the firm and demonstrated that knowledge and learning aspects of internationalisation process is critical. It also considered the role of IJVs in the internationalisation process. It then presented the main themes of internationalisation in the retail sector. In particular, various challenges are identified in internationalising retail firms and demonstrated the important role and rationales of why more rigours learning and knowledge required for retail firms involved in internationalisation.

## **CHAPTER THREE: ORGANISATIONAL KNOWLEDGE**

Chapter Two has demonstrated the role of knowledge and learning in the internationalisation process in general as well as in specifically for retail firms. This chapter deals with theoretical perspectives on organisational knowledge. At the outset, the chapter sets out the conceptual framework for the analysis and provides a literature review concerning the role of knowledge involved in the resource based view of the firm and the knowledge based view of the firm. The nature of knowledge and its classifications are presented in particular link to the internationalisation process. This chapter extends to the process of knowledge creations and strategies.

### **3.1 The resource based view of the firm**

A firm is a collection of resources, including both tangible assets (physical equipment, geographic location etc.) and intangible assets (know-how, experience, decision skills, relationships etc.) and those with unique resources will earn rents (Barney, 1991; Penrose, 1959; Teece, 1982). The resource based view of the firm is used to shape the strategic resources available to a firm with the emphasis on the recognizing, developing and deployment of key resources to maximise its performance. This is based on the primary principle that the competitive advantage of a firm is based on the application of a valuable collection of resources at the firm's disposal as it looks within the firm to access the resources it possesses (Barney, 1991).

The firm is seen as a “collection of productive resources the disposal of which between different users and over time is determined by administrative decision. When we regard the function of the private business firm from this point of view, the size of the firm is best gauged by some measure of the productive resources it employs” (Penrose, 1959: 24). It emphasizes the role of managers in the growth and exploitation of resources (Barney and Zajac, 1994) and the connection between the nature and role of resources and the scope of the firm (Prahalad and Hamel, 1990).

Interpreting Penrose's (1959) perspective, a firm's competitive advantage is determined by its distinctive resources and capabilities. Rare, unique, non-substitutable and inimitable firms' capabilities are seen as the source for sustainable competitive advantage (Barney, 1991; Grant, 1991). A competitive advantage entails the utilization of existing internal and external capabilities as well as utilizing new ones jointly and it considers the managerial strategies for developing new capabilities and that learning develops into a key strategic issue (Penrose, 1959; Teece, 1982; Teece et al., 1997). Learning allows skill acquisition and a build-up of organisational intangible assets (Itami and Roehl, 1987) that can contribute to managerial strategies (Teece et al., 1997).

Moreover, the importance of intangible resources of knowledge and scientific capabilities which are tacit, complex, and firm specific has been emphasized by subsequent researchers (Henderson and Cockburn, 1994; Kogut and Zander, 1992). The term of capabilities is defined as "the key role of strategic management in appropriately adapting, integrating, and reconfiguring internal and external organisational skills, resources and functional competences to match the requirements of a changing environment" (Teece et al., 1997: 515).

The resources are heterogeneous in nature and immobile (Barney, 1991). Both forms of resources are essential to firms but firms cannot operate efficiently solely with resources, as suitable approaches of organising and utilizing the resources are required in order to exploit and benefit from such resources. The dynamic perspective of a firm's capability is vital to support this process (Eisenhardt and Martin, 2000). Such an effective process is critical as it helps the process of deployment of resources and the construction of a suitable organisational capability.

However, the resource based view of the firm seems to fail to take into consideration the function of the collective, accumulated knowledge and appropriate skills needed to manage the resources into a feasible collection as it seems to concentrate predominantly on the function of acquisition and protection of core competencies or resources (Spender, 1994). Such managing and co-ordinating ability plays a key role

in maintaining a competitive advantage and the growth of firms (Spender, 1994). Therefore, Spender (1994) points out that the knowledge based view of the firm tries to fulfil this lacking consideration of the resource based view of the firm by concentrating on the side of the firm, which is the intentional and planned consequence of co-ordinating and managing a collection of resource based activities. Specifically, the role of learning by doing which also refers to the firm's collective and accumulated knowledge and capabilities, offers and facilitates enhanced and improved practice of a firm. Spender (1994) states that organisational learning, derived from the development of collective and combined knowledge, which is implicit and rooted within the organisation, is more important to a firm's competitive advantage than simply acquiring resources.

Research on the resource based view of the firm and learning reflect that devoting time to learning activities facilitates the improvement of knowledge and thus, improves the organisational capability process of assimilation and exploitation of information (Cohen and Levinthal, 1990). Thus, the influence of learning orientation becomes significant for a firm to promote its operation from the knowledge-based resources. It is facilitated further by the mutual impact of resources and learning orientation on capability building. Mavondo (2004: 1237) define learning orientation as 'the manifestation of the organisation's propensity to learn and adapt'. For instance, organisations which pursue a learning orientation are more inclined to implement diverse training for staff to increase the level of skill acquisition and drive employees to actively engage in learning constantly in order to update its pool of knowledge dynamically (Grant, 1996). Thus, this process impacts on the overall firm's adaptability and generates organisational transformation.

Research demonstrates the constructive link between learning orientation and firm performance at organisational level as well as at team level (Baker and Sinkula, 1999; Bunderson and Sutcliffe, 2003). However, the direct effect of learning orientation on the firm's performance is limited and vague in the research. Rather, as Wei, Wu, Cheung and Chiu (2011) propose, their relationship is indirect to a certain extent, as the effect of learning orientation acts relatively as a moderator in order to

develop and utilise knowledge further to generate the firm improved rents. Given that learning orientation is a characteristic of the organisation which impacts on knowledge-related values, Wei et al. (2011) argue that firms with learning orientation opt to deploy their knowledge-based resources in more effective ways and thus it is able to improve the firm's overall performance. In McGuinness and Morgan's (2005) research, they demonstrate that learning orientation of the firm is able to assist certain capability.

Kogut and Zander (1992) state that organisations require diverse collections of resources in order to be able to grasp new business opportunities and re-combined or new knowledge drives to capability renewal. Thus, the diverse collections of resources are required for constructing such 'dynamic' capability (Schreyögg and Kliesch-Eberl, 2007). It can be obtained both internally and externally. From the dynamic resource-based view, firms construct their capability by means of change to the external market, in order to obtain a sustainable competitive advantage in due course (Helfat and Peteraf, 2003). Gold, Malhotra and Segars (2001) point out that external knowledge acquisition becomes progressively more crucial in the competitive market. Such external knowledge acquisition is achievable in the course of learning from external factors such as competitors or collaborators and then firms are able to reproduce, transfer and generate new knowledge.

Overall, given that a learning orientation refers to the level of the individual's attempts in distinguishing and producing new knowledge based resources within the organisation, Wei et al. (2011) indicate that organisations with a higher level of learning orientation are more likely to achieve, deploy and generate higher new knowledge resources in constructing suitable capability to compete in the business environment and thus, finally enables organisations to improve their performance.

There are three recognized components in learning orientation research which is rooted in organisational culture: commitment to learning, shared vision, and open-mindedness (Sinkula et al., 1997; Baker and Sinkula, 1999; McGuinness and Morgan, 2005). These three components facilitate the organisation's attempt to seek

improved ideas in terms of operation and to gain wider access to knowledge and to this end, they enhance organisational capabilities. Commitment to learning component refers to a shared value by individuals within organisations in order to understand the grounds and impacts of their actions, whereas the component of shared vision acts as a coordinator of the organisational learning process by stimulating the individuals within organisations to learn cooperatively (Baker and Sinkula, 1999). The component of open-mindedness refers to as individuals' mind-set within the organisation in comprehending the approaches to perform in more improved ways and challenge the present status.

Implicitly, the resource based view approach regards knowledge and skills as one of such resources that are the key basis of sustainable competitive advantage given that they are collected through an organisational innovative learning process and thus are tricky to replicate without great effort (Barney, 1991; Kogut and Zander, 1996; Nelson, 1991; Prahalad and Hamel, 1990). The different approaches and focal points of action in employing resources generate the uniqueness of each company and its differentiated competitive advantage (Dosi and Teece, 1993; Penrose, 1959). Thus, the emphasis is based on the contemplation of the cumulative and inertial nature of capabilities with the tacit nature of knowledge.

In recent research on international business and internationalisation, the resource based view has been a significant theoretical standpoint which deals with how firms became successful rapidly in foreign countries without following the stages model that has been suggested (Peng, 2001). The resource based view of the firm considers the function of knowledge and learning as distinctive and inimitable resources and capabilities of internationalising firms. Johanson and Vahlne (1977) present the recognition of international knowledge and experience which are obtained by firms. Such recognitions as Peng (2001) points out that are considered crucial to constructing firms' competitive advantage due to their unique and tacit nature. The role of tacit based knowledge and capability has been emphasized which help to formulate successful organisations (Peng and York, 2001).

In Barney et al.'s (2001) study, it demonstrates that the organisation effects appear to be greater than industry effects even though there exist variations across various industries. The choice of entry modes is context specific which is affected by patterns of various resources and market opportunities (Reid, 1984). In Young et al.'s (2000) study on the resource based view and competence based competition, the importance of constant organisational learning is demonstrated. Such competences are derived from resources and capabilities from within or outside of the organisation. Bell, McNaughton, Young and Crick (2003) indicate that contingencies which come from the resource based view, for instance external and internal firm specific variable factors, impact on the nature of internationalisation process. Hence, Bell et al. (2003) conclude that the internationalisation process of firm is affected holistically by integrating across external and internal variables of product decision, market choice and entry modes.

However, both empirical and theoretical research on the resource based view of the firm has largely looked on how firms maintain their unique resources (Amit and Schoemaker, 1993; Barney, 1991) and despite the fact that it deals with the dynamic capacity of the organisation, it was vain to explicate such dynamism where the firm constantly constructs resources in the course of the interactions with the environment. In the following section, the knowledge based view of the firm is discussed.

### **3.2 The knowledge based view of the firm**

The knowledge based view of the firm is the latest development in the theories of the firm which considers a firm as a dynamic knowledge-creating unit and communities (Kogut and Zander, 1993; Nonaka et al., 2000). This perspective states that knowledge and the ability to continuously generate and exploit such knowledge from existing firm-specific capabilities by internal transfer, are the main foundation of a firm's sustainable competitive advantage rather than the set of collection of knowledge for instance, specific technology at one point in time that a firm has (Wilkins, 1989; Teece et al., 1990; Nelson, 1993; Nonaka et al., 2000). Kogut and



Zander (1996; 503) consider firms as social communities focusing on ‘the speed and efficiency in the creation and transfer of knowledge’. This accentuates the function of knowledge and learning as a key factor (Grant, 2002; Nonaka, 2000; Kogut and Zander, 1993, 1996; Teece et al., 1990). The firm is viewed as a “dynamic body of knowledge in action” (Spender, 1994: 355) which generates an efficient setting for communication and learning within an organisation (Kogut and Zander, 1995).

Contrary to the resource-based theory of the firm, the knowledge based view, Teece et al. (1997) highlights a framework of firms’ dynamic capabilities which emphasizes the significant role of dynamic processes. This theory departs from various other economics and organisational theories- such as neoclassical economic, transaction-cost theory and the resource-based view of a firm- which regard knowledge as ‘the only meaningful resource’ and ignore the dynamic process of creating knowledge within organisations (Drucker, 1993; Nonaka, 2000; Spender and Grant, 1996). Such traditional organisational theories of the firm have been criticized for their static and passive perceptions of organisations (Nonaka et al., 2000; Nonaka and Toyama, 2003). The knowledge based view, the organisation is able to create and relate new knowledge with the aim of solving problems, and this process may be continued to further create and relate new knowledge in the course of solving problems (Cyert and March, 1963; Levinthal and Mya, 1994). Although capability and resources are not the same in nature, they are closely linked in the view of generating a competitive advantage for the firm. Capability, as Grant (1996 SMJ) states, refers to the process of organising and deploying resources which reveals the degree of efficiency of the firm in exploiting resources to generate value for the firm, whereas resources refer to the static nature and assets of the firm.

Penrose (1959) identifies two primary sources of learning within organisations: management experience and learning by doing. There has been much attention surrounding Penrose’s (1959) and later Arrow’s (1962) notion of learning by doing by various researchers (for example, Argyris and Schön, 1978; Nelson and Winter, 1982). Nonaka (1994) states that learning enhances the re-creation the new

knowledge and re-combination of the existing knowledge and assists with the transformations of knowledge at different organisational levels. All of these functions are significant to the process and development of the firm's capability.

Organisational capability is defined as a firm's capability to organise its assets in order to achieve activities to enhance its performance (Grant, 1996; Teece et al., 1997). It is also revealed by distinct behavioural patterns engaging compound formal and information processes (Winter, 2000). Maritan (2001) argues that organisational capability which assists the development of sustainability of an organisation is typically firm-specific which derived within the organisation. Several researchers point out that enhanced performance of the firm is carried out by fabricating organisational capabilities at a range of characteristics (Kogut and Zander, 1992). It has been suggested that the capability development is closely linked to the firm resources particularly, knowledge-based, intangible resources. Knowledge, in particular firm-specific knowledge, is a significant resource and strategic asset for firms and is crucial to both internal and external organisational capability. As integration and transfer of knowledge, specifically tacit knowledge, is complicated to this end, the firm-specific knowledge becomes more valuable to firm competitiveness. Knowledge rooted in the organisational routines requires a constant process for coding and integrating in order to convert implicit knowledge into tacit knowledge of business activities.

Knowledge resources need to be absorbed and aggregated by individuals in order to create new knowledge for enhancing the performance (Grant, 1996). Such new knowledge creation processes drive the development of organisational capability (Knight and Cavusgil, 2004). Maritan (2001) also confirms in his work on knowledge linked to decision-making on capital investment that improved organisational capability obtained from the knowledge-based resources leads to enhanced performance of the firm. The knowledge based view of the firm also involves strategies for managing knowledge assets which is crucial in generating sustainable competitive advantage for the firm due to their non-substitutable and inimitable nature (Coff, 1997; Grant, 1996; Nonaka et al., 2000, 2005). In the same

stream of research, Wiklund and Shepherd (2003) point out that the relationship between knowledge-based resource and the firm's performance are positively linked.

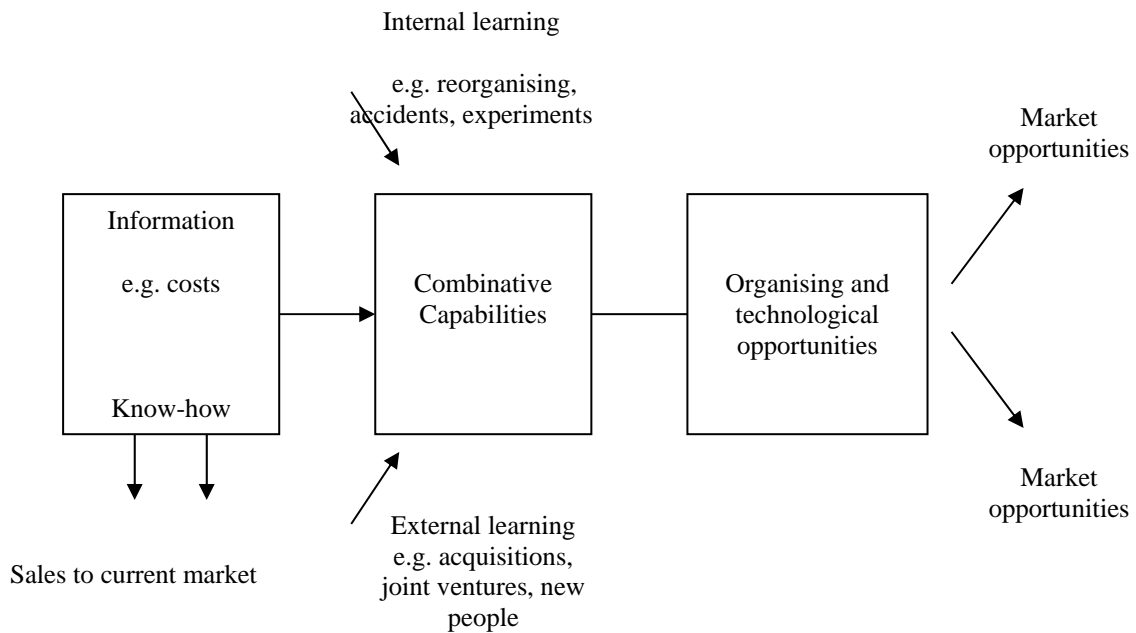
In more recent research, Nonaka et al. (2000) argues that some of the research on knowledge creation such as Grant (1996), focusing solely on individuals, who are considered to be the key motivating actors of knowledge creation, is misleading in the sense that individuals are viewed as something static in nature. The knowledge-creating view of the firm is based on the principle that humans and organisations are dynamic beings or entities and the process and interactions with others and the environment of the firm is a crucial element (Nonaka et al., 2000). Therefore, as Suchman (1987) argues that in order to comprehend knowledge, both understanding of situated cognition and action must be required. This is based on the assumption that 'individuals and organisations have a potential to *grow together* through the process of knowledge creation' (Nonaka et al., 2000: 3). It requires looking inside of the firm as well as the boundary of the firm to observe how it produces knowledge and such knowledge is viewed as a dynamic human process which is attached to individual action and interaction (Nonaka et al., 2000).

Knowledge is also context specific in which the process involves who participates and how they participate at a particular time and space (Hayek, 1945; Nonaka et al., 2000). As Casey (1997: 16) argues, 'there is no creation without place'. Thus, knowledge just becomes information when not being put into a context (Nonaka et al., 2000). In the following section, the nature of knowledge is discussed with a description between information and know-how is presented.

### **3.3 The nature of knowledge**

Knowledge is viewed as natural intelligences or abilities which are employed to explicate the aspects of "knowing that" or "knowing how" (Gardner, 1983). There have been other various attempts to categorise the knowledge of the firm. Among

these, the common categorisation is between process and product or that research and development (Kogut and Zander, 1992).



**Figure 3.1 Growth of knowledge of the firm**

Source: Kogut and Zander (1992: 385)

**Table 3.1: The description of information and know-how by distinguishing between individual, group, organisational, and network knowledge**

	<b>Individual</b>	<b>Group</b>	<b>Organisation</b>	<b>Network</b>
<b>Information</b>	- facts	- who knows what	- profits - accounting data - formal & informal structure	- prices - whom to contact - who has what
<b>Know-how</b>	- skill of how to communicate - problem solving	- recipes of organising	- higher-order organising principles of how to coordinate groups and transfer knowledge	- how to cooperate - how to sell and buy

Source: Kogut and Zander (1992: 388).

The organisational knowledge is distinguished into two characters being as information (knowing what something implies) and as know-how (knowing how to do something) (Kogut and Zander, 1992: 386). Information refers to facts and

symbols which can be diffused without loss of integrity (Kogut and Zander, 1992) whereas know-how which must be learned and obtained, is the accumulated practical skills which enable one to execute something proficiently (von Hippel, 1988). The other extensively explored concept of know-how is in the notion of tacit knowledge where its technical feature of tacit knowledge is comprised of concrete know-how (Nonaka, 1991, 1994; Osterberg, 2004).

### ***Objective knowledge and experiential knowledge***

The nature of knowledge is a key element of the knowledge based view of the firm and it can be classified into different categories depending on the intention of its function (Kim, 2001). Penrose (1966) classified knowledge into two categories: objective and experiential knowledge. This classification has the basis from the means in which knowledge is obtained. The source for this knowledge can be either internal or external (Casillas et al., 2009). Objective knowledge usually can be acquired easily or can be taught, on the other hand, experiential knowledge can only be acquired by individual experience (Penrose, 1966). Experiential knowledge can assist firms to formulate tangible opportunities. Here, Penrose (1966) and Johanson and Vahlne (1977) have a similar view on these problems and opportunities as they consider these factors as part of the experience.

### ***Explicit knowledge and tacit knowledge***

Penrose's (1966) classification of objective and experiential knowledge equates to explicit and tacit knowledge in the field of knowledge management. Polanyi (1962) and Nonaka and Takeuchi (1995) identify the two types of explicit and tacit knowledge. The explicit knowledge approach to knowledge management stresses procedures for expressing or explaining knowledge held by individuals which can be easily stored, retrieved, diffused and transmitted to others through the organisation. The explicit knowledge assets then can be documented in the forms of formal systematic language such as manuals, reports, scientific formulas, specific actions, coded procedures and procedures. It can also be gained through training (Leonidou

and Katsikeas, 1996) and can be codifiable and transferable (Nonaka, 1991; Nonaka et al., 2000). The explicit approach to knowledge is comparable to the approach of objective knowledge. It is therefore objective.

In contrast, tacit knowledge approaches to knowledge management highlight the principle that knowledge is fundamentally personal in nature and thus is subjective and experiential (Sanchez, 2004). It can only be learned or transmitted by personal experience (learning-by-doing or experiential learning) such as observation, imitation, and practice or training which cannot be codified in written format and cannot be stated explicitly (Nonaka, 1994). Thus, tacit knowledge is complicated to convey in a meaningful way from one individual to another due to its implicit nature, which is why the rate of knowledge transfer is lower than explicit knowledge (Teece, 2000; Kogut and Zander, 1996). Initially, Polanyi (1966) discusses tacit knowledge comprehensively. The tacit knowledge is experiential which is profoundly rooted in human nature that can only be articulated by means of action, commitment and participation in a given context (Kim, 2001) and such experiential learning can occur in the course of problem solving or in current activities (Arrow, 1962). These current activities can create business opportunities, which promote firms' internationalisation process (Johanson and Vahlne, 1977). Kolb (1984) states that experiential learning reflects the dynamics of individual learning that occurs by everyday primary experience. As Polanyi (1966) and Spender (1994) point out that solely through their actions or activities, individuals know more than they are able to express.

Tacit knowledge is the foundation of intellectual grounding for all knowledge management owing to the fact that explicit knowledge only becomes functional when tacit knowledge reinforces individuals within organisations to make sense of it and exploit it (Kim, 2001). Furthermore, in the same vein, Nelson and Winter (1982) consider tacit knowledge as a key underlying intellectual basis for effective performance in the economy. Tacit knowledge grows more prominently under the increasing level of uncertainties in globalisation (Ernst and Lundvall, 2000). Tacit and explicit knowledge are not two separate types of knowledge but rather they are

innately inseparable and mutually paired (Nonaka and von Kough, 2009). Due to their different nature of codifiability of knowledge, Grant (2002) states that the rates of knowledge transfer are high for explicit knowledge whereas for tacit knowledge of knowledge transfer is low.

In contrast to explicit knowledge, given that “knowledge is a resource which is subject to uniquely complex problems of appropriability” (Grant, 1996: 111), tacit knowledge is attached to a specific context which is not directly transferable. The nature of tacit knowledge can be viewed also as inimitable and immobile (Barney, 1991) which reveals the distinctive approaches of firms and also lessens the risk to the firm from competitors (Nelson and Winter, 1982). Therefore, it has been stressed that the strategic role of tacit knowledge acts as a source of competitive advantage (Nelson and Winter, 1982). Though, Li et al. (2004) point out that in rapidly changing environments such as high technology sectors, such tacit based knowledge becomes hard to encode. This is due to the nature of tacit knowledge which is hard to imitate and define precisely and also as Grant (1991) indicates is not completely transparent. Interpreting this perspective of research on tacit knowledge, such knowledge also can be an obstructer in organisation practice as it may impede change in informal and formal groups or “communities of practice” (Hendry, 1996). Since it is not completely transparent, it may only be partially visible to the individuals which overall impedes change and transformation when confronting new challenges (Hendry, 1996). Consecutively, tacit knowledge may obstruct the process of learning in firms. In the following section, the importance of tacit knowledge and the link between tacit knowledge and the firm are discussed.

### **3.4 Importance of tacit knowledge and internationalisation process**

In recent years, there has been more attention on the knowledge creation theory to the issues concerning the tacit knowledge and the interaction between tacit and explicit knowledge (Nonaka and von Krogh, 2009). In particular, various approaches to understand tacit knowledge in organisations have been proposed. Nonaka and von Krogh (2009) consider tacit knowledge to be a foundation in

organisational knowledge creation theory. The degree of internationalisation process of firms is considered to be dependent on the tacitness of its knowledge based resources (Kogut and Zander, 1993). Tacit knowledge is complicated to articulate by definition; it is when the nature of firm-specific know-how transferred by a firm is tacit (Nelson and Winter, 1982; Teece, 1977; Kim and Hwang, 1992). As Polanyi (1962) points out, tacit knowledge is viewed as personalized knowledge which is deeply rooted in action, commitment, ideas, values and involvement in context. Winter (1987) argues that tacit knowledge is a key source of a firm's competitive advantage which is intrinsic in the collection of organisational know-how and other knowledge related firms' resources (Dosi, 1988).

The relationship between the tacit knowledge and internationalisation, the more a firm favours internalization over market transaction to transfer the technology, the larger the tacit element of firm-specific know-how (Kim and Hwang, 1992). This is due to the fact that internal organisation boosts the firm's capacity to exploit its human resources and employ its organisational memory to transfer tacit knowledge (Kim and Hwang, 1992; Nonaka et al., 2000). Organisational knowledge is therefore, created through the interfaces and interactions between explicit knowledge and tacit knowledge (Nanaka et al., 2000). These interfaces are referred to as 'knowledge conversion' which is the key to understand the knowledge-creating process (Nanaka et al., 2000: 10). As Schumpeter (1950) argues that, the knowledge-creating process does not mean as to purely combine existing, typically explicit knowledge.

Nonaka and Takeuchi (1995) demonstrate the theory of organisational knowledge formation using case studies from Japanese and the U.S. companies and how different approaches in acquiring and applying knowledge can become key competitive elements. Nonaka and Takeuchi (1995) argue that for example, U.S. managers concentrate on explicit knowledge whereas the Japanese managers concentrate on executing tacit knowledge. They point out that the Japanese have discovered the ways of learning process to transform tacit knowledge into explicit knowledge which is where the authors argue the Japanese's key success factors lie.



However, as Teece (1977, 1981) points out that in general there is a higher additional cost incurred conducting technology transfer to a foreign operation, as a result of the inaccuracy of replication of tacit knowledge.

Employing or replicating tacit knowledge can generate a firm's growth and expansion due to its nature of difficult imitation (Kogut and Zander, 1993) which can also be advantageous in international operations by protecting against imitation by other firms in diverse locations (Dierickx and Cool, 1989). Overall, this section stresses the significant role of tacit knowledge in organisational learning. Having discussed the nature and differences of knowledge, the next section examines creating knowledge at the organisational level.

### **3.5 Organisation as information-processing machine vs. knowledge-creating entity**

There are two perspectives on how organisation is viewed. Traditionally, organisation theory viewed organisation as an information-processing machine which acquires, processes and reassembles information from the environment in order to resolve a problem and therefore adjust to the environment based on a particular objective. This view demonstrates the static and passive nature of the organisation. It ignores the dynamic process of interactions between the individuals, the organisation and the environment.

The view of the organisation as a knowledge-creating entity considers that knowledge is created through action and interaction and the organisation is not simply an information-processing machine (Nonaka et al., 2000). With this view, organisations are able to produce and identify problems or errors and develop and apply knowledge to solve such problems which then further develop new knowledge through the action of problem solving. Therefore, in the course of such a process, the organisation and individuals are able to grow mutually (Nonaka and Toyama, 2003). According to Vygotsky (1986), one's own contexts, social, cultural and historical, are significant for individuals in knowledge creation where contexts offer

the source for individual to understand information to generate meanings. Therefore in knowledge creation, the dynamic interactions which refer to sharing their contexts between individuals become a crucial factor as individuals possess diverse aims and contexts.

Nonaka and Toyama (2003) argue therefore that the traditional view of organisation theory focuses merely on solving such oppositions through the system of organisational structure, routines or organisational culture whereas, with the view of the organisation as a knowledge-creating entity, such oppositions become essential to create knowledge instead of being obstacles to overcome. The following section illustrates how knowledge is created by the interaction of tacit and explicit knowledge and the organisation as well as the environment.

### ***Knowledge creation process theory: concepts and issues***

Since the work by Teece (1981, 1982) and Nelson and Winter (1982), it has been generally acknowledged that knowledge is a strategic asset (Winter, 1987) and a key source of a firm's competitive advantage (Drucker, 1993; Grant, 1996; Nelson, 1991; Nonaka and Takeuchi, 1995). The notion of knowledge creation has been developed into one of the significant outcomes of knowledge management in organisations (Argote et al., 2003). Thus, knowledge creation becomes significant for organisational learning and innovation.

Knowledge is defined into three complementary elements in the organisational knowledge creation theory (Nonaka and von Krogh, 2009). To begin with, knowledge is validated as 'true belief' where individuals validate the truth of their beliefs on the grounds of their interactions with the environment (Nonaka and von Krogh, 2009: 636). Hildreth and Kimble (2002) also discuss the concept of "truth" where knowledge is viewed as a process of searching for true belief. Secondly, knowledge is viewed as 'the actuality of skilful action' and/or 'the potentiality of defining a situation so as to permit action' (Nonaka and von Krogh, 2009: 636). Thus, according to von Krogh et al. (2000) knowledge permits individuals to define,

organise, shape as well as learn to solve a problem or assignment. Thirdly, Nonaka (1994) states that knowledge is viewed as explicit and tacit along a continuum. Such a “continuum” means that knowledge ranges from tacit to explicit and also from explicit to tacit (Nonaka and von Krogh, 2009: 637).

By incorporating the notion of tacit and explicit knowledge, Hildreth and Kimble (2002) argue that organisational knowledge creation theory is able to distinguish itself from the work by Polanyi (1966, 1969). A number of researchers have explored this third element of the definition of knowledge (Hildreth and Kimble, 2002). Overall, research around the first and the third element of the definition of knowledge have been widely explored (Nonaka and von Krogh, 2009). The distinction between tacit and explicit knowledge is presented in more detail in the later section.

Kogut and Zander’s (1992) study on codified and tacit knowledge in strategic management is generated by Teece (1982) and Nelson and Winter (1982)’s work. Nonaka (1994) contributes to the idea of tacit knowledge and knowledge conversion in the organisational study. Nonaka and Takeuchi (1995) demonstrate the complexity of knowledge creation as well as its significance within the organisation’s sustained success. The model of knowledge spiral has been illustrated by Nonaka (1994) which depicts the process of knowledge creation within an organisation and states knowledge is created through the spiral. According to this knowledge spiral, the process of knowledge creation requires a continuous discourse linking tacit and explicit knowledge or between the visible and invisible (Nonaka, 1994; Nonaka and Takeuchi, 1995). Organisation knowledge creation theory also tries to highlight organisational creativity, learning, innovation and change (Nonaka, 1994).

The interaction of opposite characteristics in the course of a dynamic process of dialogue and practice is considered key in the knowledge creation process (Nonaka and Toyama, 2003). Knowledge creation is also a transcending process through interactions among individuals, groups, the organisation and the environment

(Nonaka and Toyama, 2003). The entities (individuals, groups, organisations) are subject to environmental impact and conversely the environment is impacted by these entities thus, they all exist mutually (Nonaka and Toyama, 2003). Through actions and interactions with the environment knowledge is generated and amplified knowledge. This concept is deeply influenced by Giddens's (1984) Structuration theory where the mutually dependent link between the entity (human agent) and social structure (context) is comparable. This mutually dependent link between agents and the structure generates the knowledge creating process to take place as a dynamic interaction from an individual to societal level (Nonaka and Toyama, 2003). Nonaka and Toyama (2003) argue therefore that knowledge creation is a process of synthesizing whereby an organisation interrelates with individuals and the environment in order to transcend up-and-coming challenges that the organisation countenances.

### **3.6 Four stages of knowledge creation: SECI model**

Nonaka and Takeuchi (1995) and Nonaka and Toyama (2003) further developed and categorised the knowledge spiral process into four stages. In this view, knowledge creation is viewed as a dialectical process where the organisation is viewed as a dialectic entity. As stated earlier, it is based on Giddens's (1984) Structuration theory. The meaning of Structuration refers to examining the approaches in which social systems are made and remade in social interaction where humans are considered as role-taking entities. The environment impacts the agents and in turn, the agents are repeatedly reshaping their environment through social interaction where they coexist dependently. Here, knowledge is produced in the course of such interactions among human agency and social structures.

The first stage of knowledge creation begins with *socialization* where the process of conversion of new tacit knowledge takes place through mutual direct experience in daily social interaction for instance, spending time together or observation. It refers to the sharing of accumulated tacit knowledge as it can only be acquired by direct interactions over time. Individuals can acquire knowledge in their social

environment by action and through perception thus, the environment or the organisation can be synthesized through the process of socialization by individuals.

The process of *externalization* (from tacit to explicit) generates tacit knowledge into explicit knowledge. Through externalization process stage, articulated tacit knowledge can be shared by others to develop into the foundation of new knowledge (for instance, concepts and written documents) through dialogues between individuals (Nonaka and Toyama, 2003). With the third stage of *combination*, explicit knowledge is composed from within or outside the organisation which afterwards is combined, edited or processed through meeting, conversation or via information systems to shape more methodical explicit knowledge and consequently, the new explicit knowledge is disseminated between the individuals within the organisation.

Once the explicit knowledge is created and shared within the organisation, such explicit knowledge is transformed into tacit knowledge in the course of *internalisation* (from explicit to tacit) process by individuals. In this stage, explicit knowledge (for instance, concepts or ideas) is applied and utilized in practical situations to develop into the basis for new routines which can turn into one's own knowledge (Nonaka and Toyama, 2003). Internalised knowledge then influences the individuals (human agency) and the organisation (structure), since it adjusts the action of individuals and how it perceives and considers the organisation. Such action is subsequently reflects in the innovative development within the organisation which leads to creation of a new spiral of knowledge.

Here, learning occurs through such a process and therefore new knowledge is acquired. Referring back to Giddens's (1984) Structuration theory, individuals' actions have two level of consciousness: practical consciousness (the routine) and discursive consciousness (the theory) in day-to-day lives. Thus, tacit knowledge seems to be generated by practical consciousness which denotes to the daily routines that does not require thinking about or theorizing. Unlike tacit knowledge, explicit knowledge seems to be generated by discursive consciousness which rationalises

actions and reflects onto more conscious and explicit knowing (Nonaka and Toyama, 2003). Nonaka and Toyama (2003) argue that tacit and explicit knowledge operate dialectically due to the opposing nature between tacit and explicit knowledge in social space.

Overall, knowledge is created through a constant interaction between tacit and explicit knowledge by means of four stages of socialization, externalization, combination and internationalisation (SECI). The four stages of the knowledge creation (organisational learning) model go from knowledge conversion into a spiral of these constructs infinitely. The idea of knowledge conversion refers to the interaction between tacit and explicit knowledge.

Organisational knowledge is noted to be a never-ending process which improves itself constantly (Nonaka and Toyama, 2003). SECI spiral process is amplified by the knowledge conversion of interaction between tacit and explicit knowledge. The process is considered as a rising spiral process from the individual level to the group level, and to the organisational level and even to the inter-organisational level. In the course of such dynamic interaction, dialogue and learning by doing between individuals create knowledge which can be transferred outside organisational boundaries, as well as the organisation interrelating its knowledge with that of diverse outside organisations to generate new knowledge (Badaracco, 1991; Nonaka and Takeuchi, 1995; Nonaka and Toyama, 2003).

### **3.7 Conclusions**

Taken as a whole, this chapter presented a valuable discussion of the resource based view and the knowledge based view of the firm. It demonstrated that the knowledge based perspective widens the resource based view of the firm by concentrating on the firm's resource and capability outcomes and of its activities (Kogut and Zander, 1993). It demonstrated the role of knowledge involved in organisations and the models of the process of knowledge creation. In the next chapter, organisational learning and its types are examined in depth.

## **CHAPTER FOUR: ORGANISATIONAL LEARNING AND ITS PROCESSES**

With the increasingly extensive research on the global nature of organisations and management, learning has been recognised as one of the relevant and essential element for success in operating the global firms (Ferraro, 2002). This chapter presents the important role of organisational learning in the internationalisation process and individual and organisational learning connect. Experiential learning theory, the main emphasis on the majority of previous research is presented with its four stages model. The concept of experiential learning extends its notion to cross-cultural setting. The idea of firm's absorptive capacity, different types of learning and approaches of learning are discussed.

### **4.1 Organisational learning**

Organisational learning is a subject of knowledge within organisational theory which views how individual knowledge and learning play a role in organisational learning. Although it has been explored in management research for decades, it attracted more attention since around 1990 (Easterby-Smith and Araujo, 1999). When new individual knowledge is integrated into organisational knowledge, organisational learning occurs. The interaction between individuals within the organisation for instance, groups, units or departments, is a significant factor when considering organisational learning (Argyris, 1999). Learning in the notion of "the acquiring of knowledge or skill", can be defined as "increasing one's capacity to take effective action" (Kim, 1993: 38). Accordingly, organisational learning becomes more complex and dynamic than learning by individuals (Kim, 1993). Organisational learning begins with a small unit or group of structure during the early phases of an organisation's years. This form of organisational learning may be identical to individual learning however, consequently the distinction between individual and organisational learning materializes as a firm matures and develops. Also, as such a process evolves over time; a system of learning by its individuals develops.

The role of encoding knowledge into practices of organisation for instance, rules, frameworks, cultures or belief constitution, which direct behaviour or activities is stressed (Levitt and March, 1988). This learning refers to the learning from direct experience and experience from others. Huber (1991: 89) states that “an organisation learns if any of its units acquire knowledge that it recognizes as potentially useful to the organisation”. Here, organisational learning is considered as the development of new knowledge which holds the capability to affect behaviour and consequently, drives to improve overall outcome by taking effective actions (Huber, 1991; Fiol and Lyles, 1985; Senge, 1990). The link between learning and improved performance has been explored broadly (Argyris and Schön, 1987; Kim, 1993).

Many theories and models of organisational learning have been derived from individual learning theories as it distinguishes that learning initiates at the individual level since organisational learning is viewed “as a metaphor derived from our understanding of individual learning” (Kim, 1993: 37). Argyris and Schön (1978: 9) present the paradoxical issue about organisational learning by stating “organisational learning is not merely individual learning, yet organisations learn only through the experience and actions of individuals”. Thus, their model represents organisational learning in the means of individual actors whose actions are derived from a set of common models and learning at the individual and organisational level is closely interconnected (Argyris and Schön, 1978).

In fact, organisational learning is more complex than individual learning and the height of complexity raises when the process goes through from a single individual to a large group of different individuals (Kim, 1993). The term “learning”, can primarily be interpreted the same way as individual learning however, as Kim (1993) points out, the *process* of learning is essentially different at the organisational level. In the following section, the process of learning from individual to organisation is discussed and how individual knowledge and learning theory play a role in organisational learning.



### *From individual learning to organisational learning*

Learning initially initiates at the individual level, it becomes essential then to examine how individual learning plays a role in organisational learning overall. Organisations are compiled of individual members and organisational learning is generated by individual members within organisations thus, organisations learn from their individuals. The importance of individual learning for organisational learning becomes rather apparent and learning theories become an important factor for understanding organisational learning (Kim, 1993). Individual learning for organisational learning can become subtle due to the fact that “organisations can learn independent of any specific individual but not independent of all individuals” (Kim, 1993: 37). The key distinction lies between individual and organisational learning that of communication and knowledge sharing among individuals which results in interchange between ideas and knowledge (Huber, 1991).

Piaget’s (1952) work on the cognitive development processes presents a useful consideration of how individuals learn as individuals and in groups. Here the key learning has its basis “in the mutual interaction of accommodation (adapting our mental concepts based on our experience in the world) and assimilation (integrating our experience into existing mental concepts)” (Kim, 1993: 38). The integration of both operational (know-how) and conceptual (know-why) perspectives of the learning thus becomes critical. The experiential learning model takes into consideration both of the facets of learning (Kim, 1993). The opportunities for learning also depend on prior activities thus Teece (1988) states that learning is transaction and production specific. Moreover, Lewin’s (1951) study on action research provides understanding of how an individual learns. This view demonstrates that an individual goes through stages repeatedly of having a concrete experience, observing and reflecting on that experience, making abstract concepts based on those reflections, and testing those concepts in a new circumstance which then directs to another concrete experience.

March and Olsen's (1975) framework of organisational learning suggest individuals possess depictions of an objective reality which is based on a perspective of human cognition. From such depictions individuals interact to shape organisational actions which then drives to environmental outcomes. According to this view, the process of learning is completed once these environmental outcomes adjust individual depictions and lead to better individual and organisational action and interaction between them. However as Nonaka and von Krogh (2009) argue this framework is not able to illustrate how organisations promote creativity, transform and facilitate innovation.

Moreover, Kim (1993) presents the process through which individual learning enhances organisational learning which takes into consideration the individual learning and different levels of learning. It further identifies the transfer system between individual and organisational learning which centres on the mechanism of such transfer in organisational learning. This transfer mechanism is the "process through which individual learning becomes embedded in an organisation's memory and structure" (Kim, 1993: 37). The focus is on the key link between individual learning and organisational learning.

In the context of the organisation, individuals construct their own depiction of the theory-in-use on the whole and this incomplete image is worked by individuals within organisations to obtain a perspective of the complete and whole image recurrently (Argyris and Schön, 1978: 16). Argyris and Schön (1978) argue that organisational learning should not be static in nature rather, it should be viewed as a dynamic process of organising a cognitive organisation at its basis, where organising refers to reflexive inquiry since learning occurs only when newly obtained knowledge is transformed into diverse behaviour that is replicable. Learning has two levels of meanings which connect thought and action: operational and conceptual learning. Operational learning is about the acquirement of skill or know-how that refers to the physical ability to generate some action at the procedural level. Whereas the conceptual level of learning involves the acquisition of know-why that

refers to the capability to articulate a conceptual appreciation of an experience (Kim, 1993).

Most of the basic phenomena of learning are equivalent for both individuals and for organisations. Yet, there are unique elements with regards to organisational learning in terms of what is learned and how and the modifications to develop learning (Salomon and Perkins, 1998). These distinguishing aspects engage the diverse perspectives and values of individuals in various roles within an organisation which is a collective one. Different individuals may possess different criteria of success and the interpretation of a policy or procedure may be different to some extent. Feedback, as a result, regards to the performance of organisational actions may be distorted.

However, Salomon and Perkins (1998) argue that even if organisations are able to learn, it does not automatically translate that they are capable of learning effectively. Their review of individual and social perspectives of learning demonstrate that there is a dominant idea in the research on organisational learning that organisational learning is the limitation of the learning system concerned. There are two aspects of emphasis on organisational learning as of a technical process or a social process (Easterby-Smith and Araujo, 1999). The social process on organisational learning views organisational learning as a social structure, as a political development or as a cultural artefact (Easterby-Smith and Araujo, 1999). The social view on organisational learning concentrates on how people make sense of their experiences from either explicit or tacit sources within organisations and where learning can be generated from social interactions.

Whereas, the technical view on organisational learning considers both the external and internal organisation of the efficient processing, explanation of, and response to information that may be quantitative or qualitative. Argyris and Schön (1978, 1996) provide an example of the technical view on organisational learning, which is the first to facilitate organisational learning and to present the connection between

individual and organisational learning and subsequently, which has impacted on the most of other models on organisational learning (Kim, 1993; Kayes et al., 2005; Nonaka and Takeuchi, 1995).

#### **4.2 Types of organisational learning: Single loop and double loop learning**

A number of researchers on self-appraisal organisational learning research examine cognitive characteristics of learning which concentrate on learning new frames of reference (Dery, 1983, Shrivastava and Schneider, 1984).

In particular, Argyris (1976, 1982) and Argyris and Schön (1974, 1978) articulate cognitive characteristics of learning. The attitudes towards organisational learning generate two levels of single and double loop learning. Here, organisational learning is viewed as a process of detecting and correcting error which helps to explicate how individuals and groups resolve problems and make decisions (Argyris, 1977). Learning takes place firstly, when there is a complement between action and the outcome (single loop learning) and secondly, when there is a divergence between objectives and outcomes which is detected and corrected (double loop learning) (Argyris, 1976). It is based on Bateson's (1972, 1979) idea of first and second order learning.

Single loop learning involves "the production of matches, or the detection and correction of mismatches, without change in the underlying governing policies or values" (Argyris, 1983: 116). It engages on the detection and correction of errors within the governing variables and the error implies any feature of knowledge that restrains learning. Single loop learning occurs when the process allows the organisation to perform its given goals, values, plans or realize its objectives which are operationalized rather than inquired or questioned (Argyris and Schön, 1978). Thus, it only concentrates on solving problems in the present without looking at the suitability of present learning activities. Inside a firm's learning periphery, single loop learning is the most basic form of learning and focuses on incremental

improvements. Single loop learning is typically linked to “the routine, immediate task” (Argyris, 1983: 116). Senge (1990) refers to single loop learning as adaptive learning in which “improvements within current paradigms” occur (Hinchcliffe, 1999: 1336). It is about coping and increasing adaptiveness is merely the first stage of learning (Senge, 1990).

Double loop learning is more comprehensive as opposed to single loop learning process which needs “re-examination and change of the governing values” and it is linked to the “non routine, the long-range outcome” (Argyris, 1983: 116). Double loop learning involves not solely detecting errors but also questioning governing variables themselves. Then, this learning guides to a correction in the governing variables and makes appropriate changes to the approach in which strategies are formed to solve new problems and utilize new opportunities and it often engages radical changes. Thus, double loop learning is the learning with reference to single loop learning and refers to a continuous experimentation and feedback in an examination in progress. The feedback is derived from past experiences (Mackay and Mckiernan, 2004). Double loop learning is effective and even needed for sustainability at least in fast changing environments (Hedberg et al., 1976). It is about the process of learning which is linked to an organisation’s frame of reference, how organisations or individuals learn rather than what it knows.

Double loop learning approach is also comparable to generative learning (Senge, 1990) which is referred to as “the development and use of new organisational paradigms” (Hinchcliffe, 1999: 1336) and it is about creating new ways of observing at the environment (Senge, 1990). It stresses on the interrelationships and dynamic processes of transformation within an organisation and requires ‘systematic thinking’, ‘shared vision’, ‘personal mastery’, ‘team learning’ and ‘creative tension’ among the vision and the present reality (Senge, 1990).

On the whole, the theoretical distinction between “learning within a frame of reference and learning a new frame of reference” is significantly crucial (Huber,

1991: 93). The key difference between the two levels of single loop and double loop learning is between being adaptive and having adaptability. There is a view that organisations are capable of single loop learning whereas double loop learning or conducting transformation in organisations is harder to obtain and sometimes brings challenges (Argyris, 1977; Nonaka, 1994). In order to have and sustain adaptability, several researchers note that organisations require themselves functioning as “experimenting” or “self-designing” organisations (Hedberg et al., 1976; Starbuck, 1983). Extending out from organisation learning theory, Cohen and Levinthal (1990) introduce the concept of a firm’s absorptive capacity which engages in the utilization of learning as component of the process of learning.

### **4.3 Absorptive capacity**

Organisational learning is viewed as an element of an organisation’s absorptive capacity and entails learning capability to assimilate knowledge (for innovation) and develops problem-solving abilities to create new knowledge (for innovation) (Kim, 1998: 508). Absorptive capacity is also viewed as a key aspect in the process of innovation of the firm (Cohen and Levinthal, 1990; Tsai, 2001) and as a result, it acts as a potential resource of competitive advantage in the market (Daghfous, 2004). Absorptive capacity is also linked to prior related knowledge involves basic skills and general knowledge available within the organisation at the most fundamental level (in the case of developing nations) but also possibly involves knowledge of the most recent developments in technology or science in a given area (in the case of developed nations) (Cohen and Levinthal, 1990; Kim, 1998). There is a positive relationship between accumulated prior knowledge and the ability to identify, assimilate and exploit new knowledge.

Together with the prior knowledge base element, intensity of effort is another key component of absorptive capacity (Cohen and Levinthal, 1990). The element of intensity of effort refers to the amount of work expended by individuals within organisations to solve problems or errors as applicable external knowledge becomes

meaningless if no work is done to internalise it (Kim, 1998). The intensity of effort in learning how to solve problems is generally done by trial and error (Harlow, 1959) which strengthens interaction amongst individuals within an organisation which enhances knowledge conversion and creation at the organisational level. Thus, the concept of absorptive capacity can be interpreted as a path-dependent construct that builds on its prior knowledge and the intensity of effort, which in turn establishes the capability of the firm to acquire new knowledge (Cohen and Levinthal, 1990; Lane et al., 2001; Linyanage and Barnard, 2003). The higher the level of absorptive capacity means a more sustainable competitive advantage since as the organisation has developed and built its ability to adapt (Zahra and George, 2002).

The concept of absorptive capacity is very close to the notion of double loop learning developed by Argyris and Schön (1974) although their work is based predominately on individuals, whereas absorptive capacity is an organisation level concept. Initially, the unit of study in the absorptive capacity research principally has been the 'innovating unit' which refers to the firm or a subsidiary. This model proposes the long-run cost of learning that is significant and different from the learning-by-doing process that through the capability to exploit external knowledge, absorptive capacity allows a firm to approach something more innovatively (Cohen and Levinthal, 1989).

#### ***Four dimensions of absorptive capacity***

The three dimensions of absorptive capacity of acquisition, assimilation and exploitation by Cohen and Levinthal (1989) were further redeveloped and a transformation dimension was added by Zahra and George (2002). There are two different absorptive capacities within four dimensional construct: potential (acquisition and assimilation) absorptive capacity and realized (transformation and exploitation) absorptive capacity (Zahra and George, 2002). Within the potential absorptive capacity, it is made up of knowledge acquisition and assimilation

elements (Zahra and George, 2002). Knowledge acquisition is viewed as a firm's ability to identify and acquire generated knowledge from external sources which is significant to its operations (Cohen and Levinthal, 1989; Zahra and George, 2002). Whereas knowledge assimilation capability implies the firm's processes and practices of analysis and interpretation of the information gained from external sources within organisation (Kim, 1998).

Within realized absorptive capacity, it is comprised of knowledge transformation and exploitation elements which operate as a function of the transformation and exploitation capacities. It refers to a firm's capability to refine and extend the processes and practices that make possible to unite both existing knowledge and the newly acquired and assimilated knowledge in order to let it be applied in new approaches. Knowledge exploitation of absorptive capacity is a firm's exploitation capability which refers to the capacity to apply and exploit new knowledge in product or services so that it leads the firm to obtain a competitive advantage and financial benefit from such processes. The importance lies on the application process of information (Cohen and Levinthal, 1989; Lane et al., 2006). The results from exploitation capacity concern the establishment of new products, systems, processes, knowledge or new organisational formats.

Overall, the concept of absorptive capacity demonstrates that the capability of a unit within an organisation to connect its knowledge to innovate and learn from the external source of knowledge deeply depends on the level of its absorptive capacity. Investigating four dimensions of absorptive capacity, the process is considered as a dynamic capability due to the nature of interconnected relationships among a firm's innovative output and other results which generate competitive advantage. Potential absorptive capacity enables the firm to be receptive to acquiring and assimilating relevant external knowledge whereas in turn, realized absorptive capacity creates a utility of the transformation and exploitation capabilities which is the main basis of performance enhancements (Zahra and George, 2002).



### *Extension of the notion of absorptive capacity*

Cohen and Levinthal's (1989, 1990) original work predominantly concentrates on development of an organisation's absorptive capacity in regards to investment in R&D and its intensity and innovation activities. During the last decade, there has been other research on absorptive capacity which has been a widely applied and used construct amongst a mixture of fields, focusing on knowledge management (Lagerstrom and Andersson, 2003), organisational structure (Lenox and King, 2004; Van Den Bosch et al., 1999), external interactions (Caloghirou, Protogerou, Spanos and Papagiannakis, 2004), inter-organisational fit (Lane et al., 1998), technology transfer (Kedia and Bhagat, 1998), international expansion of a firm (Rhee, 2005), new product development (Stock, Greis and Fischer, 2001) and inter-organisational interface of IJVs (Lyles and Salk, 1996; Lane and Lubatkin, 1998).

In particular, Lyles and Salk's (1996) research on interface of IJVs identify that the better the performance of the joint venture, the more the firm learns and acquires knowledge from the foreign partner. Furthermore, Lane et al. (2001) extend it to the subject of inter-organisational trust by arguing that trust holds a key role in the absorptive capacity. This is due to the fact that it makes the 'teacher firm' facilitate the 'student firm' to comprehend the knowledge that it is presenting to the student. Within inter-organisational setting, there is a view that the counter-part in the pair can operate as either a hindrance or obstruct the absorptive capacity of the knowledge absorbing participant (Lane and Lubatkin, 1998).

Another key extended notion of absorptive capacity research stream is closely related to knowledge transfer within multinational firms (Gupta and Govindarajan, 2000; Tsai, 2001; Mahnke, Pedersen and Venzin, 2005; Minbaeva, 2005) and demonstrate that there is a positive relationship between absorptive capacity and knowledge transfer (Gupta and Govindarajan, 2000; Szulanski, 1996). However, other studies have point out that the organisational units may vary in their capability

to deal with potential and realised absorptive capacity (Jansen, Van Den Bosch and Volberda, 2005; Zahra and George, 2002).

#### **4. 4 Experiential learning theory**

Experiential learning theory has been explored to illustrate the management process as a process of learning by individuals within organisations in order for various stages of practice such as problem solving, decision making, seeking entrepreneurial opportunities and formulating strategy (Kolb and Kolb, 2009). Experiential learning is defined as “a holistic process of adaptation to the world” (Kolb, 1984: 31). The concept of experiential learning is based on Dewey’s (1933) notions of thinking and reflection which illustrates the importance of the environment in being and learning as well as Lewin’s (1951) work on the concept of feedback and action learning. Prange (1999: 27) considers that “learning from experience” is a genuine element in most of all organisational learning theories and approaches.

Firstly, learning is “conceived as a process” (continuation of recreating experience) rather than in the views of outcomes (Dewey, 1987: 79) and thus, all learning is conceived as re-learning that can be studied, tested and integrated with new, more advanced concepts by a process (Kolb and Kolb, 2009). Secondly, learning involves “the resolution of conflicts between dialectically opposed modes of adaptation to the world” (Kolb and Kolb, 2009: 45). Such differences or conflict are stated to be the motivating factor of the learning process. Thirdly, learning engages in a holistic process of continuing adaptation that integrates meaning of the total person of thinking, feeling, perceiving and behaving (Kolb and Kolb, 2009). Fourthly, the process of learning develops from dealing with both the individual and the environment. Interpreting this proposition, the way of processing learning depends upon the possibilities of each new experience to verify the scope of options and decisions one perceives so that those individuals generate themselves in the course of the choice of real occasions (Kolb and Kolb, 2009).

Lastly, the creation and recreation of knowledge is implemented by the process of learning. Experiential learning theory takes a view of the constructivist theory of learning which supposes that social knowledge is created through personal knowledge of the learner rather than pre-set concepts which are transmitted to the learner (Kolb and Kolb, 2009).

### ***The cycle of experiential learning***

Kolb (1984) developed a four-stage of experiential learning model to illustrate how people learn, how people draw on direct experience, how experience is interpreted into concepts, consequently, how then, it acts as guides in the choice of new experiences: generating knowledge, gathering knowledge, organising knowledge and acting on knowledge. The experiential learning model combines experience, perception, cognition and behaviour which signify the totality of the human learning process. It represents one of the most pervasive theories of how individuals (or managers) learn from experience. The term of ‘experiential’ emphasizes the key role and involvement of experience in the learning process which Kolb (1984) argues differentiates from other cognitive learning theories. Learning is considered as “the process whereby knowledge is created through the transformation of experience” (Kolb, 1984: 38) and thus, learning goes through a four-stage process of knowledge creation. Learning is a process which results from an interaction between an individual and their environment and in turn, learning takes place in the creation of new knowledge. Learning is visualized as a four-stage cycle where experience shapes the groundwork for four stage of learning.

### **4.5 Four stages of experiential learning theory**

#### ***Concrete experience (or generating knowledge)***

The first stage of the model, immediate concrete experience (feeling) involves when the learner experiences an activity or an event fully, openly and without bias in new

experiences, which is the foundation for observation and reflection (Kolb,1984). Concrete experience is seen as a prime dimension on which cognitive development and learning process takes place by most of cognitive psychologists (Kolb, 1984). It requires recognizing new problems and opportunities so that it generates new possibilities and identifying new knowledge. Also, this stage involves relating efficiently to others and generating firm interpersonal relationships.

***Reflective observation (or gathering knowledge)***

Reflective observation (observing) is when the learner reflects back on that old experience consciously when making new observations. Thought develops into more of a reflective and internalized one. Kolb (1984) argues that the learner is required to reflect on and observe these immediate experiences from diverse perspectives and innovative sources and thus, is able to analyse information in distinctive ways.

***Abstract conceptualization (or organising knowledge)***

The third stage of abstract conceptualization (thinking) implies that the learner tries to conceptualize into simplified, logical models or theories from such observations or information for understanding complex knowledge. It involves the capability to synthesize complex concepts into transferable knowledge.

***Active experimentation (or acting on knowledge)***

The last stage, active experimentation (doing or planning), is when the learner is attempting to plan and to make decisions on how to experiment a model or plan for impending experience and solve problems (Kolb, 1984). It requires taking knowledge into a perspective so that it can develop into a practical framework to solve the problems. It is also about risk taking action since the unformulated ideas is being tested (Kayes et al., 2005).

As a whole, the four-stage cycle represents a holistic process of knowledge creation and there are two underlying dimensions to the experiential learning process model. The first dimension signifies the concrete experience of activities or events on one

side and abstract conceptualization on the other. The second dimension then reflects active experimentation at one end and reflective observation at the other. Therefore, one shifts in diverging levels from “actor to observer” and from “specific involvement to general analytic detachment” in the learning process (Kolb, 1984: 22). Each of the elements in four-stage cycle is critical for optimal learning and Kolb (1984) argues that the majority of effective learning systems come from those that can stand differences of domination in element.

Also, experiential learning theory draws key distinctions between four types of learning: learning abilities, learning style, learning skills and adaptive flexibility (Kolb, 1984). With regards to learning abilities, in order to be an effective learner, an individual is required to involve in four primary learning abilities connected with each of the four learning dimensions of concrete experience, reflective observation, abstract conceptualization and active experimentation (Kolb, 1984). Learning style implies an individual’s general adaptive preference for taking combination of two sets of learning abilities from the four stages of the learning cycle over another (Kolb, 1984). It occurs from individual characteristics and is also influenced by social, cultural and environmental factors (Kolb, 1984).

While learning style involves an individual’s general preference, learning skills constitute more situation-specific capabilities that are needed for successful performance on given tasks (Boyatzis and Kolb, 1991, 1995; Kolb, 1984). The fourth type of learning is adaptive flexibility which is generally known as developmental learning (Boyatzis and Kolb, 1991, 1995; Kolb and Wolfe, 1981). It is viewed as a high-order level of learning ability compared to the other three learning levels because it materializes from extensive experience and development over time. The meaning of the term development is to depict how an individual learns to deal with competing demands flexibly and learns to cope and adapt with changing environmental complexity over time (Kolb and Wolfe, 1981).

Overall, the experiential learning cycle model offers a practical and holistic framework for understanding the process of knowledge creation as well as

knowledge transfer. It facilitates to describe managerial concepts such as strategy and R&D which involve both the “systematic training as well as real time, on the job problem solving” (Kayes, et al., 2005: 89). Loo (1999) verifies its reliability of the four-stage dimensions in efforts to build up key competencies among individuals. The experiential learning model emphasizes the role of experience in learning and the linkage between thought and action.

#### **4.6 Drawbacks of experiential learning model**

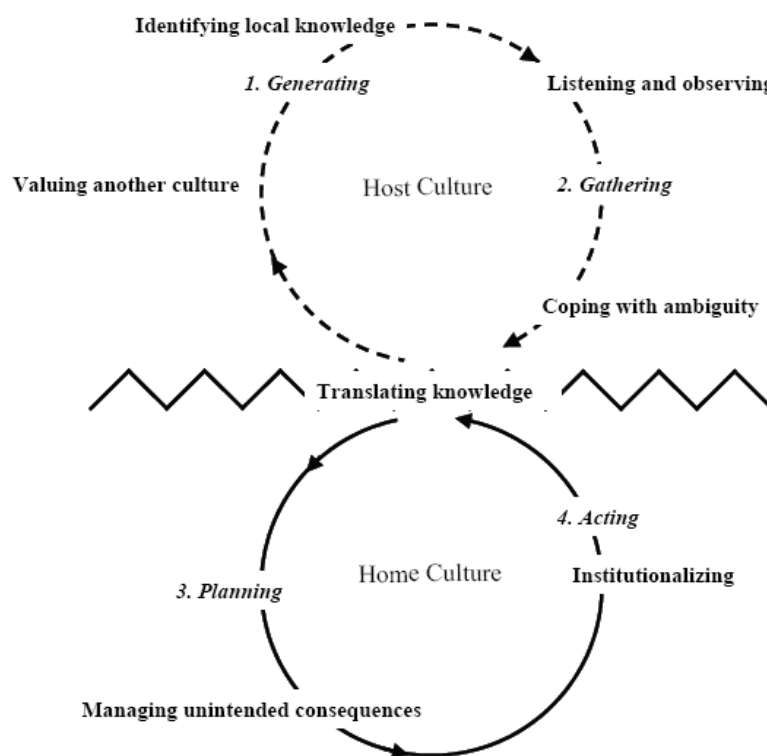
Despite the benefits of the experiential learning model shown in research, several drawbacks remain. First of all, the notion of sequential stages is not always in line with the reality of complex thinking as a number of processes can take place at once or some of the stages can be skipped. Secondly, Kolb’s (1984) model does not take enough consideration of diverse cultural experiences or conditions with regards to the cognitive and communication styles (Anderson, 1988). It also does not take into account the role of memory and its interconnection with learning as memory acts as a significant function in connecting individual to organisational learning as it impacts on the process of thinking (Kim, 1993).

Although Kolb’s (1984) model is practical in planning learning activities, it lacks in thorough consideration “to uncover the elements of reflection itself” (Boud et al., 1983: 13). There is another key concern that arises out the Kolb’s (1984) model that the association of processes of learning to knowledge is challenging. Though Kolb (1984) presents learning and knowledge as closely connected, Jarvis (1987) points out that it does not address the nature of knowledge within philosophy and social theory in-depth. The experiential learning model centres on the individual mind rather than observing as situated (Jarvis, 1987). The second issue that arises from Jarvis (1987) is that the experiential learning model mainly considers the perspective from the generating of knowledge but as Kolb (1984: 41) mentions that ‘knowledge results from the combination of grasping experience and transforming it’.

Wright (2000) states that experiential learning does not promise to lead to guaranteed outcomes and some researchers (e.g. Tennant, 1997; Jarvis, 1987) note that it cannot apply to all conditions and situations such as information assimilation and memorization. Given these drawbacks, there should be careful consideration when exploring Kolb's (1984) concept of experiential learning.

#### 4.7 Experiential learning theory and cross-cultural learning

Building upon work by Kolb's (1984) four stages of experiential learning theory, Kayes et al. (2005) extend this notion by developing a seven stage cross-cultural transfer as a process of learning model. This experiential learning model takes a new approach on how individuals learn from experience in cross-cultural setting which is specifically based on the cross-cultural condition of international strategic alliances such as IJVs.



**Figure 4.1 Cross-cultural knowledge transfer as a process of learning model**

Source: Kayes et al. (2005: 95)

The process of cross-cultural learning in this sense is about the interaction between the individual and the culture (Kayes, et al., 2005). These cross-cultural experiences take places in many ways. The seven cross-cultural competencies in conjunction with the connection to the four-stage cycle of experiential learning are illustrated in Figure 4.1. The cross-cultural knowledge transfer model presents a connection between culture, learning and success in cross-cultural adaptation and expands the notion of learning style to reflect the influence of culture (Yamazaki and Kayes, 2004). This model also considers experience as a key factor that shapes the basis of learning in a cross-cultural setting.

**Table 4.1 Seven competencies of cross-cultural learning**

<b>Stages</b>	<b>Seven competencies of cross-cultural learning</b>
1. Valuing different cultures	Effective cross-cultural learning involves value for the host culture which includes learning the host culture’s customs and perhaps assimilating the characteristics of the host culture.
2. Building relationships in the host culture	The ability to interact with others and frequently building relationships in the host culture is also important.
3. Listening and observing	The ability to learn new information from the host culture is important in order to build up an understanding of how the host culture operates by listening and observing.
4. Coping with ambiguity	The ability to manage and cope with the unpredicted ambiguity which often occurs in a foreign culture is an important factor.
5. Translating complex ideas	This involves translating ideas into another culture which acts as a core component of successful cross-cultural learning. The process of translation engages learning in order to make sense of key ideas and translate complex information.
6. Taking action	The ability to manage the complexity of cross-cultural interaction is essential for taking action. Successful learning involves valuing differences among host and home cultures, but also requires taking actions appropriately to overcome these differences.
7. Managing others	cross-cultural learning involves joining others and obtaining support for teamwork or project

Source: Adapted from Kayes et al. (2005)

The seven stage learning processes rely on an individual manager who is able to interpret concepts and innovation from one environment to another. The centre of a



successful cross cultural knowledge transfer attempt depends on the individual or group of individuals with the appropriate skills and abilities to deal with a complex process. These competencies and knowledge transfer are described in Table. 4.1.

Much consideration has been given to successful cross-cultural knowledge transfer by several researchers. Some of these considerations illustrate that a collection of suitable managers (Spreitzer, Kizilos and Nason, 1997), the capability of managers to settle in to a new host culture (Sanchez, Spector and Cooper, 2000), the character of a specific management custom as well as its transferability to another culture and the character of the host and home culture (Randolph and Sashkin, 2002) play important roles in the success of the process of knowledge transfer in a cross-cultural setting (Kayes, et al., 2005). Other research on learning and development of skill in a cross-cultural setting identifies that the key to successful transfer capacity depends on an individual who has a capability to learn to direct the process of knowledge transfer (Kayes, et al., 2005; Yamazaki and Kayes, 2004).

However, as stated earlier, most of research on cross-cultural knowledge has generally ignored the important role of learning. In addition, there has been rather limited attention given to the specific competencies required for managing the process of learning. Learning, in terms of the interpretation of context specific experience into more generalised knowledge and transfer back to context specific knowledge, forms the basis of effective cross-cultural knowledge transfer (Kayes, et al., 2005).

Overall, this model presents the seven stages of creating knowledge which are compatible with the four stages of learning and the seven learning competencies; in conjunction with Kolb's (1984) four-stage process of learning. These seven cross-cultural competencies that facilitate the understanding of the nature of learning as a process between a home and host culture mutually (Boyatzis, 1982). Such a learning process reveals that different types of knowledge creation strategies are required for transferring knowledge between a host and home culture.

#### **4.8 Different types of knowledge acquisition: Organisational learning and its processes**

Existing research on knowledge acquisition is large and multi-faceted. However, as discussed in Chapter Two and Three, international business and organisational learning research has been predominantly focused on the importance of learning from experience (experiential learning) and it fails to incorporate work from diverse research and lacks cumulative work and syntheses that generate more established research. There also exist other approaches to acquiring knowledge and learning from organisational development research which broaden the perspectives on knowledge acquisitions. Huber (1991) discusses several ways of acquiring knowledge both internally and externally by widening in scope and concept which is distinctive from previous research on this subject (e.g. Fiol and Lyles, 1985; Levitt and March, 1988). There are five processes of acquiring organisational information or knowledge: congenital learning, experiential learning, vicarious learning, grafting and searching and noticing (Huber, 1991: 88). Although these processes can be alternates for each to some extent, each process varies in their application which is context specific (Huber, 1991). These are now discussed in turn.

##### ***Internal knowledge acquisition: Congenital learning***

Congenital learning involves acquiring knowledge in the course of first-hand experience which refers to the knowledge available at the organisation's birth. From a new organisation's aspects, organisations are initiated with congenital knowledge which refers to the knowledge acquired or obtained at or ahead of its founding. Congenital knowledge is typically a mixture of both the knowledge inherited at its conception from its founders and the added knowledge obtained before its founding. The nature of an organisation is to a great extent affected by the nature of its founders as well as its founding (Huber, 1991); since the initiators or organisations form new organisations with prior knowledge regarding the new organisation's initial environment. In addition, the process of a new organisation is operated with

the founder's plans consequently such knowledge is made available to the new individuals within organisation (Huber, 1991).

Congenital knowledge at its birth plays a key role as this knowledge determines what to explore or look for, what it experiences, and how it interprets what it comes across (Huber, 1991). Accordingly, it can be concluded that congenital knowledge and its learning intensely impacts on prospective learning for organisations. The majority of this type of learning occurs unintentionally or unsystematically and the minority of this learning is obtained by intentional and systematic efforts (March and Olsen, 1979; Huber, 1991).

### ***Internal knowledge acquisition: Experiential learning***

Within experiential learning, there are five processes of organisational experiments, organisational self-appraisal, experimenting organisations, unintentional or unsystematic learning and experience- based learning curves (Huber, 1991). Organisational experiments typically take a form of learning by doing (Argote, 1999). Experiential learning is improved by the availability and investigation of feedback. To assist with intentional organisational learning it engages in enhancing the level of precision of feedback regarding relationships between organisational actions and outcomes which is cause-effect ones (Huber, 1991). Also, intentional organisational learning can be facilitated by making sure of the collection and analysis of such feedback (Huber, 1991). Another form of experiential learning involves an organisational self-appraisal which is also one of the intentional efforts. Both organisational experiments and self-appraisals sub-processes are seen to be improving adaptation in general and specifically organisational experiments are focused towards improving adaptability.

Boulding (1978: 111) discusses the difference between the term of adaptation and adaptability by stating that "Adaptation to a particular niche... while it leads to short-run survival, is never adequate for survival in the long run... Adaptability is

the capacity to expand niches or to find new niches.” With the intention of obtaining and maintaining such adaptability, several studies propose that it is important for organisations to function as “experimenting”, “self-designing” or “learning” organisations where the emphasis is on the state of recurrent and continuous change (ongoing state of experimentation) in structures, processes, domains or goals (Hedberg and Starbuck, 1976; Starbuck, 1983; Senge, 1990; Hendry, 1996). Hedberg et al. (1977) support this view of operating in rapidly changing and unpredictable markets so that organisations are able to learn regarding a multiplicity of design features and to maintain flexibility.

The mode of experimenting organisations, Levitt and March (1988) argue that operating in an experimenting organisations mode had a minimal influence on either practice or research. However, they do recognize the fact that the experimenting organisations do or may thrive and survive in some instances or states since such organisations may be less resistant when adopting unknown elements or confronting unknown markets. Huber (1991) also discusses the effects of organisation’s experience on its performance by incorporating experience-based learning curves. A wide-ranging of studies demonstrates the positive influence of experience on performance (Muth, 1986). Epple, Argote and Devadas (1991) also examine organisational learning by using non-simple learning curve models.

### ***External knowledge acquisition: Vicarious learning***

Vicarious learning involves organisations acquiring knowledge in the course of second-hand experience by observing other organisations (Huber, 1991). Organisations typically make an effort to learn from other organisations in relation to the strategies, practices and technologies (Sahal, 1982). Borrowing or examining from other organisations particularly competitors is one type of imperative Organisational learning, as for technology firms, they have been observing and examining other firms’ products and services for many years continuously (Eells and Nehemkis, 1984). The term of corporate intelligence refers to the concept of

exploring information from competitors via consultants, meetings, trade shows, publications, vendors and suppliers, and networks of professionals (Fuld, 1988; Gilad and Gilad, 1988; Porter, 1980). These ways of vicarious learning is a firms' one of externally focused knowledge acquisitions. However, imitation from other competitors or organisations may become no longer adequate when markets are rapidly changing and competitive and precise model of learning via imitation entail some degree of complexity (Huber, 1991).

### ***External knowledge acquisition: Grafting***

Grafting is another way of acquiring knowledge externally in the course of second-hand experience for organisations. By grafting on new members who hold knowledge not formerly obtainable within the organisation this can enhance overall organisations' store of knowledge. On occasion, it is carried out on a large-scale base via an acquisition of a whole organisation by another. Experiential market knowledge also can be externally obtained by grafting on new members or larger units for organisations (Huber, 1991). Such form of grafting knowledge acquisition is frequently quicker than acquisition via experience and more comprehensive than knowledge acquisition through vicarious learning of imitation (Huber, 1991). Although Huber (1991) indicates the scarcity of empirical work on knowledge acquisition through grafting, Lyle's (1988) provides knowledge acquisition through joint ventures empirically. The form of grafting becomes more commonly incorporated for organisations to acquire new knowledge rapidly where the rate of assimilating new knowledge increases within organisations (Drucker, 1988; Huber, 1984).

### ***External knowledge acquisition: Searching and noticing***

The last sub-process of knowledge and information acquisition is learning by searching and noticing internally or externally regarding the organisation's setting and performance. Among organisational information acquisition through search

occurs in three forms; scanning, focused search, and performance monitoring. Several existing research suggest that the process of learning by searching is pursued largely by managers intentionally on a daily basis. The form of scanning refers to the comparatively extensive sensing of the organisation's external environment since organisational environments change constantly (Fahey, King and Narayanan, 1981). It has been stated that in order to survive, there must be a fit between an organisation and its environment and should this fit be lacking, the organisation may be required to go through an expensive transformation (Miller and Friesen, 1980). A range of research has validated the contribution of scanning to organisations' performance (Tushman and Katz, 1980; Daft, Sormunen and Parks, 1988; Dollinger, 1984).

Another form is focused search which takes place when organisational members or divisions dynamically search in a narrow part of the organisation's internal or external environment. This is frequently in reaction to real or supposed problems or opportunities (Huber, 1991). Several researchers suggest that the selection of information sources is largely affected by source of accessibility and the search seems to be focused on the problems or the current alternative (Cyert and March, 1963).

There are two matters with the form of focused search; the antecedents to focused search and the nature of focused search (Huber, 1991). The mainstream of the studies on focused search indicate that typically organisations begin focused search in recognition of problems as well as when some assessment of the costs and benefits suggest positively (Cyert and March, 1963; Mintzberg, 1976; Huber, 1991). These two conditions are essential and adequate for a focused search to take place. Huber (1991) argues that at lower organisational levels, the search tends to be mostly reactive to problems whereas at higher organisational levels, the majority of search tends to be a result of proactive managerial initiatives. Both searches, whether reactive or proactive focused, are in principal linked with the subject of determinism versus voluntarism in organisational change (Hambrick and

Finkelstein, 1987). There has not been an attempt to distinguish between focused search for solutions and focused search for information about previously recognized solutions and that such a distinction would be valuable since the diverse forms of search in general have various antecedents or are executed by different types of organisational divisions or with diverse types of search processes (Huber, 1991).

An additional form of organisational information acquisition through search is performance monitoring. It implies both focused and extensive sensing of the organisation's efficiency to perform its own pre-established aims or the needs of stakeholders (Huber, 1991). Performance monitoring is typically one of the most persistent and obvious forms of organisational search (Huber, 1991). Informal monitoring occurs by managers within organisation with a purpose of improving performance (Mintzberg, 1975). Additionally, organisations assess formally and regularly their performance of achieving both their aims and standards internally as well as external constituencies (Huber, 1991).

Noticing is another form of organisational information acquisition which refers to the unintended acquisition of information in relation to the organisation's external and internal environment, or performance.

In addition, Huber (1991) discusses a double loop learning in regards to various forms of information acquisition processes and states that such double loop learning takes place where an organisation changes its frame of reference, vicarious learning, grafting and searching more willingly than through experiential learning. In other words, vicarious learning, grafting or searching processes become more useful for learning to take place when having to change an individual's or an organisation's frame of reference which is challenging (Huber, 1991). It becomes necessary for the majority of organisational members and divisions who act as knowledge acquirers to share their acquired information with other organisational components thus, the construct of information distribution takes a role.

In summary, Huber's (1991) four constructs which related organisational learning are examined above. Several and wide-ranging numbers of the organisational constructs and sub-constructs play a role to transform various organisations' prospective behaviours which are certainly more than the organisational science research may recommend (Huber, 1991). Huber (1991) also points out that there seems to be, to a certain extent, a limited number of cross-fertilization, integration, cumulative or combination of work related views of organisational learning with a very few exceptions. Huber (1991) suggests this trend is seen to be driven by the fact that there is divergence on what organisational learning actually is and how such learning needs to be considered. Huber (1991) concludes that both organisational adaptation and innovation are crucial in a rapidly changing environment which can in general improve and drive organisational designers or help administrators know more about how organisations learn and how organisations may be directed to learn more successfully.

#### **4.9 Conclusions**

Overall, this chapter has provided the important role of organisational learning in the course of internationalisation. In a similar line with international business research on learning aspects, there has also been an extensive emphasis on experiential learning in organisational development research. We have a situation in which, international business research in particular has been based almost exclusively on experiential learning on the learning side. In particular, Kolb and Kolb's (2009) work predominantly are on the importance of experiential learning. Huber (1991) widens the subject by recognizing various other types of learning that need to be considered. The theoretical analysis concludes that the role of organisational learning has developed into a particularly critical factor in the course of internationalisation and as Ferraro (2002) emphasizes, learning plays an increasingly important role of as a key competency for success in managing firms.



## **CHAPTER FIVE: THIS STUDY**

This chapter aims to offer the theoretical foundations for this study and develops a theoretical research framework to approach addressing the research questions. To reiterate, the main purpose of this study is to investigate how knowledge sharing and learning take place within IJVs. In order to explore and answer this overall research question, it was necessary to develop specific questions which can uncover different aspects of this overall question. The research questions are derived from the various strands of research presented where there is a flow of a theoretical progressive development in Chapter Two, Three and Four and to this end this study addresses two research questions as below:

1. How do IJV and IJV partners' managers undertake knowledge sharing and learning and how do they overcome barriers to knowledge sharing?
2. How do IJV managers learn from their partners to develop capacity within their IJV that helps the partners' internationalisation?

The previous three chapters have presented an overall theoretical framework of internationalisation processes, organisational knowledge and learning but mainly addressed these between and within a firm at the firm level. These literature reviews however facilitated the researcher to narrow the focus of this study and formulate the above research questions. These two research questions clearly take a micro analysis of manager level perspective. Taking these theoretical grounds, this chapter explores how these might be applied to the manager level and develops an exploratory research framework at a manager level by incorporating theories of knowledge sharing and microfoundations for learning which will now be discussed in turn. The first part of this chapter illustrates the theoretical grounds for the research question one and the second part presents the theoretical backgrounds for research question two.

## **5.1 Addressing research question one**

The theoretical foundations for this study come from research that has addressed knowledge sharing within firms such as between headquarters and subsidiaries within MNEs. This study will employ these foundations to examine knowledge sharing from an IJV manager perspective. This major stream of research has highlighted the strategic importance of knowledge (e.g. Conner and Prahalad, 1996; Davenport, 1998; Kogut and Zander, 1993; Nonaka and Takeuchi, 1995). Grant (1996: 76), for example, describes knowledge as “the most strategically-important resource” for firms. The knowledge-based view of the firm considers that the main function of firms is to create, accumulate, and apply knowledge (Conner and Prahalad, 1996; Grant, 1996; Kogut and Zander, 1993; Nonaka et al., 2000) so that this becomes their source of sustainable competitive advantage (Glaister et al., 2003; Grant and Baden-Fuller, 2004; Liu et al., 2010).

Knowledge is a strategic capability-improving asset or resource when firms incorporate sets of knowledge and skills to innovate new or enhance processes or products and services effectively (Coff, 1997; Nonaka et al., 2000). Unique knowledge, often in technology, marketing or distributional skills can contribute firm-specific competitive advantages in new territories (Rugman, 1981), or can help foreign market entry and international operations (Knight and Cavusgil, 2004).

Knowledge management is a process by which firms create, maintain, share and exploit knowledge to gain advantage from their codified and tacit know-how (Davenport and Prusak, 1998; Huber, 1991; Teece, 2000). This involves not only having access to knowledge, but also having a capability continuously to generate and exploit it through social process of internal transfer (Nelson, 1993; Nonaka et al., 2000; Teece et al., 1990; Wilkins, 1989). This learning capability assists the transformation of knowledge at different organisational levels, so that new knowledge can be created and existing knowledge can be re-combined (Nonaka, 1994). The social process involved means that firms can be regarded as social communities for achieving ‘speed and efficiency in the creation and transfer of

knowledge' (Kogut and Zander, 1996: 503); a firm that is efficient at internal communication and learning (Kogut and Zander, 1995) is a "dynamic body of knowledge in action" (Spender, 1994: 355).

### ***Knowledge sharing in IJVs***

Knowledge sharing has been examined from many theoretical perspectives. These have included technology transfer and innovation perspectives, and more recently, strategic management and organisational learning perspectives. These different perspectives have noted the difficulties of transferring knowledge, especially tacit and complex knowledge (e.g. Szulanski, 1996; Zander and Kogut, 1995). Research has identified the significance of central network points in intra-organisational knowledge transfer (e.g. Tsai, 2001), the importance of knowledge flows within MNEs and the implications for subsidiaries (e.g. Foss and Pedersen, 2002; Monteiro et al., 2008), and the effects of motivation and absorptive capacity on knowledge transfer (e.g. Gupta and Govindarajan, 2000). Communications theory has contributed to understanding here (Shannon and Weaver, 1949), noting that knowledge transfer depends on the message and the circumstances involved (Szulanski, 1996), and previously established communication flows and reciprocity (Monteiro et al., 2008).

While knowledge transfer indicates formal, organised activity between specific parties (Szulanski, 2000), knowledge sharing refers to a broader array of knowledge exchange activities. These can be organisational or in interpersonal relationships between managers and employees (Sinkovics, Penz and Ghauri, 2005), and they can be intentional or natural (Makela, 2007). Organisational learning therefore relies not only on knowledge transfer but also on knowledge sharing among individuals by which ideas and knowledge are interchanged (Huber, 1991).

Joint ventures and alliances can therefore be the result of an organisational learning imperative (Bresman et al., 1999; Hamel, 1991; Kogut, 1988), being "used for the transfer of organisationally embedded knowledge which cannot be easily blueprinted

or packaged through licensing or market transactions” (Kogut, 1988: 319). Firms commonly seek strategic relationships with firms from foreign countries in order to pursue growth opportunities to acquire materials, finance, supplies or foreign market access, and to gain access to skills, innovation, and knowledge (Johnson et al., 2006; Shankar and Luo, 2008).

Each partner’s inputs into an IJV are best if complementary (Farrell et al., 2004). For example, foreign partners often bring upstream resources such as brands, investment and production technology (Pan, 1996; Tsang, 2005), and local firms often bring downstream resources such as knowledge of local markets and regulations, distribution channels, and personnel (Inkpen and Beamish, 1997). Generating and replicating new knowledge can also be an efficient way for firms to develop differential capabilities. For example, firms can obtain experiential knowledge or managerial resources by knowledge sharing with local and international networks (Laanti et al., 2007). Joint ventures and alliances, present the opportunity for extensive face-to-face social interaction and communication in which knowledge can best be created and stored, and in which learning by doing can be pursued (Björkman, Barner-Rasmussen and Li, 2004; Noorderhaven and Harzing, 2009; Schulz, 2003; Tsai and Ghoshal, 1998).

### ***The challenges of knowledge sharing in IJVs***

Knowledge sharing requires individuals, in whom knowledge resides, to convey, interpret and comprehend it with others (Howells and Roberts, 2000). While there has been little empirical research as to individuals’ willingness to share knowledge within organisations (Sinkovics et al., 2005), the willingness of individuals in IJVs to share it for the IJV’s benefit can vary, so knowledge sharing cannot be imposed but can only be encouraged (Gibbert and Krause, 2002).

Partners are unlikely to have the same level of speed or ability in learning, so learning between joint venture partners is inevitably asymmetrical (Hamel, 1991; Hyder and Ghauri, 2000). Speedy and better learners have stronger bargaining positions in partnerships, but this diminishes as the partners learn from each other as

the partnership develops (Hyder and Ghauri, 2000). Knowledge sharing, however, presents ‘collective action’ or ‘free rider’ dilemmas when it involves self-interested individuals, units or firms with different objectives and the possibility of adverse knowledge spillovers (Dyer and Nobeoka, 2000; Marwell and Oliver, 1993). Moreover, partners may have different preferences on joint venture objectives due to the different institutional context in which the IJV is embedded.

The knowledge held by one party, however, is highly context- and individual-specific, being embedded in individuals’ expertise and experience, and being conditioned by the specific social and cultural contexts of the organisation in which it is developed and applied, for example in its customers, suppliers, and partners. Knowledge sharing is increasingly viewed as dynamic learning process in which a firm innovates through constant interaction with customers and suppliers (Kim and Nelson, 2000), requiring extended organisational learning rather than a series of simple communications (Szulanski, 2000). This means that they are subject to personal belief structures, as well as situational, environmental, social, organisational and institutional factors (Sinkovics et al., 2005; Szulanski, 1996). It also means that there can be significant investments in time and effort, which have to be justified by the benefits (Gibbert and Krause, 2002). It involves a process of action and interaction, in which firm and individuals identify errors and apply relevant knowledge to solve them (Levinthal and Myaatt, 1994; Nonaka et al., 2000; Nonaka and Toyama, 2003).

Without being context-specific in terms of who participates, how, and in which time and space, knowledge is just information (Hayek, 1945; Nonaka et al., 2000). Individual’s social, cultural and historical contexts determine the understanding and meaning that is generated by them in knowledge creation (Vygotsky, 1986). In organisational knowledge creation, the dynamic interactions between individuals are crucial, because the individuals involved can come from different contexts and hold different aims. Knowledge is therefore embedded in the structural components of firms, reflecting how they were formed, the individuals and the skills involved, the technical tools and the organisational routines (Argote and Ingram, 2000; Leonard-

Barton, 1992). All these characteristics makes the integration, transfer and sharing of knowledge difficult, as they require a constant process for coding and integrating in order to convert implicit knowledge into tacit knowledge of business activities.

Here, recipient firms' learning abilities are very important. Recipient firms have to re-create transferred knowledge internally (Winter, 1995). To do this, a firm has to identify the knowledge components that will be useful and which should be transferred (Sowell, 1980; Spender and Grant, 1996), and then has to internalize it with commitment and contentment, so that it can be understood, converted or adapted to its specific settings and requirements (Devadas and Argote, 1995; Epple, Argote and Murphy, 1996; Nonaka, 1994).

### *Specific barriers to knowledge sharing in IJVs*

Many differences between partners can inhibit knowledge sharing in single country contexts; similarity in cultural and language backgrounds does not itself guarantee effective communication (Zander, 2005). Penrose (1959) argues that especially top managers' choices regarding the strategic resources and their underlying principle for their firms shape their firms' knowledge-related activities, processes, and behaviours (Nag, 2006). Being meaning and value based, knowledge is intangible and sticky (Kostova, 1999; Szulanski, 1996).

Knowledge is even more difficult to transfer internationally within IJVs, however because different national backgrounds can lead to different implicit assumptions, it can lead to misinterpretations (Pak et al., 2009). Concrete factors that inhibit knowledge sharing here include education levels, language abilities, regulations and employment systems (Appleyard, 1996; Spencer, 2000; Welch and Welch, 2008). Differences act as a communication inhibitor, and can restrict social interaction and functioning within international management teams, groups and organisations (Chen, Geluykens and Choi, 2006; Hambrick, Davison, Snell, and Snow, 1998).

Many of these differences being reflecting individual and organisational beliefs and behaviours (Busenitz, Gomez and Spencer, 2000; Child, 2000; DeLong and Fahey, 2000; Scott, 2001, 2002), and the decision-making, communications, and activities they pursue (Hitt, Ahlstrom, Dacin, Levitas and Svobodina, 2004; Lau, Tse and Zhou, 2002; Spencer, 2000). This can be reflected, for example, in how they observe and identify competitors, opportunities and threats (Hitt, Dacin, Tyler and Park, 1997; Tyler and Steensma, 1998).

These differences can make all forms of international management activity difficult, but they present specific barriers for the effective communication, coordination and assimilation of knowledge (Pak et al., 2009; Tiemessen, Lane, Crossan and Inkpen, 1997). Three interdependent and mutually reinforced institutional sources of difference have been identified, in how people think about things, in their norms of behaviour and practice, and in the rules and regulations that faced, can all combine to generate 'institutional distance' between partners (Kostova, 1999; Morgan and Kristensen, 2006). Kostova (1999) argues that organisational practices reflect their nation's institutional setting, so knowledge transfer is inhibited when organisational practices do not 'fit' institutional settings found in other countries (e.g., Hofstede, 1980). For example, tacit knowledge, essential for collecting organisational know-how because it is difficult to codify and transfer (Polanyi, 1962), is personal, deeply rooted in action, commitment, ideas, values and involvement in context.

Different societal cultures are one distinctively international institutional barrier to knowledge sharing. For example, there are clear differences in social behaviour as well as in how information is processed between individualistic and collectivist societies (Bhagat et al., 2002; Earley and Gibson, 1998; Hofstede, 1980, 1991, 1994; Triandis, 1995, 1998). People in individualistic contexts tend to value independence and to be driven by their own preferences, rights and contracts, whereas in collectivistic contexts, they tend to be driven more by the norms, duties and obligations of the collective they are in (Bhagat et al., 2002). These can be expected to influence knowledge sharing; individualist cultural contexts have been suggested

to stress explicit knowledge while collectivist cultural contexts to focus on tacit knowledge (Bhagat et al., 2002).

Further, research suggests that if firms have deeply rooted cultural norms and routines of behaviours, they will face greater hindrances and challenges if they are attempting to achieve organisational transformation and change (Bercovitz and Feldman, 2008). This provides strong grounds for believing that differences between organisations, including national differences in context, will have a significant negative influence on IJV performance (Fey and Beamish, 2001).

### ***Knowledge sharing approaches in international contexts***

Learning from knowledge sharing is critical to achieve the knowledge needed for competitive success (Levinson and Asahi, 1996; Powell, Koput and Smith-Doerr, 1996) once it has been adapted and adjusted to be locally appropriate (Nelson and Rosenberg, 1993). Through fundamentally important for the success of alliances (Bresman et al., 1999; Doz, 1996; Inkpen and Crossan, 1995; Mowery, Oxley and Silverman, 1996), learning ability requires appropriate social and technical structures as well as particular forms of social interactions (Bhagat et al., 2002; Hansen, 2002). The typical mechanisms and approaches of knowledge sharing are deep social interaction, through expatriates, and organisational learning.

Luo (2002: 170) refers to “an organisation as a nexus of relationships” where individuals interact within and across organisational boundaries. Firms in partnerships, whether in loose informal ties or tightly formalized inter-organisational relationships, share knowledge better than firms that are not in any form of partnership (Darr, Argote and Epple, 1995; Ingram and Simons, 2002; Powell et al., 1996). Knowledge transfers in IJVs, however, are initiated and facilitated when partners are closely related (Child and Rodrigues, 1996), and if they have similar business norms, values, strategy and cultures (Dougherty, 1990). This means that firms tend to monitor or imitate the organisational routines from socially close and strategically similar firms (Baum and Berta, 1999).



The structural inter-organisational relationships in which interaction and collaboration can take place are easier to form when partners share similar business activities and resources (Baughn, Denekamp, Stevens and Osborn, 1997). Being embedded in the same network can help. Social ties help minimize competition and foster cooperation through knowledge sharing, with a development of relational trust or share a sense of belonging that can help them deal with complexities, such as than needed for knowledge recipients to internalize new knowledge (Bresman et al., 1999; Lazaric and Lorenz, 1998). By contrast, different organisational systems and procedures between partners, such as different levels of autonomy in decision making, and different knowledge and communication approaches disrupt knowledge sharing (Gupta and Govindarajan, 1991; Kim and Hwang, 1992). Overall, therefore, this research has supported a view that has now become a widespread assumptions in international management research, that significant and deep levels of social interaction are a prerequisite for knowledge sharing in international contexts (Noorderhaven and Harzing, 2009).

## **5.2 Addressing research question two**

### ***Microfoundations for learning***

IJV research mainly takes the IJV partners' perspective, and focuses on the resource bases and skills of the partners, and on structural factors between them such as their trust and commitment, and the contractual formats they use (e.g. Luo et al., 1998). Microfoundations research also recognizes the importance of structure in facilitating or inhibiting learning; the autonomy proffered by flat structures, for example, is thought to help learning, but also to create gaps that can inhibit knowledge sharing (Foss, 2003). It sees structures, however, as just one of three types of microfoundations that can underlie learning and absorptive capacity building in firms that can be discerned from the behavioural theory of the firm and from subsequent organisational behavioural research. These have recently been defined by Felin et al. (2012) as microfoundations within individuals, within processes and

interactions, as well as within structures. Drawing on this research, Figure 5.1 presents these three microfoundations and the important linkages between them.

The extension of this focus to processes and to the role of individuals, however, allows the prospect of deepening our understanding of important elements for IJV learning. Different processes have been recognized to help learning within organisations (Pentland, Feldman, Becker and Liu, 2012), but we also know that effective absorptive capacity building depends on the capacity of the individuals concerned, and on the overlap between individuals' knowledge sets (Cohen and Levinthal, 1990; Foss et al., 2010). Managers as individuals influence the behaviour and evolution of organisations (e.g. Groysberg and Lee, 2009); their actions interactions are a microfoundation for learning (Foss, Laursen and Pedersen, 2011), and it is their managerial operationalization of organisational routines and capabilities that can generate and maintain competitive advantage (Felin et al., 2012).

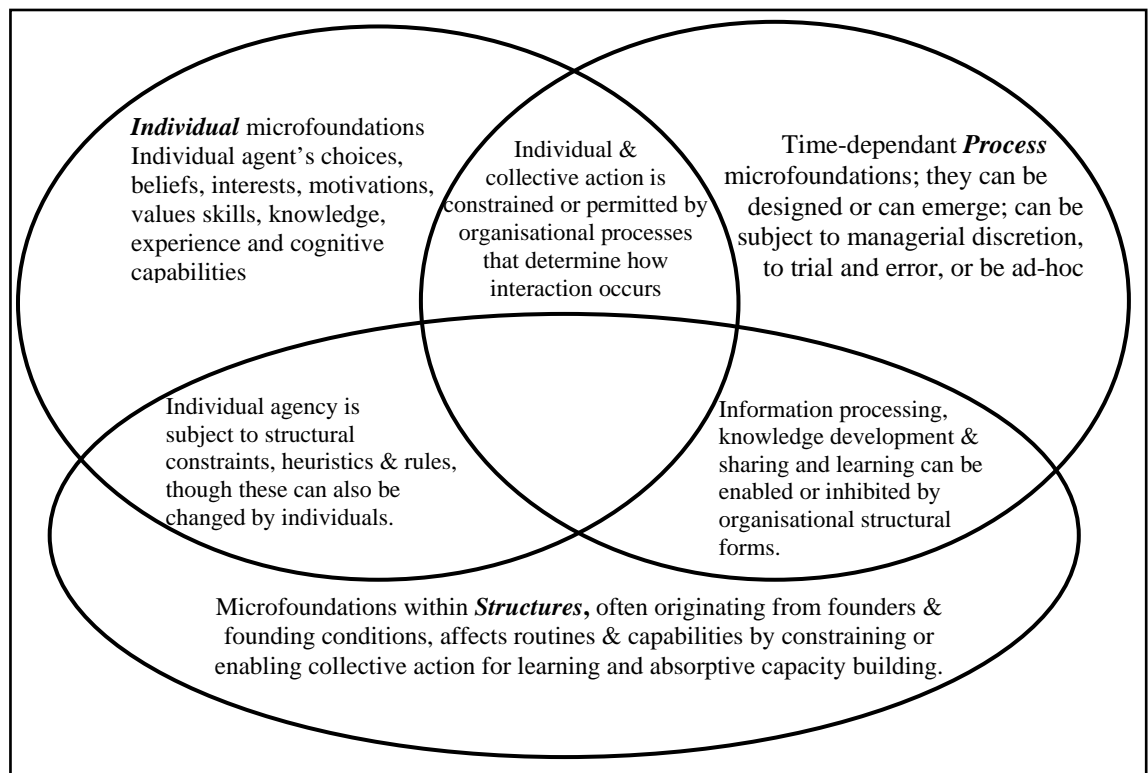
Here, however, the channels of knowledge sources available to managers' knowledge acquisition behaviours, and their scope to gain and exploit knowledge, are governed by the organisational structure that they work in (Abell, Felin and Foss, 2008; Foss et al., 2011) and by the governance mechanisms that are in place (Gottschalg and Zollo, 2007). It is evident that we can expect these three micro-components to have to interact if learning and organisational capacity building is to take place at an organisational or IJV level (Stinchcombe, 1991), as is represented in Figure 5.1. In the proceeding sections, each of these will be examined in turn.

### ***Microfoundations for organisational learning at the structural level***

Different forms of organisational and governance structure set the context for enabling or constraining interactions and activities in learning within an organisation (Felin et al., 2012). Felin et al. (2012: 14) note:

Structures, whether at the organisational level or within an organisation, specify the conditions that enable and constrain individual and collective action and establish the context for interactions within an organisation. While structures may constrain behaviour, they also enable efficient

information processing, knowledge development and sharing, coordination and integration, and more generally, collective action.



**Figure 5.1: Three microfoundations of organisational learning**

Source: Adapted from Felin et al. (2012).

How organisations are structured determines how decisions are made by individuals and groups, and the processes pursued within the business; managers' behavioural choices will reflect organisational and governance constraints (Ingram and Clay, 2000). The process of integrating, disseminating and sharing knowledge differs within and between organisations in how much it is done and how it is done, in other words, its 'knowledge governance' (Foss et al., 2010; Grandori, 1997; Michailova and Foss, 2009).

The extent of knowledge available for integration within IJVs is determined by the partners' structural settings, and the process of exchange between them influences how the IJV develops (Gong, Shenkar, Luo and Nyaw, 2007). Although IJVs can be a means for managers to promote their organisational learning by offering the opportunity to access skills and knowledge from partners (Beamish and Berdrow,

2003; Tsang, 2002), there are distinctive structural barriers to organisational learning in IJVs because they are not the same company. The structural formations of IJVs therefore need to be considered separately from those of other multinational firms or because they are positioned at the conjuncture of two or more independent organisations (Gong et al., 2007).

Research shows that an IJV's competitive advantage depends on its capability to acquire, assimilate and exploit new knowledge for innovation, in other words, its absorptive capacity (Gupta and Govindarajan, 2000; Mahnke et al., 2005; Minbaeva, 2005; Tsai, 2001). Absorptive capacity is needed to assimilate knowledge from the partnership (Gupta and Govindarajan, 2000; Szulanski, 1996; Yao et al., 2013) and to innovate with the creation of new knowledge (Kim, 1998). Firms that are highly motivated to learn, and prepared continuously to invest in it, will develop it more rapidly (Cohen and Levinthal, 1990, 1994). The development of absorptive capacity in partnership structures, in involving different organisational cultures, however, is an especially complex process, (Daghfous, 2004; Nti and Kumar, 2000; Tsai, 2001). This means that while more parties can present more learning potential, the more parties that are involved, the more that that inter-partner cooperation and JVs performance is inhibited (Gong et al., 2007).

The process of integrating knowledge and learning across national boundaries and between individuals from different backgrounds raises a major challenge in managing knowledge governance within IJVs (Meschi and Riccio, 2008; Luo, 2009; Westney, 2001). Learning between partners from different national contexts leads to different ways of social interaction and different understandings (Morgan and Kristensen, 2006; Pak et al., 2009). IJV managers therefore need to construct specific and particular organisational routines and processes to facilitate learning for their businesses (Bhagat et al., 2002). The capability of the IJVs and their partners to structuralize their learning and knowledge processes represents a critical source of competitive advantage and strategic advantages (Foss et al., 2010; Kandemir and Hult, 2005). Managers of IJVs with dissimilar partners therefore especially need to

ensure that their businesses achieve high intensity of learning effort (Park and Ghauri, 2011), and this means that their role in the learning process is critical. The individual managers' agency in this process, and the process factors involved, which have often been overlooked in IJV research, are therefore now examined.

### ***Individual level microfoundations of IJV learning***

For firms to 'learn to learn', different levels of learning are required; individuals within them need a new type of learning, which is then compounded into a new collective capacity (Anand and Khanna, 2000). Here we employ Argyris and Schön's (1978, 1996) notion of learning levels, a concept that was conceptualized and developed as a way of understanding individual learning, but which has been widely applied to the understanding of organisational learning. 'Single-order', 'single-loop' or lower level learning has been distinguished from 'double-order', 'double-loop' or higher level learning (Argyris and Schön 1978, 1996; Bateson, 1979; Fiol and Lyles, 1985).

Single loop learning involves the detection of and correction of errors, an adaptive process that is restricted to the subject of that error, the 'governing variables' (Argyris, 1976, 1977; Argyris and Schön, 1978). Double loop learning takes place not only as a result of the detection of errors, but also as a result of questioning as to the governing variables themselves. This not only generates adaptation, but also a capability of having adaptability. In double-loop learning, a continuous process of experimentation and feedback guides the governing variables themselves and allows firms to undertake radical change, for example by changing the way in which strategies are formed, by solving new problems, and by taking advantage of new opportunities (Argyris, 1976, 1977; Argyris and Schön, 1978). Double-loop learning is needed for sustainability in fast changing environments which require continuous experimentation, feedback and change (Hedberg et al., 1976).

International business research has emphasized the importance of knowledge transfer in international business environments, such as within MNEs (Gupta and

Govindarajan, 2000; Mahnke et al., 2005; Minbaeva, 2005; Tsai, 2001), where a key competitive advantage arises from an international firm's capability to create and transfer knowledge (Kogut and Zander, 1993). The capacity for firms to adapt and change and to be innovative by being sufficiently adept at finding, acquiring and incorporating new knowledge has been incorporated into the organisational notion of absorptive capacity (Cohen and Levinthal, 1990; Tsai, 2001). Absorptive capacity is especially critical for JVs constructed as the result of a learning need because it is this that allows the JV to acquire and exploit the new knowledge that is available (Cohen and Levinthal, 1989).

The way that the firms work with one another will determine what, and how much each partner will learn from the partnership (Glaister et al., 2003); businesses and IJVs can differ in how well they can usefully realize and use their absorptive capacity (Jansen et al., 2005; Zahra and George, 2002), depending on the way in which the managers involved work with one another (Glaister et al., 2003) and on teacher's and student's capacity for knowledge transfer (Park, 2011). Studies have identified a number of elements that can contribute to absorptive capacity within international settings.

First, the more compatible the knowledge being acquired and transferred between firms, the more effective the absorptive capacity (Lane and Lubatkin, 1998). Second, international partners are more likely to learn from each other when they share similar business backgrounds, so absorptive capacity is enhanced by close business relatedness (Park and Ghauri, 2011). Third, managers' intensity of effort in learning, reflected in strengthening interaction amongst individuals, is critical in building sufficient absorptive capacity for international development at the organisational level (Kim, 1998; Liu et al., 2010; Park and Ghauri, 2011). Fourth, the managers' prior knowledge base, its form, and where and how it is located can help (Simon, 1991). Different managers and different parts of firms may have different knowledge and abilities, and also different abilities for learning from others. For IJVs, therefore, we can interpret absorptive capacity as a path-dependent construct

that builds on the extent form and location of the managers' prior knowledge, and is driven by their intensity of effort in acquiring new knowledge (Cohen and Levinthal, 1990; Lane et al., 2001; Linyanage and Barnard, 2003).

### ***Processes and interaction microfoundations of IJV learning***

Since Johansson and Vahlne's (1977, 1990) early contributions to our understanding of the internationalisation process, the importance of learning in that process has been well appreciated, and organisational research has also recognized the ability to learn within organisations potentially to be the most critical intangible asset that a firm can have (Child and Faulkner, 1998: 287). Internationalisation process research has especially emphasized the importance of experience in that learning; Johanson and Vahlne's (1977, 1990, 2006) internationalisation process model, based on Johanson and Wiedersheim-Paul's (1975) work and behavioural theories of the firm, focuses on learning by doing, whereby firms increase their level of know-how in foreign markets before expanding into them. Under their dynamic evolutionary internationalisation process model, experienced knowledge reduces apparent uncertainty in non-domestic markets and helps firms to distinguish and create opportunities in those markets (Forsgren, 2002; Johanson and Vahlne, 1977, 1990, 2006).

As Steen and Liesch (2007) have argued, however, internationalisation process theory holds the separation of objective from experiential knowledge as a conceptual underpinning, one that is rooted within Penrose's (1959) theory of the growth of the firm. It is because it assumes international market knowledge to be subjective and based mainly on experience gained accumulatively from market activity that it concludes that that internationalisation is a gradual, incremental process (Johanson and Vahlne, 1977, 1990; Steen and Liesch, 2007). Further, internationalisation process research has extensively examined the process of internationalisation, has observed the importance of learning, and has catalogued the content of knowledge that is needed, but it has paid little attention to *how* they actually learn it, and has

continued to assume that the process of knowledge acquisition and learning is experiential (Johanson and Vahlne, 1977, 1990, 2006).

Here we are concerned with IJVs constructed specifically to achieve successful market entry with each partner having their own different, but potentially important, knowledge. The learning processes between the partners are clearly critical in these cases and different methods of knowledge acquisition and organisational learning might be anticipated. International business research, however, has focused on the content of knowledge transferred between the parties, rather than on how IJVs might acquire, learn and exploit this knowledge.

The process of learning, however, has been examined extensively within organisational learning and development research (Dewey, 1987; Kolb, 1984; Kolb and Kolb, 2009), and internationalisation studies have begun to look to organisational learning theory to inform their research (e.g. Fletcher and Harris, 2012). Experiential learning only occurs in the course of solving problems or in current activities (Arrow, 1962), because it requires personal observation, imitation, and practice or training which cannot be codified in written format and cannot be stated explicitly (Nonaka, 1994). Kolb (1984) argues that emphasis on the involvement of experience in the learning process differentiates experiential from other cognitive learning, making it “a holistic process of adaptation to the world” (Kolb, 1984: 31). Here, learning is “conceived as a process” that involves the continued recreation of experience, and is not seen in terms of outcomes (Dewey, 1987: 79). The following section now turns to organisational learning research that has recorded a range of learning processes.

The organisational learning process has been also explored in organisational theory and strategic management research (Huber, 1991). Huber’s (1991) framework for understanding different organisational learning processes has been widely employed in organisational research and has recently been employed to understand the learning processes of internationalising small and medium-sized enterprises (SMEs) (Fletcher



and Harris, 2012; Fletcher, Harris and Richey, *forthcoming*). This framework recognizes the significance of experiential learning. Congenital learning is inherited knowledge from first-hand experience and determines what a firm explores or looks for, what it experiences, and how it interprets what it comes across (Huber, 1991). The prospective learning that an organisation can achieve depends on its stock of congenital knowledge and the intensity of its learning effort, and managers' prior international experience drives the firm's absorptive capacity for operating internationally (Oviatt and McDougall, 2005).

The framework also however, recognizes other internal and external learning processes: vicarious learning, grafting, searching and noticing. Many or most of these may be important in IJV contexts, because we know that organisations often make an effort to learn strategies, practices and technologies from other organisations (Sahal, 1982). Vicarious learning, which involves imitating or copying, can be from competitors, via consultants, meetings, trade shows, publications, vendors and suppliers, and networks of professionals (Porter, 1980), whom firms examine and 'borrow' practices from (Eells and Nehemkis, 1984).

Grafting is a way of acquiring knowledge from external organisations by bringing from outside new members who hold knowledge not previously available within the organisation. This is frequently quicker than acquiring the knowledge experientially, and the knowledge can be acquired more comprehensively than through vicarious learning of imitation (Huber, 1991). Grafting is most frequently used when the need to assimilate knowledge increases (Drucker, 1988). In the context of joint ventures and in IJVs especially, grafting may well be very important (Lyles, 1988). Searching and noticing knowledge, internally or externally, takes place in the everyday process of management. Searching is intentionally pursued by managers on a daily basis in processes of scanning, focused search, and performance monitoring whereas noticing is unintended knowledge acquisition (Huber, 1991).

While Huber's (1991) work focuses on the different processes of learning rather than on its results, we know that firms can exploit knowledge and extend

organisational competence through more effective utilization of skills and processes (Glaister et al., 2003). These different processes of learning can substitute for one another to some extent, but each possesses characteristics that favour application in particular situations (Huber, 1991). Here the study explores these processes in the situation of IJVs.

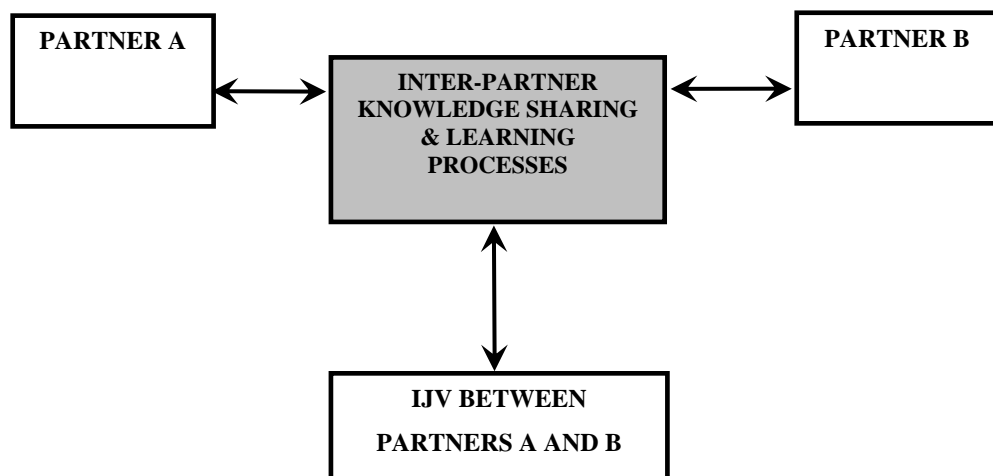
### **5.3 The research gap to be addressed**

From these two specific theoretical grounds at the micro level of managers, four main research gaps are addressed. The review illustrates that it seems still far from understanding the essential process in which an organisation shares knowledge and learning specifically for IJVs. The existing theories which deal with a static status of an organisation at given point of time cannot possibly explain such a dynamic process. Here, the meaning of 'dynamic' in this study refers to the Teece et al.'s (1997: 515) definition which illustrate it as "the capacity to renew competences so as to achieve congruence with the changing business environment; certain innovative responses are required when time-to-market and timing are critical, the rate of technological change is rapid, and the nature of future competition and markets difficult to determine". The processes of knowledge sharing and learning renew competences so that it can actively engage in with a rapidly changing environment like found in the retail industry.

Here, some important theoretical gaps can be identified. Firstly, most initial research on knowledge sharing processes, and the barriers that may be involved, has focused on individual firms, and only later has examined inter-organisational learning (Dyer and Nobeoka, 2000; Dyer and Singh, 1998; Powell et al., 1996). International knowledge sharing research has identified facilitating or hindering factors and processes within the MNEs, but despite the evident and recognised importance of knowledge sharing processes for IJV success, little research attention has been paid to this area (Inkpen and Dinur, 1998; Noorderhaven and Harzing, 2009). We do not know what the knowledge sharing managers in IJVs may seek, what the difficulties

are that they face, and how they overcome these difficulties by taking IJV managers' perspective. This study aims to address this gap by exploring how the managers of Tesco, of Samsung, and of their IJV Homeplus overcame their partners' differences, to achieve the knowledge sharing that they needed to generate a successful joint venture.

Secondly, previous IJV knowledge and learning research has mainly seen it as a parents or headquarters driven activity in which knowledge is held by partners and is transferred to the IJVs, whereby IJVs institute processes to get knowledge and learning from partners and partners institute processes to obtain knowledge and learning from IJVs (Beamish and Berdrow, 2003). Reflecting on previous knowledge sharing, organisational learning and IJV research, Figure 5.2 presents this notion of the structural factors for knowledge sharing and learning within IJVs, with two (or possibly more) partners. These may or may not communicate with each other, and the IJV, which will have internal communication processes reflecting its own structure, and structural relationships with its partners. There are three parties in the process with the locus on knowledge sharing and learning processes to be those between the partners A and B (Figure 5.2).



**Figure 5.2. The structure of knowledge sharing and learning in IJVs**

Source: Author

Thirdly, there has been an attention on the headquarters' and subsidiaries' relationships as well as IJVs elsewhere in the international business research has been considered these issues in a great deal thus, this subject are extensively researched. However, only few researchers have considered these issues in the retail sector (c.f. Palmer and Owens, 2006; Palmer, Owens and De Kervenoael, 2010) and they have not been well integrated or used in the retail research. There also exists a whole lot of structuring and the nature of IJVs (Birkinshaw, Holm, Thilenius and Arvidsson, 2000; Kogut and Zander, 1993) that has also not been examined in the retail sector. Moreover, as has previously occurred in other sectors, retail firms are beginning to become MNEs with headquarters and subsidiaries and they are increasingly using IJVs or other forms of strategic alliances frequently when they internationalise their operations overseas. Retail internationalisation research, however, has not yet used this knowledge and learning at all. Although it has been widely suggested that the use of collaborations and strategic partnerships can generate new organisational learning for firms (Doz and Shuen, 1990; Mody, 1993; Teece et al., 1997), this study aims to identify whether this also applies for retail MNEs IJV partnerships.

Fourthly, international business research has predominantly focused on experiential learning overall (for instance, Johanson and Vahlne, 1977, 1990, 2006) which fundamentally depends on experience and considers the importance of experiential knowledge and learning. But at the same time, there also exist other ways of learning as well as different levels of learning from the organisational learning research (Huber, 1991). International business research is not alone in having a narrow perspective on knowledge and learning, but retail internationalisation research has also failed to absorb the wider perspectives from organisational development research. Few studies have investigated these elements together, and have therefore failed to draw the important linkage between them. By investigating these interlinked elements, it offers the overall perspective highlighting the importance of incorporating different types of learning as well as different levels of learning for effective partnerships. Rugman and Girod (2003) also point out that

there should be more research on retail and other service-based firms as existing research has been focused around manufacturing MNEs.

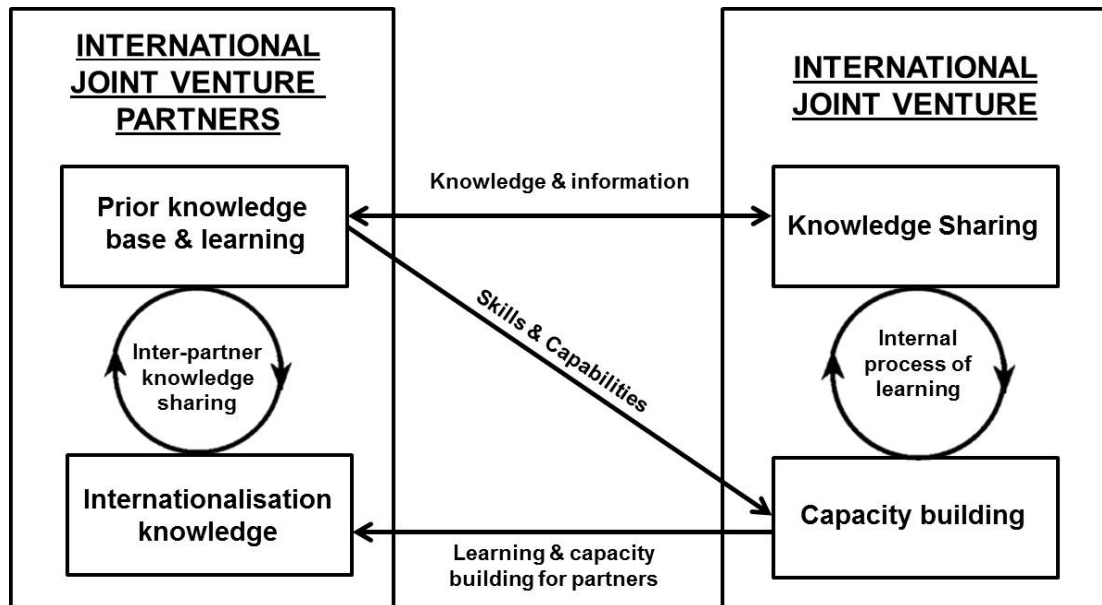
On the whole, the focus in this study is what there is to learn about management of IJVs given the theories of internationalisation process, knowledge sharing and learning. The next section presents and describes a research framework in more detail, which depicts elements of different types and the levels of knowledge and learning processes within IJVs.

#### **5.4 A theoretical research framework**

The review of the research on the role of knowledge sharing and learning within IJVs have informed the research and have supplied with a comprehensive, dynamic framework to guide the development of IJV of MNEs, presented in Figure 5.3. Although the joint venture process is dynamic in nature, the majority of related theories and analysis on joint ventures have been explored as a static process (Hennart, 1988; Hyder and Ghauri, 2000). There is a need for a revised framework that focuses on dynamic interactions. The knowledge sharing and learning processes between the joint venture partners are viewed continuously. Organisation is stated to be occurred in a “multilateral fashion, with patterns of behaviour and learning being orchestrated in a much more decentralized fashion, but with a viable headquarters operation” (Teece et al., 1997: 517). The research on IJVs helps us to understand the extent of differences that may incur between industries when internationalising.

The theoretical research framework presented in Figure 5.3 incorporates the dynamic knowledge sharing and learning processes of the IJV of MNEs. This research framework embraces and integrates a variation on the internationalisation process theory, Kolb’s (1984) notion on experiential learning theory, Argyris and Schön’s (1974, 1978) concept of single-loop and double-loop learning and Cohen and Levinthal’s (1989) idea of firm’s absorptive capacity both on the individual and organisational levels. It is tailored to the context of IJVs that incorporates the

dynamic nature of the learning process between joint venture partners and their headquarters and subsidiaries, and considers how joint venture partners have different ways of acquiring learning and knowledge and how they have different levels of organisational learning.



**Figure 5.3. The research model: A dynamic framework of knowledge sharing and learning processes within an international joint venture**

Source: Author

Within the theoretical framework, there are four overall variables within two levels (see Figure 5.3): 1. international joint venture partners' prior knowledge base and learning for internationalisation, 2. international joint venture partners' internationalisation knowledge, 3. Knowledge sharing of IJVs and 4. capacity building within IJVs. These four variables are placed within two levels: international joint venture partners and international joint venture.

The first level includes the international joint venture partners' prior knowledge base and learning for internationalisation, which comprises the knowledge that is inherited from each of these two partners. Research indicates that a firms' prior

knowledge for internationalisation to appreciate new learning and knowledge transfer is crucial (Cohen and Levinthal, 1990; Autio et al., 2000). Generally, a firms' prior knowledge is comprised of market, general international and product or technological knowledge. Although these firms' prior knowledge varies among different sectors, there exists generalizable internationalisation knowledge that applies to all firms regardless of their industries.

The second level reflects IJV learning processes that take place within the level of the IJV itself. The knowledge sharing and joint capacity building processes depend principally on the firm's prior knowledge and learning. As illustrated in Figure 5.3. these two process variables are interlinked with the constant process of internal learning between them.

The learning and knowledge transfer process variable explores how partners can learn in various ways in cross-cultural conditions internally as well as externally. Learning is also to understand the process of cross-cultural knowledge sharing. IJV partnerships inherit the interaction between culture and individual learning. Knowledge transfer and learning processes reveal that different types of knowledge creation strategies are required for sharing knowledge between a host and home culture. Knowledge sharing facilitates the exploitation and assimilation of new knowledge to be by firms within IJVs. As stated previously, although the existing research is mainly focused on experiential learning, there are other types of learning that need to be considered. Based on Kolb's (1984) four stages of experiential learning theory, this framework widens the views on ways of learning by recognizing that learning is not limited to experiential learning in practice. Incorporating Huber (1991), both internal and external knowledge acquisitions process of congenital, vicarious, grafting, searching and noticing learning are explored in this level.

Organisational learning is viewed as a role of an organisation's absorptive capacity that engages learning capability to acquire, assimilate and exploit new knowledge

for innovation based on firm's accumulated prior knowledge (Cohen and Levinthal, 1990; Kim, 1998; Zahara and George, 2002). There is a positive relationship between them. Thus, in order to examine overall IJV learning processes, it becomes important to link these with the first level of firm's prior knowledge. A firm's absorptive capacity therefore operates as a potential resource of competitive advantage (Daghfous, 2004). The notion of firm's absorptive capacity allows a firm to conduct business innovatively, which is considerably different from learning-by-doing process. Furthermore, several research suggest that there is a positive link between firm's absorptive capacity and knowledge sharing (Gupta and Govindarajan, 2000; Tsai, 2001; Mahnke et al., 2005; Minbaeva, 2005).

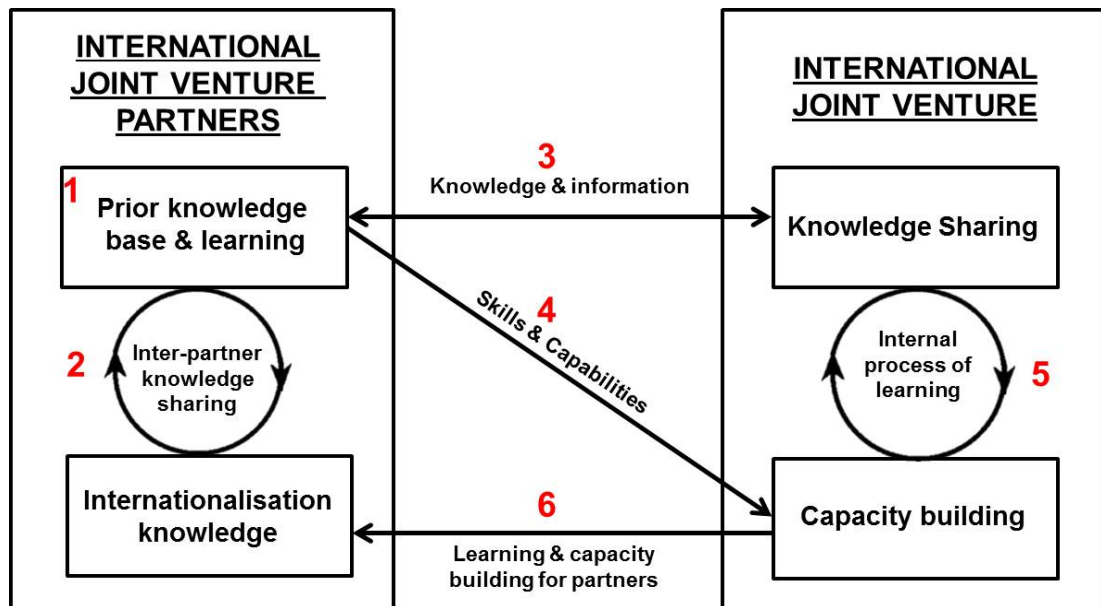
There are mainly two stages of learning processes: single loop and double loop learning (Argyris, 1976). In particular, double loop learning is stated to be effective way of learning for sustainability in rapidly changing environment (Hedberg et al., 1976) which requires a continuous experimentation and feedback so that it typically involves radical changes. The concept of absorptive capacity is very close to the double loop learning although absorptive capacity is an organisation level concept and double loop learning is based on the individuals. Through double loop learning and through firm's absorptive capacity, innovation is generated (Cohen and Levinthal, 1990; Tsai, 2001) to contribute competitive advantage in the market. The influences on any changes in ways of thinking about business in terms of product or service, level of investment and involvement of servicing mode, are explored.

Overall, the theoretical research framework presents two levels of flows and processes in IJV knowledge sharing and learning, which widens the notion of the subject on knowledge sharing and organisational learning by combining theories from various standpoints in research.

Numbers on paths refer to the six findings which are discussed in Chapter Seven. For the purpose of examining research questions, the research framework is clearly



formed and divided into six parts in order to logically address such questions accordingly



*Arrows indicate learning directions*

**Figure 5.4. The dynamic framework of knowledge sharing and learning processes where the numbers on each arrows refer to the six findings**

Source: Author

### 5.5 Conclusion

This chapter addressed theoretical grounds for this study, specifically at a manager level and developed an exploratory theoretical research framework to approach addressing the research questions. The framework reflects each of two research questions accordingly. Chapter Two, Three and Four have presented an overall theoretical framework to lead researchers to narrow the focus of this study but limited within a firm at the firm level analysis. Taking these theoretical grounds, this chapter explored how these might be applied to the manager level and develops an exploratory research framework at a manager level by incorporating theories of knowledge sharing and microfoundations for learning specifically within IJV partnerships. In the following chapter, it addresses how the research questions which can be appropriately delivered empirically.

## **CHAPTER SIX: METHODOLOGY**

The review of the literature on internationalisation process, knowledge sharing and learning has informed the research framework and formulated research questions. In order to research into how IJV managers undertake knowledge sharing and learning for internationalisation within IJVs, focusing on the “micro-level” analysis, the objective of this chapter is to elaborate and justify with an explanation of the selection process of research methodology and method among various different research methodologies and approaches of management. To this end, the main aim of this chapter is to give an overview of the research methodology used in this study and why such methodology is the most appropriate to employ to examine the knowledge sharing and learning within IJVs.

This chapter is organised as follows: the first part sets out the foundation concepts of research method, philosophy and approach in this context. Qualitative research methods are discussed in-depth and the reason for adopting such method over quantitative research method is presented. Then, the steps to select an appropriate method in accordance with its research questions of this research are elaborated. The rationale behind the research strategy adopted is discussed followed by the presentation of the research design, the selection of the case study method finally, on the chosen methods of analysis and the kind of output of the study. The drawbacks of methodology adopted in this study are also presented.

### **6.1 Research questions**

To reiterate, the main purpose of this research is to investigate how IJV managers undertake knowledge sharing and learning within IJVs. For the purpose of examining and answering the research question, two specific research questions are formed which are derived clearly from the various strands of research presented in Chapter Two, Three and Four and to this end this research addresses the following questions as illustrated below:

1. How do IJV and IJV partners' managers undertake knowledge sharing and learning and how do they overcome barriers to knowledge sharing?
2. How do IJV managers learn from their partners to develop capacity within their IJV that helps the partners' internationalisation?

These two research questions act as guidance for collecting focused empirical data as well as secondary data. The research questions are exploited in the theoretical framework as illustrated in Figure 5.3. The research methodology and philosophy adopted to examine these research questions are discussed next.

## **6.2 Research methodology**

Research methodology is considered as discussing a plan and the execution of its process that can address the problem (Blaikie, 2000). As Yin (2003:20) refers to research design as a 'blueprint', it is crucial to understand the research questions of this study, relevant data and its collection and the analysis of data collected which act as guidance in the entire process of research (Nachimias and Nachimias, 1992). In view of the fact that there is no generic way of selecting the research methodology, the development of selecting the appropriate methodology requires a thorough discussion as the significance of choosing the right methodology is incontestable. It is crucial to have understanding of the methodology within the subject area of international business and of the advantages and disadvantages of various methodologies available. The following sections illustrate alternative possible research approaches and philosophies to give an overview of the research methodology available prior to discussing the selection process of chosen research approach for this study.

## **6.3 Possible research approaches and philosophies**

In general, the primary research can be obtained from two sources: qualitative and quantitative method. In like or similar manner with other research, there is a continuing dilemma in adopting which philosophical stances to have to address the given research questions appropriately. The research philosophical matters

underpinning qualitative (interpretivist) and quantitative (positivist) divide in management research are required to be thoroughly considered as they have different philosophical epistemic and ontological bases.

The ontology of interpretivism is socially constructed and subjective, which incorporates multiple methods and it permits changes in the process of research (Saunders et al., 2003). It concentrates on understanding profound meanings of the phenomena within its context where events occur. With an interpretivism philosophical approach, due to its flexible and open-ended nature, it is not suitable for testing the reliability, validity and generality of new information (Sutton, 1997). An interpretivist paradigm of ontological perspective considers that the world and reality in which people live are created socially and the social world is presented internally rather than externally, and given meaning to by those people (Easterby-Smith et al., 1991). The purpose is to observe and interpret human behaviour within naturally-occurring contexts by using ‘unreconstructed logic’ to discover the quality, meaning, context, or even ‘image of reality’ in what people actually think and what they do, not what they state they do, such as is often stated on questionnaires or surveys (Heath, 1997).

**Table 6.1: Key differences between deductive and inductive approach to research and their emphasis**

Deduction emphasizes	Induction emphasizes
<ul style="list-style-type: none"> <li>• Scientific principles</li> <li>• Moving from theory to data</li> <li>• The need to explain causal relationships between variables</li> <li>• The collection of quantitative data</li> <li>• The application of controls to ensure validity of data</li> <li>• The operationalization of concepts to ensure clarity of definition</li> <li>• A highly structured approach</li> <li>• Researcher independence of what is being researched</li> <li>• The necessity to select samples of sufficient size to facilitate generalize conclusions</li> </ul>	<ul style="list-style-type: none"> <li>• Gaining an understanding of the meanings humans attach to events</li> <li>• A rigorous understanding of the research context</li> <li>• The collection of qualitative data</li> <li>• A more flexible structure to permit changes of research emphasis as the research progresses</li> <li>• A realization that the researcher is part of the research process</li> <li>• Less concern with the need to generalize</li> </ul>

Source: Saunders et al. (2009: 127)

	<b>Quantitative methods</b>	<b>Qualitative methods</b>
<b>Research philosophy</b>	<ul style="list-style-type: none"> <li>• Positivism</li> </ul>	<ul style="list-style-type: none"> <li>• Interpretivism</li> </ul>
<b>Ontology:</b> the researcher's view of reality or being	<ul style="list-style-type: none"> <li>• External, objective and independent of social actors</li> </ul>	<ul style="list-style-type: none"> <li>• Socially constructed, subjective, may change, multiple</li> </ul>
<b>Epistemology:</b> the researcher's view regarding what constitutes acceptable knowledge	<ul style="list-style-type: none"> <li>• Only observable phenomena can provide credible data, facts</li> <li>• Focus on causality and law like generalizations, reducing phenomena to simplest elements</li> </ul>	<ul style="list-style-type: none"> <li>• Subjective meanings and social phenomena</li> <li>• Focus upon the details of situation, a reality behind these details, subjective meanings motivating actions</li> </ul>
<b>Axiology:</b> the researcher's view of the role of values in research	<ul style="list-style-type: none"> <li>• Research is undertaken in a value-free way, the research is independent of the data and maintains an objective stance</li> </ul>	<ul style="list-style-type: none"> <li>• Research is value bound, the researcher is part of what is being researched, cannot be separated and so will be subjective</li> </ul>
<b>Data collection techniques</b>	<ul style="list-style-type: none"> <li>• Highly structured, large samples, measurement</li> </ul>	<ul style="list-style-type: none"> <li>• Small samples, in-depth investigations</li> </ul>
<b>Characteristics</b>	<ul style="list-style-type: none"> <li>• Emphasis on testing and verification</li> <li>• Logical and critical approach</li> <li>• Controlled measurement</li> <li>• Objective 'outsider view' distant from data</li> <li>• Hypothetical-deductive; focus on hypothesis testing</li> <li>• Result oriented</li> <li>• Particularistic and analytical perspective</li> <li>• Generalization by population membership</li> <li>• Theory testing</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasis on understanding</li> <li>• Interpretation and rational approach</li> <li>• Observations and measurements in natural settings</li> <li>• Subjective 'insider view' and closeness to data</li> <li>• Explorative orientation</li> <li>• Process oriented</li> <li>• Holistic perspective</li> <li>• Generalization by comparison of properties and contexts of individual organism</li> <li>• Theory building</li> </ul>

**Figure 6.1: The difference in emphasis in quantitative versus qualitative methods and their research philosophies**

Source: based on Ghauri, Grønhaug and Kristianslund (1995: 84); Saunders et al. (2009: 119)

Whereas the deductive, objective approach of the positivist paradigm is focused mainly on developing hypotheses derived from the research in order to test them and data is typically collected from a survey to select sufficient, typically large size samples for generalization (Saunders et al., 2003). Generalization of conclusion is a core purpose of deductive method by incorporating a significantly structured methodology for replication and it reveals casual relationships between variables. In

contrast to inductive approach, with deductive, the researcher is independent of the research.

Quantitative research method usually comes from questionnaire based, regression or correlation analysis whereas qualitative research method is mostly interview based or case studies. Table. 6.1. illustrates the key differences between a deductive and inductive approach to research and their main emphasis clearly. The differences in emphasis in quantitative versus qualitative methods and their research philosophies are illustrated in Figure 6.1. Moreover, research methods have moved beyond the purely positivist or interpretative to a value-added marriage of both approaches.

Having discussed alternative possible research approaches and philosophies, the following section illustrates fully the process of selecting research approach for this study.

#### **6.4 The choice of research approach: Qualitative research**

Although there are no codified guidelines for developing research designs for case studies, the research design can benefit from taking into consideration five elements which are recommended by Yin (2003): research questions, propositions, unit of analysis, the logic linking the data to the propositions, and the criteria for interpreting the data collected. Considering these five elements, this section presents how the choice of a research approach could appropriately address the research questions for this study.

This study aims to offer rich insights and understanding into the entire knowledge sharing and learning processes as well as aspects of IJVs. It seeks to understand why and how managers in IJVs pursue knowledge sharing, the barriers they face in doing it, and the processes that they use. This study also seeks to describe the knowledge sharing and learning in IJVs and explain the reasons for the choices and decisions that their managers were making. In order to gain insights into knowledge sharing

and learning processes, it is not feasible to study in a quantitative based research such as the standardised questionnaires or surveys, which suggested a qualitative research approach. This choice was driven by the nature of the problem (Zalan and Lewis, 2004). A qualitative approach becomes most appropriate to uncover the deep and non-numerical insights within their context of phenomena (Saunders et al., 2003) and to answer the research questions, as it allows flexibility in what variables and processes are met and observed, offering a higher probability of learning information which is independent.

As the processes involved in the internationalisation process, knowledge sharing and learning are deeply rooted in context, qualitative research enables an interpretivist approach that acknowledges the complexity, uniqueness and situation specificity involved (Saunders et al., 2003). It also allows the researcher to deal with the intrinsic subjectivity of many of the phenomena involved, such as the barriers to human interaction (Easterby-Smith et al., 1991), or how individuals and groups perceive, understand and construct meaning out of their experiences. An interpretivist approach also acknowledges that business situations are complicated, unique and involve the role of a specific set of situations and individuals (Saunders et al., 2003); the approach is therefore suited to this study as the organisational processes are deeply rooted in context (Pettigrew, 1979, 1992).

To reiterate, this study takes an interpretivist paradigm founded on an ontological perspective and it aims to comprehend how individuals and groups perceive, understand and construct meaning out of their experiences which are derived from the subjective phenomena (Easterby-Smith et al., 1991).

## **6.5 Different types of qualitative research**

Within qualitative research, there are many different design types available to choose from: ethnography, phenomenology, participant observation, key informant interviews, focus groups and questionnaires (Eisenhardt and Graebner, 2007).

Ethnography seeks to define the culture of a group of people and aims to provide a holistic view of a group's cultural meanings, beliefs and particular patterns. This method is conducted typically by observation and interpretation. Phenomenology takes the intuitive experience of phenomena as its starting point and tries to extract from it the essential features of experiences. Participant observation involves careful observation to research a culture or situation, conducted within an extended period of time. This method is time-intensive, although it is useful when the aim of the research is to find out how interactions within an organisation are influenced by shared beliefs.

Key informant interviews are probably the most popular method used in qualitative research, which involve oral dialogue or interchange between the participant and researcher. They are conducted through questioning in an open-ended format within a particular time scale (Law, Stewart, Letts, Pollock, Bosch and Westmorland, 1998). They are practical to use when there is a particular matter which needs to be investigated in depth and they try to examine the worldview of research participants; however, there are some constraints imposed upon specific types of questions, which affect the participants' answers (Law et al., 1998). Focus groups are a formal way of conducting a group interview compared to key informant interviews. They are concerned with exploring a certain topic or interest. Like individual interviews, a focus group interview uses open-ended questions and also focuses on listening to the group participants. This method can be conducted when multiple interactions are required.

Finally, the questionnaire method is the most flexible in terms of range and scope of query, and subsequent ease of statistical analysis. It can be done either by a computer-based or paper based questionnaire. Besides the ease of dissemination, the advantage of using computer-based questionnaires lies in the automatic analysis of data using appropriate software, cutting down on man-hours spent on statistical generation and analysis, improving efficiency. Unlike most qualitative research methods, questionnaires have the added advantage of low economics of



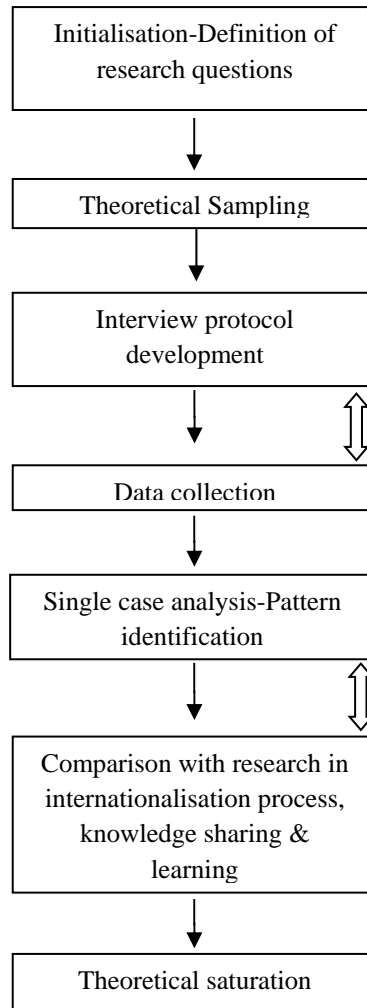
dissemination and reuse, as well as the ability to be as broad or as nuanced - in terms of targeted respondents - as the research purpose demands.

Taken as a whole, these different types of qualitative research data are as useful as they are “rich, full, earthy, holistic and real” (Miles, 1979: 590). The type of research method chosen will have to depend on the nature and purpose of the research questions, the level of detail intended, the nature of the target respondents and the resources available to the researchers since they are limited by time and place (Blaikie, 2000).

## **6.6 Research design and method for this study**

This study begins with some theory on the internationalisation process, knowledge sharing and organisational learning to gain a holistic picture but this has not been applied to an IJV context; in this respect, an inductive, exploratory case study is suggested based on an interpretivism to conduct data collection. In this way, the exploratory study would observe underlying associations between variables for theory building that can contribute to theory building (Eisenhardt and Graebner, 2007; Ghauri and Grønhaug, 2010; Yin, 2009) without being driven by a priori expectations framed in a specific perspective or one conceptual standpoint or another, for example one developed in single-firm or single-country contexts (Eisenhardt and Graebner, 2007; Yin, 2009). Figure 6.2 illustrates a modified framework of the theory building process indicated by Eisenhardt (1989).

As the aim of this study is to examine insights into knowledge sharing and learning within IJVs and how managers overcome barriers to knowledge sharing and learning, it was necessary for the researcher to find one or more IJVs that were actually undertaking some knowledge sharing and learning over a period of time so that there is clear evidence to suggest effective knowledge sharing and learning. The main requirement here was to obtain detailed data from concerned individuals within these IJVs. It focuses on quality factors or specific variables and provides customized information required.



**Figure 6.2 Framework illustrating building theories from single case study**

Source: Adapted from Eisenhardt (1989: 535)

To do this, interviews become useful for collecting deep empirical data on phenomena, such as IJVs (Eisenhardt and Graebner, 2007), as the study sought to access the world perspective of these people, which required interviews (Kvale, 1996; Yin, 2009). Case study design becomes a practical method for this research to reflect existing knowledge, develop and test theories, and offer theoretical explanations and normative guidelines for IJVs partnership (Parkhe, 1993; Kemp and Ghauri, 1998). In addition, the research questions are exploited in the theoretical framework that was developed as illustrated in Figure 5.3, to examine how IJVs’

managers share knowledge and learn within IJVs (Eisenhardt, 1989; Ghauri and Grønhaug, 2005; Yin, 1994).

For this study with its own aims and purposes and given the research questions and theoretical approach outlined above, this study opted for qualitative research, through the spectrum of a case study design and interview method. This choice was made necessary by the nature of the study.

### *Case study design*

The case study is defined as ‘an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident’ (Yin, 2003: 13). Interpreting Yin’s (2003) definition, a case study enables researchers to carry out an exploration into a phenomenon in its rich, real-world context where such phenomena occur, thus, emphasising the importance of context are generally derived from diverse sources of information (Yin, 1994). The case study design also gives flexibility within the research design as adjustment is permitted in the number of areas, for example the research aims and questions and scope of cases (Eisenhardt, 1989; Miles and Huberman, 1994). Such flexibility in this study was necessary for the reason that it involves an inductive and subjective nature so that it enables emerging themes to be investigated.

The usefulness of employing the case study research is emphasized when “a *how* or *why* question is being asked about a contemporary set of events over which the investigator has little or no control” (Yin, 1994: 9). This is also useful when “the focus is on a contemporary phenomenon within some real-life context” (Yin, 2003:1). Table.6.2 illustrates selecting a research strategy according to the different forms of research questions for its own purposes.

The case study method is predominantly practical for obtaining insights and developing propositions for further study as well as exemplifying specific subjects within an evaluation (Eisenhardt, 1989; Yin, 1994). Moreover, case studies are

useful for obtaining a rich knowledge of the context in the study and the processes being enacted (Morris and Wood, 1991). Cases are employed as the foundation from which to develop inductive theories and such theories are developed through where it is situated in and by identifying patterns of associations between constructs within and across multiple cases as well as their basis of logical arguments (Eisenhardt and Graebner, 2007).

**Table6.2: The selection of a research strategy according to the different forms of research questions**

Strategy	Form of research question	Focuses on contemporary events?
Experiment	How, why	Yes
Survey	Who, what, where, how many, how much	Yes
Archival analysis	Who, what, where, how many, how much	Yes/No
History	How, why	Yes
Case study	How, why	Yes

Source: Rowley, 2002:17; Yin, 1994: 6; 2003

There are three approaches to the case study design: exploratory, descriptive and explanatory (Yin, 2003). Table 6.2 presents these different types of case studies and their definitions. Case study design is able to accommodate all these approaches to research. The selection of approaches depends principally on the nature and type of research questions to be answered and investigated. The exploratory approach is best suited to explore a new field of research and often used to define research questions. The descriptive approach facilitates depiction of a precise profile of the events and situations within a context in which cases can be portrayed precisely as regards to their events and situations (Yin, 2003). The explanatory approach facilitates generation of fundamental associations between variables and accordingly, in the exploration of diverse research issues, the aim is to compare or replicate the firms selected with each other in a systematic way (Rowley, 2002). For this research, the exploratory approach is used, as the aim is to explore the knowledge sharing and learning process that IJV's managers undertake.

**Table 6.3 Three different types of case study approach and their definitions**

Type of case study	Definition
Exploratory	To explore those situations in which the intervention being evaluated has no clear, single set of outcomes
Descriptive	To describe an intervention or phenomenon and the real-life context within context in which cases can be portrayed of their events
Explanatory	To generate fundamental associations between variables and accordingly, in the exploration of diverse research issues

Source: Adapted from Yin (2003)

There are mainly two types of case study design: either single case study or multiple case study. Within these two types, Yin (2003) specifies into more detailed types, according to its unit of analysis in the result of the research questions of the study; holistic single case, embedded single case with multiple units of analysis, multiple case study with multiple units of analysis, or multiple case with one unit of analysis. Table 6.4 illustrates these four types of case study designs.

**Table 6.4: Four types of case study designs**

The unit of analysis	Single case designs	Multiple case designs
Holistic- single unit of analysis	Type 1	Type 3
Embedded- multiple unit of analysis	Type 2	Type 4

Source: Rowley, 2002: 21

These four types of case study designs depend on two aspects, the number of case studies and the number of units in each case study (Rowley, 2002) and the unit of analysis whether, single or multiple, is dependent on the research questions (Yin, 2003). The nature of holistic or embedded studies in the case study's design also needs to be a clearly understood aspect. Holistic case studies look at the case as one or a single unit in order to give a broader view of such a case. As holistically designed studies aim for overall perspective, the analysis may become too shallow. However, embedded case studies aim to recognize a number of sub-units, which are then individually investigated, and findings from such sub-units are extracted collectively in order to generate an overall perspective (Rowley, 2002). However,

the challenge arises with the embedded design approach in generating a holistic view from the investigation of the sub-units.

This study employs a single case study with a holistic, single unit of analysis where the case IJV is the unit of analysis in order to yield on the broad issues of the internationalisation process, knowledge sharing and learning in depth. This approach enables researchers to investigate a holistic perception of what unifies a particular phenomenon within a sample set, as well as to focus on specific variables simultaneously. This holistic approach, rather than a linear explanation, is appropriate to investigate the knowledge sharing and learning in IJVs throughout the process (Pettigrew, 1992). This approach allows researchers to investigate the root of the process of theory building and the extension of existing theory, developed in the course of discovering new insights. In the following section, the research design of a single case study is viewed in detail.

### **6.7 Single case study**

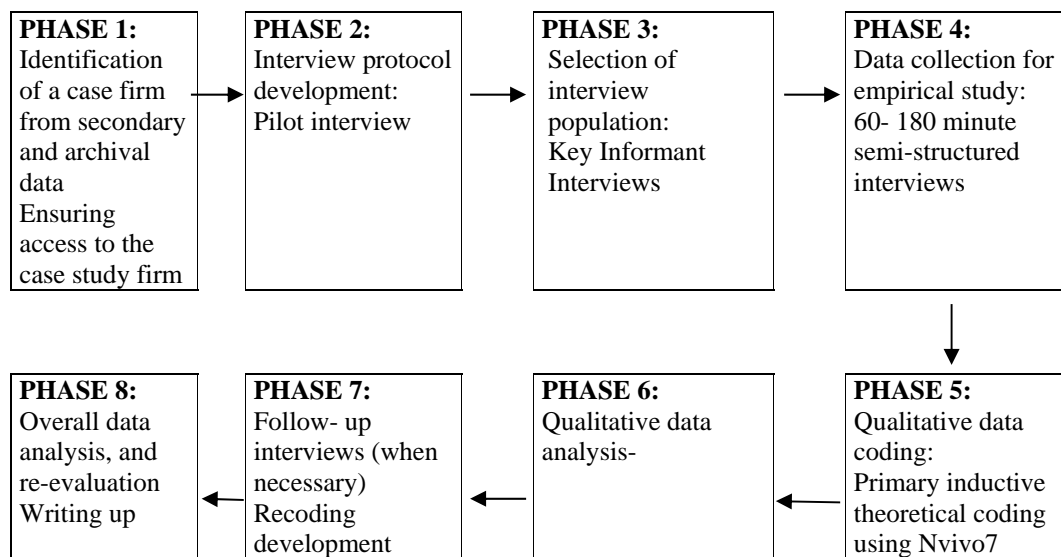
A single case study would enable researchers to examine the individuals involved in the knowledge sharing and learning process sufficiently to make theoretical generalisations (Eisenhardt and Graebner, 2007). The aim of the study is to acquire rich complexities of social contexts or situations, thus, the focus is not primarily on the generalizability of the research (Saunders et al., 2003). Since the emphasis is in the authenticity of data interpretation rather than reliability (Ghauri, 2004), one of key elements in the research design is the employment of multiple sources of interview respondents and other secondary data in the data collection, with direct integration of the data in the course of the study (Miles, 1979).

Cases for describing phenomena in-depth are chosen with theoretical sampling logic for their potential to show theoretical reasoning (Siggelkow, 2007), and in a single-case study, this process is critical, with selection depending on the uniqueness of a specified case in relation to existing theory. As Ghauri and Grønhaug (2010: 114) note:

Single case is appropriate when a particular case is a critical case and we want to use it for testing an established theory. It is a critical case because it meets all the conditions necessary to confirm, challenge or extend the theory. Another situation is when a single case is an extreme or a unique case. Finally, a single case design is appropriate when a case is revelatory.

The Homeplus is a case IJV with the potential to offer theoretical understanding that can explain and extend the links and logic among constructs (Yin, 2009). The use of a single case study also compliments the interview method as it generates an intensive exploration of the case IJV. The following section (*Phase 1*) presents a theoretical sampling of a case IJV in depth as well as overall eight phases of the research procedure.

### 6.8 The research Procedure: Eight phases



**Figure 6.3: Research Procedure**

Source: Author

There are eight phases of the research procedure in this study, beginning with the criteria and procedure for sampling the case, and the steps that were performed to establish data equivalence (Sinkovics, Penz and Ghauri, 2005). These are illustrated as Figure 6.3 and discussed in detail in turn.

***Phase 1: Identification and theoretical sampling of a case IJV.***

In a single-case study, the process of selecting appropriate cases is crucial and the process of selecting a case becomes “purposeful” rather than sampling a case randomly (Patton, 2002). Simply, cases are chosen due to their suitability for informative and broadening associations and logic in the midst of constructs (Eisenhardt and Graebner, 2007) as well as to serve a specific aim in the study. The process of selecting a case involves theoretical sampling, in which the selection depends on the uniqueness of a specified case in relation to existing theory, and the probability of their offering theoretical insight (Eisenhardt and Graebner, 2007). This can come about in four ways: ‘revelation of an unusual phenomenon, replication of findings from other cases, elimination of alternative explanations, and elaboration of the emergent theory’ (Eisenhardt and Graebner, 2007: 27). The aim was further theoretical development on the framework shown in Figure 5.3. The case firm would need to allow an intense description of the existence of a phenomenon (Eisenhardt, 1989; Miles and Huberman, 1994; Siggelkow, 2007), so would need to offer extensive interactions with the researchers, and access to secondary data such as company profiles, reports and financial data.

Multiple sources of secondary data such as company profiles, interim reports and financial data, was reviewed to theoretically sample a single case IJV, Homeplus (Eisenhardt and Graebner, 2007). Homeplus, a highly successful IJV of Samsung and Tesco within the retail sector in Korea, was a critical and revelatory case IJV. Homeplus was purposefully selected as an exemplary successful IJV and as Eisenhardt and Graebner (2007) and Yin (2009) suggest, Homeplus had the capability to provide theoretical insights and implication to clarify, extend and broaden links and logic among constructs. This process of selecting a case IJV met all the requirements suggested by Ghauri and Grønhaug (2010: 114) to “confirm, challenge or extend the theory”.

Despite the fact that the partners of Homeplus came from different backgrounds, Homeplus has become a successful retail IJV that was recognized internationally to



have been a great success over several years. The study of the successful case IJV provides a useful discussion drawn from managerial success factors specifically for IJVs. Homeplus's success makes it an exemplar and not a representative or typical IJV, in that it has clearly overcome its partners' very different backgrounds and as such provided important lessons for IJVs as well as the internationalisation process. However, the focus of this research is not primarily on the empirical generalizability of the research (Saunders et al., 2003), since generalization will be to contribute to the theory concerning the reciprocal knowledge sharing process involved for partnership to be a success (Eisenhardt and Graebner, 2007).

Further, Homeplus also offered broad and deep research access with an intensity of data which can discover managerial factors in an area where theoretical development is still needed, with specific individuals within the IJV and its partners that could demonstrate and explain managerial factors that caused the IJV's success. Specifically it was considered in regard to the theoretical framework (figure 5.3) (Ghuri and Grønhaug, 2010). As the focus of this research is on specific knowledge sharing and learning processes within IJVs, the study sought a large IJV with large partners, where the opportunities for knowledge sharing and learning would be great, but the challenges and complexities in undertaking that learning may also be expected to be substantial (Ghuri and Grønhaug, 2010).

Accessing fine-grained data from a case IJV's managers and other employees over a period of knowledge sharing and learning process would be critical, in order to access respondent's perspectives from which theoretical generalizations could be drawn and to uncover the managerial factors that generated the IJVs' success (Eisenhardt and Graebner, 2007; Kvale, 1996; Yin, 2009). It was important to gain deep and broad access to and cooperation of specific individuals at this stage that were driving and managing the IJV, both in Homeplus and in its partners, and this was secured.

E-mails, formal letters and telephone calls were used to the targeted interviewees at this case firm. Given the exploratory nature of the case study research within cross-

cultural international business contexts, the research design also paid attention to achieve high levels of data equivalence throughout the research phases in order to ensure reliability and validity and to avoid possible errors or bias in empirical findings and theoretical implications (Ghauri and Grønhaug, 2010; Sinkovics, Penz and Ghauri, 2008).

***Phase 2: Interview protocol development.***

This study uses a semi-structured interview with a precise interview protocol which developed from the research questions of this study. The structure and contents of interview protocol is developed using Lofland and Lofland (1995) and Kvale's (1996) techniques of formulating questions in diverse contexts on specific themes and areas (See Appendix A.1-3). This includes the list of issues to be covered with the list of questions. The list of interview questions aims to assist in answering research questions from the perspective of targeted interviewees. This reveals what the interviewees visualize as crucial in comparison to each of the research issues.

A laddering-type of interview question structure was used which helped issues to be explained and interpretations of responses to be confirmed during the interviews (Kvale, 1996; Strauss and Corbin, 1998). Kvale (1996) proposes nine criteria of question when conducting interviews: 1. introducing questions, 2. follow up questions, 3. probing questions, 4. specifying questions, 5. direct questions, 6. indirect questions, 7. structuring questions, 8. silence, and 9. interpreting questions. These different kinds of question demonstrate that it is important for the interviewer to be a listener and not be too invasive. While closed-ended questions are quick to complete and analyse, open-ended questions allow the possibility of asking more profound questions and obtaining more profound perspectives regarding the issue at hand. The questions followed a logical sequence that would yield continuity and cohesion during the narrative.

The research design sought to realize functional and conceptual equivalence in comparability between the constructs (Sinkovics et al., 2005). The interview

protocol structure achieved consistency of the interview procedure, which was essential to lead dialogue to applicable issues as well as to maintain the highest possible comparable empirical data from each interview where possible (Harris, 2000; Sinkovics et al., 2005). As the interview protocol was derived from the research questions, so the form and content of interview protocol were stimulated by previous theory and empirical studies in the area. There was a danger of confirmatory evidence bias because internationalisation process, knowledge sharing and organisational learning have been the subject of considerable theoretical development in the past (Sharpe, 2004). This was averted both by the extent of triangulation and by designing an interview protocol that would explore and unravel the issues and the thinking of the interviewees themselves in as non-directive a way as possible (Fletcher and Harris, 2012; Harris, 2000; Yin, 2009).

Furthermore, to prevent problems of cueing interviewees' answers and to allow data collection to be developed inductively, (Perry, 1998), the interview protocol allocates some degree of flexibility in answering and inviting questions and permitted interviewees to explain and response questions freely (Yin, 2009). This also helped to gain more detailed answers, and the questions are not closed off completely as they are open for refinement during the process of collection of data if required, which helped to achieve consistency between the data collected and the research questions (Kvale, 1996; Yin, 2009). But at the same time, nearly all the questions were asked in similar phrasing to all interviewees for consistency in collection of material (Harris, 2000).

The language used was simple where possible to avoid misunderstanding, with business terminologies only used where necessary (Harris, 2000; Remenyi, Williams, Money and Swartz, 1998). Interviewees had the right not to answer any questions if company confidential matters arose. The open elements of the interview structure, and the data-data triangulation processes averted the danger of confirmatory evidence bias that may arise from previous theoretical development (Sharpe, 2004; Yin, 2009).

To enhance the validity of empirical data collection as well as its analysis process, the interview protocol was written in English before being translated into Korean, and then both English and Korean interview guides were reviewed and checked by two professional Korean linguists. These were then revised by the researcher before being verified for a second time by the professional linguists for precision and clearness to establish translation equivalence (Sinkovics et al., 2005).

### *Source of Data*

In order to triangulate empirical data, data was collected from various management levels of interviewees at Samsung Tesco Homeplus as well as industry experts to gain managerial perspectives. It was logical to divide interviewees into five groups for effective data collection according to their management levels: MNE managers within the IJV, local partner managers within the IJV, MNE managers at HQ, local partner managers in the local headquarters, and industry experts (see Table 6.5).

**Table 6.5: Source of data classified into different groups of interviewee**

<b>Groups of interviewees</b>	<b>Q*</b> <b>1</b>	<b>Q</b> <b>2</b>	<b>Q</b> <b>3</b>	<b>Q</b> <b>4</b>	<b>Q</b> <b>5</b>	<b>Q</b> <b>6</b>	<b>RQ</b> <b>7</b>	<b>RQ</b> <b>8.</b>
Group 1: MNE managers in IJV	x	x	x	x	x	x	x	x
Group 2: Local partner managers in IJV	x	x	x	x	x	x	x	x
Group 3: MNE managers in HQ	x	x	x	x	x	x	x	
Group 4: Local partner managers in HQ	x	x	x	x	x	x	x	
Group 5: Industry experts								

\* **Q:** Question, **Source:** Author

Groups 1 and 2 are the interviewees who work in the IJV formed by both headquarters and local partners. These include expatriate managers from headquarters and local managers from local partner firms who were involved in the development of the IJV. Groups 3 and 4 are the ones who belong to headquarters in their representative firms and have knowledge and experience in forming and managing IJV partnerships. Group 5 has interviewees from industry experts such as competitors, industry bodies such as *The Korea Chamber of Commerce and Industry*

and academics who can offer rich insights into this study for obtaining their opinions. These industry experts have extensive knowledge about the case IJV firm as well as the Korean retail industry.

The interview questions were aimed at different groups of interviewees to reflect eight sets of different questions. Because of this, it was necessary to prepare different interview protocols for each of the five groups to suit the different groups of interviewees, in which they were mainly asked the same questions in the same way. However, some of questions were omitted where these would have been irrelevant for particular groups. Thus, five different types of semi-structured interview protocols were prepared and these are presented in Appendix. A.1, 2 and 3.

Groups 1 and 2 were asked all eight questions, while Groups 3 and 4 were asked all questions excluding question 8. Since Group 5 was used to gain overall perspectives on the retail industry in Korea, the interview protocol was completely different from Groups 1-4. They were asked more open-ended questions to allow free flow discussion to gain their insights. In order to be consistent with interview questions, the overall structure and the use of language are identical except for Group 5.

### ***Phase 3: Selection of interview population: Key Informant and semi structured Interviews.***

The interview is a well-known and effective primary data collection strategy in qualitative research (Bryman and Bell, 2003). The aim of interview is for the interviewer to extract from the interviewee for all manner of information. It can “probe deeply, to uncover new clues, open up new dimensions of a problem” (Burgess, 1982: 107). Interviews are particularly useful tools for collecting rich, intense empirical data when the phenomenon of focus is ‘episodic and infrequent’ such as in an IJV (Eisenhardt and Graebner, 2006: 28).

For a focused strategy in selecting interviewees and setting up the interviews effectively, requests for interviews were done by both an introductory letter and emails which includes a brief outline of the nature of the research and possible suggestions of how the research could act as a benefit to the interviewees and their firms as well as a courteous telephone call (Healey and Rawlinson, 1993). The researcher also emphasized the legitimacy of the research which is confidential and is related to an academic institution (Spender, 1989). It was important to ensure that interviews can be conducted with senior managers at their workplaces if possible which enable them to remain in the physical framework of their managerial position (Bryman and Bell, 2003).

The case IJV was large with many departments, sections and units, so selecting appropriate interviewees to address the research questions was critical (Ghauri and Grønhaug, 2010). The aim was to select top and middle level managers within various departments in the IJV and both partners of the IJV who could provide in-depth expertise and information about management and development of the IJV, as key informants. These department included global sourcing, strategic management, marketing, regional deployment and supply chain managers and vice presidents who were involved in developing the Homeplus IJV partnership. Managers with relationships with Tesco headquarters and its other international operations were also selected. The empirical study also aimed to conduct interviews with related organisations, which include competitors and industry experts when required, for a high-quality depth of material for analysis.

Since the interviews were conducted with top and middle managers within the various departments in the IJV and both partners of the IJV as key informants which may represent the issue of upper-echelon bias with data due to their higher level of education which in turn, might lead to a certain way of doing business (Hambrick and Mason, 1984; Pudelko and Harzing, 2007). Also, there is a limitation of concentrating on single respondents (Bowman and Ambrosini, 1997) and other studies demonstrate that executives show a rather different view on the subject in

HR management from other line managers (c.f. Wright, McMahan, Snell and Gerhart, 2001). There are probable respondent biases and divergence among the targeted interviewees. Data was therefore triangulated with other related partners, industry experts and academics.

***Phase 4: Data collection for empirical study: semi-structure interviews.***

The main source of case data was twenty three semi-structured interviews with top and middle level managers within different departments in Homeplus and in its partners, and industry experts, lasting from 60 minutes to 180 minutes in Korea and the UK in 2011 and 2012. Some of these interviews were repeated for further examination and clarification when necessary and interviewees selected the locations for the interviews. Most were conducted at the interviewees' own work location in their own primary language, either Korean or English. The language used during the interviews was comprehensible to the each of the interviewees. The questions remained open for modification when interviewing in order to suit the data collected and the research questions consistently and in turn, it facilitated the interviewer to yield more rich and thorough data (Kvale, 1996; Yin, 2009).

The researcher contacted interviewees by telephones and emails. Each interviewee was contacted again by telephone one day prior to the interview for a confirmation. The researcher offers to provide a copy of the interview protocol to interested interviewees upon request prior to conducting interviews. This procedure can also reinforce the reliability of the research. The 'facesheet' information (name, position in company, number of years employed, number of years involved in a team or project, etc.) was obtained from each of the interviewees. The research aims were explained briefly at the outset and an assurance of confidentiality was given to each participant to fulfil ethically sensitive criteria (Bryman and Bell, 2003). The interview commenced with a question about how knowledge is shared between individual managers, and the daily organisational routines involved. Anonymity of interviewees was achieved by assigning numbers to replace names. Interviews were

digitally recorded and transcribed for comprehensive line by line analysis. Note taking was allowed during the interviews but all were digitally recorded and subsequently transcribed for detailed analysis. After each interview, a note list comprising key points and new themes was composed to allow development of new themes inductively. Obtaining accurate description during data collection was crucial since the case study design is principally narrative in nature and all relevant facts were integrated (Remenyi et al., 1998).

Interviews are conducted in sequence and once the data collection and a brief analysis is done for each interview, the next interview is conducted with the intention of identifying absence or insufficiencies of data collected and accordingly the techniques of conducting interviews can be improved (Ghauri, 2004). A sample of the interviews were repeated for further clarification on specific issues and extended queries and were followed-up by e-mails and telephone calls, in order to achieve data confirmation (Ghauri and Grønhaug, 2010; Yin, 2009).

### ***Translating interviews into English***

Conducting cross-cultural international research imposes several challenges in the use of different language (Tayeb, 1988; Usunier, 1998) and since language use characterizes cultural behaviours and psychological attitudes, it was critical to ensure the equivalence of phenomena and constructs among interviewees because of the different nationalities of the interviewees (Ghauri and Grønhaug, 2010; Sinkovics et al., 2005). To overcome these problems, pilot interviews were conducted for training purposes in order to perform interviews professionally and to make sure standardization of data collection procedure with the different nationalities of the interviewees (Sinkovics et al., 2005). Here, except for the expatriate managers from the UK who were interviewed in English, most of the interviewees' primary language, like that of the primary researcher, is not English but Korean, so there was an advantage in employing interviewer and interviewees' native Korean language that can also benefit in international business research, in order to correspond efficiently with them (Marschan-Piekkari and Welch, 2004).



The researcher's bilingualism and good grasp of Korean business culture also allowed full use of both English and Korean resources.

Korean language transcripts of the Korean language interviews were translated into English, presenting the risk of translation errors including distortion of the data and losses of nuance. Similarly with the translation of interview protocols, this was addressed in four ways to ensure translation equivalence between Korean and English interview transcripts. First, translation equivalence was obtained through back-translation of a sample of the transcripts to identify any differences in meaning of words, for example in the definitions of 'learning' and 'competency' (Sinkovics et al., 2005). Second, in areas where there are problematic or uncertain terms or meanings, undirected discussion around these was undertaken within the interviews. Third, to ensure as far as possible that the precise connotation intended was derived from the transcripts on translation, the translations were also double-checked by two native professional Korean and English linguists. Fourth, a few follow-up interviews were conducted for further clarification and discussion when necessary.

### ***Triangulation***

The case study approach can be improved by using triangulation to combine or mix methods or to employ multiple types of evidence or data, for instance, documents, archival records, interviews, direct observation, participant observation, and physical artifacts (Yin, 1994: 78), in order to corroborate the same finding (Patton, 2002). The triangulation method allows a qualitative researcher to ensure and establish the validity and reliability of case study research (Yin, 2003) and helps to make the study 'more convincing and accurate by basing the research on several different sources of information, following a corroboratory mode' (Yin, 1994:92). Triangulation also helps to tackle potential challenges, such as subjective opinions that may arise during the data collection and analysis (Yin, 2003).

There are five types of triangulation: data triangulation, investigator triangulation, theory triangulation, methodological triangulation, and environmental triangulation

(Denzin, 1978). These five different types of triangulation facilitate addressing validity for qualitative evaluations and accordingly, determining such validity enhances the credibility of the evaluation (Guion, 2002). In order to triangulate the data for this study, multiple sources of evidence were collected. Semi-structured interviews were undertaken with top and middle level managers within different units in IJVs and within both partners, some of which were later repeated, as well as with industry experts. Collecting data from various key interviewees in the organisation can also generate corroborative evidence in this study (Remenyi et al., 1998).

Secondary data for the study was obtained by conducting library-based research focusing on the documentary data collection of company reports and market data. Extensive archival data was accessed that included corporate internal materials, interim reports, project manuals, business publications, government industry data, working papers, and media data sources that are the most appropriate sources of data for this study. Attendance to a number of industry conferences that included discussion of the topics addressed also helped. This wide triangulation generated corroborative evidence (Remenyi et al., 1998) that improved validity and accordingly, credibility (Guion, 2002). Multiple sources of secondary documentary evidence permitted cross-checking of the interview transcripts which helped to control reliability of the interviewees' recollections on the IJV development by comparing them with internal reports. Externally oriented reports also provided the possibility of triangulating the validity of the data analysis.

There are several tactics for tackling construct validity, internal validity, external validity and reliability, which are recommended by Yin (2003) to establish the quality of empirical case study research. Table 6.6 presents these four commonly used tests for case studies, the several recommended case study tactics and the appropriate phases of research procedure when these tactics may be conducted. Following Sinkovics et al. (2008), the overall research design sought to establish trustworthiness and validity in the findings by establishing credibility through

triangulation and prolonged engagement; transferability by using thick descriptions; dependability with an audit trail of documentation in English and the use of Nvivo7 data analysis, and confirmability by independent and neutral researchers using a semi-structured interview protocol designed to be unbiased (Yin, 2009).

**Table6.6 Case study tactics for four research design tests and their definitions**

Tests	Definition	Case study tactic	Phase of research in which tactic occurs
Construct validity	Establishing correct operational measures for the concepts being studied	Use multiple sources of evidence Establish chain of evidence Have key informants review draft case study report	Data collection Data collection Composition
Internal validity	Establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships (for explanatory studies only)	Do pattern matching Do explanation building Address rival explanations Use logic models	Data analysis Data analysis Data analysis Data analysis
External validity	Establishing the domain to which a study's findings can be generalized	Use theory in single case studies	Research design
Reliability	Demonstrating that the operations of a study can be repeated, with the same results	Use case study protocol Develop case study database	Data collection Data collection

Source: Yin (2003: 34)

***Phase 5: Qualitative data coding.***

This phase involves the process of data coding from the empirical data. The processes of data collection, coding and analysis were mutually conducted shortly after the first interview, as suggested by Miles and Huberman (1994) as the best way of interpreting the data. In this way, the research problem can be created or recreated simultaneously to improve the data collected by developing theory in conjunction with the increasing level of data and as a result, it may generate new questions or new data collection inductively (Ghauri, 2004; Ghauri and Grønhaug, 2010; Miles and Huberman, 1994).

Following collection of data, all the interviews are transcribed. The transcripts from the interviews are then, coded. Data coding is a method of managing the data in qualitative analysis (Gibbs, 2002) and is one of the techniques for case analysis (see Table 6.7). Data coding is defined as “the analytic processes through which data are fractured, conceptualized, and integrated to form theory” (Strauss and Corbin, 1998: 3) and involved conceptualizing, reducing, elaborating and relating of data (Strauss and Corbin, 1998).

**Table 6.7: The different techniques for case study analysis**

<b>Techniques for case study analysis</b>	<b>Explanation</b>
Chronologies	Narratives of the events that took place, organised by date
Coding	Sorting data according to concepts and themes
Clustering	Categorizing cases according to common characteristics
Matrices	Explaining cases according to common characteristics
Decision tree modelling	Grounding a description of real-world decisions and actions coherently by using multiple cases
Pattern matching	Comparison between a predicted and an empirically based pattern

Source: Ghauri (2004: 118)

The process of inductive data coding of the transcripts and notes from the interviews involved both detailed content analysis to categorize case data into variables, with initial coding categories identified from pre-existing research in the internationalisation process, knowledge sharing and organisational learning for the purpose of data-theory triangulation and associations between their categories as well as from the empirical data (Yin, 1993). With the intention of finding out concepts and associations in data collected through the process of qualitative analysis, Strauss and Corbin’s (1998) microanalysis approach of comprehensive line-by-line data analysis was used to identify associations amongst categories and then coded through a process of conceptualizing, reducing and elaborating of data. The interplay between researcher and data is continuously performed in order to develop an organised and interpreted data into a ‘theoretical explanatory scheme’ (Strauss and Corbin, 1998: 11). The coding process aligned with inductive and theoretical codes generated core themes and patterns. As suggested by Eisenhardt (1989), replication logic was undertaken to build theory from case study where it

stands for an individual analytic unit. Any possible confirmatory evidence bias was reduced by triangulation of data that is discussed in the previous section above (Huberman and Miles, 2002).

The Nvivo7 computer assisted qualitative data analysis software package was used with the collected material in English effectively, to systematically manage standardized classification of codes, and the examination of inter-linkages.

### ***Phase 6: Qualitative data analysis.***

Following the process of data coding, analysis from the empirical data is conducted. It also involved a recurring repetition of interaction between both collection and analysis of data as a dual process. Since the processes of data collection, coding and analysis were mutually conducted shortly after the first interview, this early approach to analysing data can minimize potential risk of saturation in large quantities of data and facilitates the removal or filtering of irrelevant data prior to the data analysis stage (Ghauri, 2004).

Ghauri (2004) states that interpreting and analysing qualitative data within case study design is a tricky task. The aim of qualitative case study method is to understand the perspective and experience of individuals being studied within the background of their context (Hammersley and Atkinson, 1983) as the focus here is concerning ‘authenticity’ of data interpretation rather than reliability (Ghauri, 2004: 117). There is a difficulty in the use of qualitative data since as Miles (1979: 597) argues that ‘the method of data analysis is not well formulated’. Thus, it is important in ensuring data analysis and collection to be directly integrated in the course of the case study research. The process of data analysis in this study is based on Eisenhardt (1989), Miles and Huberman (1994), Strauss and Corbin (1998) and Yin (2003) as theoretical foundations.

Although as Eisenhardt (1989) points out there is no systematic guidance on data analysis and its interpretation, Yin (2003:10) stresses the importance of certifying

‘sufficient presentation of evidence and careful consideration of alternative interpretations’ with the purpose of accomplishing intended data analysis. With this regard, in order to sufficiently present the evidence, the entire data collected is accounted and considered for making interpretation from evidence prior to finalizing to deliver findings. For this reason, data interpretation is conducted by iterating the data analysis continuously to the theory identified in the research (Yin, 2003). Data analysis involves of “examining, categorizing, tabulating, or otherwise recombination the evidence, to address the initial proposition of the study” (Yin, 1984: 99) and in the context of qualitative approach, it is “part and parcel of the on-going, intertwined process that powers data collection” (Ely, Anzul, Friedman, Garner and Steinmetz, 1991: 86).

The process of analytical abstraction is employed to analyse data which engages in three levels (Miles and Huberman, 1994). In following this process of analytical abstraction, the data analysis goes through these three stages in order to ‘condense more and more data into a more and more coherent understanding of *what*, *how*, and *why*’ (Miles and Huberman, 1994: 91). Data is summarized and packaged in level one where categorization of coding is explored and matched. In level two, the process engages repackaging and aggregating the data, which offers common threads in the data with the intention of seeking out for associations and gaps in the data collected. Then, in the third level, the process of data analysis develops and tests propositions to build an explanatory framework. In the course of emergent associations being confirmed, theory can then be refined or developed in the case of disconfirmation of the association (Eisenhardt, 1989).

Replication logic is a key to the theory building from case studies where each case represents for an individual analytic unit in order to achieve a distinct investigation (Eisenhardt, 1989). The process of theory building occurs inductively following the data collection and it takes place by means of ‘recursive cycling among the case data, emerging theory, and later extant literature’ (Eisenhardt and Graebner, 2007: 25). In this regard, the concerns of data being subjective can be minimized due to its thorough observation to the rich empirical data and thus an objective theory building

from cases can be conducted in the similar way of conducting a formal analytic modelling (Eisenhardt and Graebner, 2007). The inductive approach is focused primarily on developing concepts and ideas by induction of the data, which are then connected to the research. Given that with inductive theory building from a case that generate new theory from data, those generated theory is likely to be more accurate (Eisenhardt and Graebner, 2007). In the context of this study, the intention is to refine the theory which has been generated from research not specific both to newly industrialized countries such as Korea and to the retail sector, into a theory which does reflect these specific contexts.

One of the values of the research design is the employment of multiple sources of interview respondents and other data in the data collection, with direct integration of the data in the course of the study that facilitated the data triangulation (Miles, 1979). Interview data was then verified using multiple sources of evidence, in order to enhance validity and credibility (Guion, 2002; Remenyi et al., 1998; Sinkovics et al., 2008). Corroboration was sought from archival data such as corporate internal materials, interim reports, project manuals, business publications, government industry data, and media data sources. This extensive data triangulation, combined with the non-directive interview protocol, enhanced trustworthiness and validity in the case data (Sinkovics et al., 2008) and minimized the danger of confirmatory evidence bias within the process of analysis (Sharpe, 2004; Yin, 2009). The use of an unbiased interview protocol by unbiased researchers, can audit the trail of all documentation in case data, and an analytical process to formal analytic modelling all helped to enhance objectivity in the theory building process (Eisenhardt and Graebner, 2007; Yin, 2009).

#### ***Phase 7: Follow-up interviews.***

A few follow-up interviews were conducted for further clarification and discussion. During the data collection, the researcher tried to spend time with interviewees beyond the interviews observing activities in the work places and in the retail shop floors when possible which facilitated a closer view of the day-to-day operations.

**Phase 8: Overall data analysis, evaluation and re-evaluation**

The last phase of the research procedure involved overall data analysis and re-evaluation of the data collected, considering, accounting for, and interpreting all the collected data prior to finalizing the study findings. Observation of the empirical data, and an objective theory building process similar to formal analytic modelling, minimizes concerns regarding the subjectivity of the data and results in a more accurate inductive theory building process from case data (Eisenhardt and Graebner, 2007; Yin, 2009). Overall data analysis and re-evaluation of the data collected prior to stating the findings was an iterative and comparative procedure throughout the study, triangulating continuously between theory and the data to enhance validity (Yanow, 2004; Yin, 2009). The findings of the case study are reported in Chapter Six within themes that emerged from the inductive analysis, but here structured according to the research framework presented in Figure 5.3. Overall, through these eight phases summarized above, the findings are illustrated and conclusions and recommendations are drawn from these in the following chapter. Table 6.8 summarizes the overall research paradigms of the study.

**Table 6.8 Research paradigms of the study**

<b>Paradigm</b>	<b>Approach</b>	<b>Research design</b>	<b>Data collection</b>	<b>Data analysis</b>
Interpretivist	Qualitative Subjective Inductive	<b>Single-case-study</b> of a MNE and its local joint-venture partner: Tesco-Samsung Homeplus formed in Korea	Multiple sources of evidence: 1. In-depth semi-structured Interviews 2. Secondary sources: company and industry reports	Inductive Micro analysis

Source: Author

**6.9 Limitations of qualitative single case study**

The qualitative single study research method has some drawbacks. Some researchers argue that the qualitative research method is not scientific: it is difficult to aggregate qualitative data and make systematic evaluations, it narrowly constrains learning potential, and it does not provide guidance for developing theories (Sutton, 1997).



Moreover, it is not suitable for testing the reliability, validity and generality of new information because of its flexible and open-ended nature (Sutton, 1997).

Although a single case study pays attention to the uniqueness of a specified case and the explicit context in depth to achieve a specific research aim, it lacks power of representativeness compared to a multiple case study design (Gerring, 2007). Multiple case studies, which are often referred to as multiple experiments, put forward wider examination into research questions since the propositions are more deeply grounded in various empirical data than in a single case study of a single experiment as well as overall theoretical explanations that may be present in the data (Eisenhardt and Graebner, 2007; Miles and Huberman, 1994; Rowley, 2002). They also allow cross-case comparisons as well as within-case analysis to assess the nature of their findings, whether the findings are idiosyncratic to a particular case or replicable by other cases, and thus, they are likely to offer more accurate, enhanced, generalizable and testable theories than a single case study (Eisenhardt, 1991; Eisenhardt and Graebner, 2007). Thus, these issues were thoroughly considered when designing a research methodology for this study.

## **6.10 Conclusions**

This chapter explores and explains the research methodology employed for this study with the aim of examining the internationalisation process, knowledge sharing and learning involved in the case IJV. Research paradigms-design and method, background, theoretical sampling process, data collection, data coding and analysis and source of data were presented. Reflecting the research questions, the discussion in this chapter justifies why a qualitative research with a single-case study based on an interpretative philosophy, is most appropriate, given the research background and context. This study adopts a single case study of retail IJVs formed in Korea incorporating semi-structured interviews to collect empirical data with top and middle level managers as well as industry experts. Multiple sources of secondary data were also used to triangulate the empirical data. Inductive data analysis was conducted using a microanalysis approach which enabled abstraction to theory.

## **CHAPTER SEVEN: DATA FINDINGS AND ANALYSIS-THE STUDY CONTEXT**

This study examines knowledge sharing and learning processes that IJV managers undertake within IJVs as well as the value and completeness of the research framework (figure 5.3) by studying a Samsung-Tesco Homeplus retail IJV in Korea that is successful in spite of the substantial cultural differences and barriers presented to them. To do this, this chapter presents an overview of the research context and industry for the case study, in order to give the background of the research setting. The Korean retail sector is described with an in-depth market analysis. Then, the chapter gives detailed profiles of the IJV firm of Tesco and Samsung Corporation and outlines the internationalisation process by Tesco into the Korean market and the diversification process made by Samsung. It also offers the development of the IJV partnership. The second part of this chapter discusses the considerable barriers that the case study firm faced regarding barriers to knowledge sharing and learning between partners. The following section presents the research context for this study, overviews of the IJV case firm in detail and the rationale behind the formation of the partnership.

### **7.1 Research Context: Industry overview**

Of empirical interest in this study is the IJV mode of foreign market entry in the context of the retail industry in Korea. Korea is the thirteenth largest economy in the world by GDP, and is the third largest Asian economy after Japan and China. It is considered to be one of the key economic powers in Asia. The growth rate has increased immensely since the 1960s, and has transformed the country from one of the world's poorer nations to one of the most developed nations in the world, with average GDP per capita growth typically at seven per cent per year for the past 30 years.

The state of the Korean retail sector was vastly fragmented with the majority of small-sized, locally owned retail firms in the forms of traditional markets and small shops having fewer than two workers (average 10 square meters floor space), accounting for 80 per cent of the market share until 1995 (KCCI, 2003). Many of them were family owned with low productivity. The rest of the market share was comprised of locally owned department stores, which accounted for around 14 per cent (KCCI, 2003). Evolutionary globalisation processes combined with liberalization of the domestic economy, have gradually relaxed the investment restrictions on the size or number of stores to foreign ownership including M&A.

**Table 7.1: Five stages of liberalization process in the Korean distribution industry**

Stage	Year	Details
Stage 1	1989	Expand technical introduction and whole sale investment Extended import products for foreign subsidiaries
Stage 2	1991	Enable retail investments up to maximum 10 stores (maximum 1,000 m <sup>2</sup> per store) Dull liberalisation of the introduction of retail technology
Stage 3	1991	Relaxation of store limit for foreign retail firms up to maximum 20 stores (maximum 1,000 m <sup>2</sup> per store)
Stage 4	1996	Full liberalization of distribution sector
Stage 5	1999	<i>Foreign Investment Promotion Act</i> introduced to overcome the Asian financial crisis through promoting foreign investment Allowing foreigners to purchase land Improvement in trade and investment environment

Source: Adapted from Korea Chamber of Commerce (2001); Sternquist and Jin (1998: 347)

Until 1991, foreign retail investments were only allowed a maximum of twenty stores with a maximum of 3,000 metres squared per store. These kinds of governmental restrictions on the size or number of stores on foreign firms make it particularly challenging for retail firms to even make an entry into the market, as one of their main requirements for retailing is to achieve economies of scale and scope as well as buying power in order to be competitive. In 1996, the liberalization of the distribution sector removed all of the investment restrictions to facilitate the rules of OECD, and later in 1999, the government further promoted foreign retail investment by letting foreigners purchase their own land under the *Foreign Investment*

*Promotion Act* in order to aid the Asian financial crisis (often referred to as the IMF crisis) that the country was going through in 1997-1998 (Korea Chamber of Commerce, 2001).

The reformation process by the government to combat the Asian financial crisis included much greater openness to the FDI, improvement of trade, and investment in the environment and imports. These stages of the liberalization process of the Korean distribution industry are fully illustrated in the Table 7.1 above.

The staged governmental deregulations on foreign investments drove the rapid transformation of the Korean retail sector. Since 1996, immediately after deregulation of the sector, retail MNEs (including Tesco, Wal-Mart, Carrefour, Costco, Makro, B&Q and Toys 'R' US) aggressively engaged with different types of foreign market servicing as part of their internationalisation process, due to the saturation of domestic markets, and seeking opportunities for further systematic growth internationally (Dawson, 2001). Following this process, the number of foreign direct investments increased at a phenomenal rate from just 3,600 in 1997 to over 14,700 in 2007 (KCCI, 2009). As a result, the influx of foreign investments and ownerships intensified the competition in Korea and led to significant structural changes and development from traditional to modern structural new retail formats, such as introducing discount stores, which are often referred to as hypermarkets in the UK.

The form of the discount store channel was first established to execute a low profit margin strategy in order to target price-conscious customers. This modern channel of discount stores pursues a strategy of trading off lower prices for greater volume sold, which realizes the economies of scale. The operation of highly automated and innovative logistics acts to obtain scale advantages and secondly, the high level of buying power that reduces the price from suppliers. The Korean discount store

market has grown at a phenomenal rate since its first store opening by the local retail firm E-Mart in 1993, transforming the structure of the Korean retail industry through exposure to the increasing number of foreign firms and their large scale of international investment that has already been successfully operating discount stores and building up their substantial experiences for much longer in their domestic countries and elsewhere.

Increasing numbers of price-conscious customers, demand for low price products after the financial crisis, and diversification in consumerism especially among middle-income households, led to the growth of the discount store channel. The high demand for discount stores and fierce competition led to considerable consolidation processes within the retail sector through M&A with smaller businesses in recent years (GPN Working Paper 8: 2003). From around nine retail operators to start with since 1993 (local operators: E-Mart, Homeplus, Lotte Mart, Mega Mart, GS Mart and international operators: Wal-Mart, Carrefour, Tesco, Costco), after consolidation there are currently three major large representing operators, which are E-Mart, Homeplus and Lotte Mart.

However, Korea's unique culture of strong nationalism and ethnic homogeneity often presents a hostile and aggressive environment for retail MNEs, many of which have been internationalising through either wholly owned subsidiaries and joint ventures (Dawson, 2001). Moreover, the domination of the Korean industrial setting by *chaebols* (large business conglomerates owned by one family that have been highly influential on most Korean industries in each aspect in the market since the 1960s) forms a strong networking, partnership system and clan management (Lee and You, 1987). *Chaebols* represent typical organisational culture in Korean business. Business is led by approximately fifteen top *chaebols* wherein Samsung is top, and their performance over the past few decades facilitated boosting the nation's outstanding economic achievement (Chang, 2006).

The cultural as well as industrial positioning of the Korean retail sector can present further massive competitive challenges for foreign firms who wish to operate their business successfully even for the strongest retail firms, most of whom, including Wal-Mart (16 stores) and Carrefour (32 stores) with substantial investment since 1996, withdrew from the territory in 2006 partly because of the difficulties in penetrating the networking system already set up between *chaebols* as well as the nationalistic sentiment (Kim, 2006). Having entered as wholly owned subsidiaries, Wal-Mart and Carrefour were isolated against these networks of *chaebols*' group. Another distinctive aspect of the Korean retail sector is that they operate as landlords and real estate business; as a result, an extra layer of distribution is added to the channel.

The retail sector is expected to experience continuous prosperous business due to a 'power shift' from manufacturing to distribution (Coe, 2003) and there is a close relationship between the degree of penetration of the discount retail channel and a nation's income level. From this perspective, it is expected to reach around 70 per cent of the consumer goods market at Korea's level of GDP per capita. The current three leading players in the discount store market are: E-Mart, Homeplus, and Lotte-Mart respectively in the order of their market positions. These three companies account for 83 per cent of market share in 2008.

## **7.2 Overview of the partners**

### ***Discount retail firm: Tesco Homeplus Company overview***

Tesco, the British-based multinational retail firm, operates 6234 stores across 14 countries, employing nearly 520,000 people, making it the world's third largest retail firm after Wal-Mart and Carrefour. Tesco's core objective is 'to create value for customers to earn their lifetime loyalty' (Tesco Annual Report, 2012: 24). The study used the Industry Classification Benchmark (ICB) of Dow Jones & FTSE.

According to this classification, Tesco belongs to the discount retail firm under consumer services industry (see Table 7.2).

**Table 7.2: Description of Tesco by industry**

<b>Industry</b>	<b>Supersector</b>	<b>Sector</b>	<b>Sub-sector</b>	<b>Firm</b>
Consumer Services	Retail	General retail firms	Discount retail firms	Tesco

There are three operating segments: Europe, Asia and North America. More than two-thirds of Tesco’s profit growth comes from their international operations. Since its foundation in 1924 with a ‘pile it high, sell it cheap’ motto, the retail operation expanded rapidly, and has become the market leader in the UK with a market share of around 30%. Within the international segment, where Tesco put strategic importance and all of Tesco UK’s Operating Board had prior international business experiences, Tesco is a market leader in Malaysia, the Republic of Ireland, and Thailand as of 2013. Having successfully operated in its home market, Tesco was aggressively internationalised into several regions during the mid-1990s which operates more than 3,200 stores. This was due to the saturation of the UK retail market, where it was reaching maturity point, and then began seeking opportunities internationally. Tesco’s international operations attributed more than \$15 Billion USD (£1 billion GPS). The Table 7.3. below illustrates Tesco’s international expansion, ordered by year of entry, and shows their selection of country and method of entry.

Tesco’s choice of the international markets, which is illustrated in the Table 7.3 above, shows that initially, Tesco internationalised into the geographically adjacent countries such as the Republic of Ireland and France as a foundation to international expansion further into Europe. Tesco subsequently expanded further into Hungary, the Czech Republic, and Slovakia prior to making the move into Asian markets. Having first entered into Thailand in 1998, Tesco was looking to further penetrate

Asian markets, especially the Northeast Asian market, where they could gain the capability to obtain the required synergy for setting up Tesco's Asian region network. This was also to prepare for an entry into the Chinese market in the future.

**Table 7.3 Tesco's international operations**

<b>Year of entry</b>	<b>Country of entry</b>	<b>Method of entry</b>
1979	Republic of Ireland	Acquisition of The Three Guys chain
1992	France	Acquisition of Catteau
1994	Hungary	Acquisition of Global
1994	Czech Republic	Acquisition of K-Mart business
1996	Slovakia	Acquisition of K-Mart business
1998	Thailand	Acquisition of Lotus
1999	South Korea	Joint venture with Samsung Co.
2000	Taiwan	Acquisition of one Makro store
2001	Malaysia	Joint venture with Sime Darby Bhd
2002	Poland	Acquisition of HIT hypermarket
2003	Japan	Acquisition of the C Two
2004	China	Joint venture with the Hymall chain
2003	Turkey	Acquisition of the Kipa chain
2007	United States	Fresh & Easy Planned exit in 2013

Source: Adapted from Palmer (2005: 29); Tesco Annual Report (2012)

Geographically, Korea was an ideal market to test the market for Tesco to pursue the Asian region internationalisation process, as it is closely situated to Japan to the east and China to the west, and the three nations share relatively similar cultural norms and common characteristics influenced by Confucianism. The Korean retail market was attractive since more than \$20,000 USD Korean GDP could suggest that the purchasing power was higher than other Asian markets (Choi, 2003). In order to internationalise into the Korean market, Tesco needed to overcome three issues associated with its market. First, Tesco was unknown to the Korean customers and Tesco was lacking knowledge about the Korean market as well as the Northeast Asian market. Furthermore, the world largest retail firms, Wal-Mart and Carrefour, had already entered into the Korean market with substantial investments in which they may have the first mover advantages over latecomer Tesco. These three main



factors led Tesco to look for a suitable local partner to help them overcome these problems.

Samsung Corporations, the retail division within Samsung Group, having separated from Samsung Group in March 1994 to diversify into the retail business, opened its first store in 1997 in Daegu. At that time, having ventured into the retail market with no prior retail experience, Samsung was left in a vulnerable position, which combined with the financial crisis in 1997 to 1998 resulted in considerable pressure coming from the government to concentrate on the core areas of business. Samsung realised that the retail business had potential in the Korean market, but to aid the financial investments and to restructure its business, Samsung made a decision to look for a foreign partner with extensive retail experience.

With the need for Tesco to find a suitable local partner and the need for Samsung to find an experienced retail firm with substantial investments, the joint venture partnership was set up in 1999 between Tesco and Samsung, and operates under the Homeplus brand. In May 1999, Tesco acquired 51 per cent of Samsung assets, which consisted of two trading Homeplus discount stores and three sites for developments, and Samsung had 49 per cent (Choi, 2003). The joint venture partnership with Samsung enabled Tesco, now with the necessary degree of local integration in terms of local manufacturers and suppliers, to compete in the Korean market having foreseen the business structural pressure presented by *chaebols* (Coe and Lee, 2006).

The growth rate of Homeplus has been phenomenal. Starting with just 2 stores in 1999, in the face of this difficult environment and despite severe competition for market share, currently Homeplus operates 381 stores (124 hypermarkets and 257 express stores) with over 27,000 employees, which makes it the second largest retail firm after E-Mart and it is the market leader in the online grocery shopping sector. It

represents around a 17 per cent market share of the Korean retail market (Homeplus, 2011). With a multi-format or channel approach, the main business portfolios of Homeplus consist of five types: hypermarkets, express stores, bakery business-*Artisee Boulangerie*, new retail services (38 different services including insurance, communications, credit card and travel) and online shopping. Homeplus also operate franchise chains of small stores such as express stores. Recently, Homeplus introduced virtual stores in addition to their online shopping service that customers can shop virtually in train or tube stations using mobile devices.

Homeplus is the most successful and largest international operation for Tesco, measured by both profits and sales with revenue of \$8 billion USD, and the scale of this achievement has been noted within the retail industry (Homeplus, 2012). Tesco places strategic importance on Homeplus. In 2004, Tesco Group’s annual meeting was held in Korea, the first time outside the UK. The decision to hold the Group’s key meetings such as this one in Korea shows that Homeplus is regarded as their key partner in building Tesco Group’s overall global strategy. The profile of the case IJV and its local joint venture partner for empirical study is illustrated in Table 7.4.

**Table 7.4: Profile of the MNE retail firm for empirical study**

Company	Home Country	Level of internationalisation Countries	Local joint venture partners	Year of entry in South Korea	Revenue
Tesco	UK	14	Samsung	1999	\$8 billion USD

Source: Adapted from Tesco Annual Report (2012)

### 7.3 Summary

The above sections described and presented an overview of the research context and industry for this case study, in order to give the background of the research setting. In-depth market analysis of the Korean retail sector facilitated the understanding of the unique retail business in Korea. Profiles of the IJV retail firm of Tesco and Samsung were given and the rationale as well as the motivation for the formation of

their partnership as part of their internationalisation process for Tesco and diversification into retail industry for Samsung. The development of their partnership presented distinctive characteristics while massive differences pose barriers to knowledge sharing and learning which next section draws on.

#### **7.4 The barriers to knowledge sharing and learning**

Having discussed the industry context for the case IJV, in the following sections the barriers that the case study firm faced are reported with respect to the barriers to knowledge sharing and learning of IJV managers within themes that emerged from the inductive analysis. Managers of the IJV faced significant barriers in accessing and exchanging knowledge with others in their intention to make the IJV a success. Also there were a number of differences between the IJV partners in terms of their business relatedness. These barriers were mainly related to differences in hierarchy, organisational cultures, managerial methods and language. These are now discussed in turn.

##### ***Differences in hierarchy***

Expatriates and international assignees from Tesco headquarters all expressed difficulties when working in Korea as the culture is significantly different from their own. One internationally experienced vice president (with more than twenty nine years' experience in different departments across Tesco) who had been working in Korea for more than six years, declared how he faced difficulties that his prior international experience did not help him overcome. The Korean hierarchy was particularly challenging for Western managers to understand and work with, and specifically for senior managers. The majority of top and middle-level Korean managers, who worked under Samsung management for more than fifteen years, seemed to make the cooperation quite difficult as a vice president of Homeplus from Tesco UK indicated:

[...] It is hard to work in a culture that is very different from your own. [...] All foreigners feel working in Korea is difficult because of the culture. Korea is a very different culture to me. [...] It is often a barrier. I work in Korea first and retail second. So most of my difficulties are just working in Korea, not working in retail. It's just a different culture and hierarchy. [...]  
(My relationship with Korean CEO) is okay. He finds it difficult with me because I am not Korean. So I will disagree with him sometimes. I will not do as I have been told sometimes because I am a Western guy. Some of the senior Korean guys, sometimes they don't understand the detail. Sometimes it can be difficult to deal with them.  
[H1]

The hierarchy impeded clear communication with Korean managers, local suppliers and related sourcing partners, sometimes causing a lack of cooperation and commitment (Pak et al., 2009). National cultural differences often shaped behaviour at work, such as the way in which management meetings were arranged, and how managers communicated with each other on a day-to-day basis. Korean managers are unlikely to disagree in front of others and will appear passive, in contrast to Tesco's managers' norm of direct and forthright expression of opinions and attitudes. The Western managers found it difficult to work with only indirect communication and to show respect for seniority which is expected in Korean society. This hindered communication with other employees and, slowed decision making. Overtime, Western managers learned not to push their own managerial approaches onto Homeplus as it could potentially cause friction between them, except for a few global standardized processes and systems, and to communicate with Korean managers in a less direct way:

In Korea, I found that people tend to be a lot more respectful of seniority in the company and actually never cause anyone or any levels embarrassment in the meeting. I always take the argument outside of meeting, deal with it on a one to one basis and I think you need to adapt to that way of working quite quickly. It means that in a short term, the decision making can feel slow but once you resolve it that way of working and you have got a joint solution and joint decision it moves very quickly. [...] In the UK, I was much more direct which would have been very unsuccessful in Korea. I understood the culture of Korea. [H2]

I have learnt how to deal with Korean managers and work with Korean managers. There are many things about Korea that is very confusing to foreigners and there are many things about foreigners very confusing to Koreans. [...] I have to ask them (Korean managers) all the time [to acquire knowledge]. They write reports but they won't tell you the difficult things sometimes. It is a cultural thing. In the UK, all the things would be open and we talk but in Asian way, not just in Korea, all the things are closed and not to talk about the bad news. I have to figure that out myself. [H1]

The leadership style between Korean and Western managers also differed in the approach of working and influencing others which is linked to hierarchical issues as managers explained:

What I have found is in Korea, the way of meeting management is very different and the hierarchy is very different. [...] There are cultural differences. I think one of the most unusual things for us is the hierarchy. [...] In the UK if you are a junior, you may still be willing to challenge and challenge your boss publicly. But in Korea it is very different way of influencing [...] In the UK, we have a culture that at any level you are able to speak your mind and say what you think. [H2]

Korean style leadership is typically very hierarchical whereas Tesco's Western style of leadership is very practical and focuses on operational skills. Sometimes we tend to have different viewpoints. [H2]

Samsung has implemented team-oriented structures and Homeplus managers, who are mostly transferred from Samsung, value team focused work, work groups, group focused job designs, cooperative relations and socializing outside the office where business-related knowledge sharing activities took place. These collectivist dimensions were deeply rooted in IJV managers' action and decision making process and such dimensions influenced how knowledge was shared and acquired within Homeplus. The IJV is convinced that team-based organisational structures facilitate knowledge sharing activities as a way to obtain competitive advantage as IJV manager expressed:

We [Homeplus] value teamwork. We believe that focused teamwork improves knowledge flow within Homeplus. We have lunch together

or take break together and we freely talk about our projects or work related issues. Whereas Tesco UK managers tend to work individually on their own. [S2]

One of the expatriates from Tesco headquarters saw clearly how individualist behaviours did not work in countries like Korea and recorded how the different individualistic and collectivist dimensions made it difficult for the expatriate managers to share knowledge with local managers:

In England, we [Tesco UK] work very much individually, In Korea, it is much more team focused to make team decisions. That's the biggest barrier. [...] I find some of the work feels unproductive to me in Korea. It is a lot about conversation, group bonding during the day. Whereas in the UK, people are very focused on their desk, trying to get it done as quickly as possible and six o'clock the office will be empty. There will be no one in the office after this time. It is very different here. The working day is different I think. [...]

There are some interesting daytime behaviours I call them, which are different to the UK. In particular, teams start late and work late and have a very long lunch. It is very unusual to have a meeting before 7:30 in the morning but it is very common in the UK to have a meeting at 7:30 in the morning. They take a very long lunch period and people are very inflexible outside of that time. If I want to meet at 1 o'clock it is very rare that people will give me that time. You have to adjust your daytime to reflect that. [H2]

Whereas a senior manager transferred from Samsung explained the cultural gap of individualistic and collectivist dimensions:

Tesco UK managers sometimes tend to have cultural superiority feeling against us. They would think that we [Homeplus] give up our individual thoughts and time to work overtime for a firm or groups and so on. We do have clear cultural gaps between us. [I8]

### ***Differences in organisational cultures and managerial methods***

The social and organisational cultures of the two partners significantly differ as each firm accumulate knowledge, behaviour and values. The expatriates from the UK felt great challenges in adjusting to the Homeplus organisational routines. This inhibited the transfer, coordination and employment of their tacit or routine-based knowledge

about effective retailing. Homeplus managers were unable to duplicate the potentially most helpful organisational routines of Tesco UK (Pak et al., 2009). The main rationale for this which they identify is that each partner has rather different expectations when they set up the joint venture partnership as one manager illustrated:

When we [Samsung] first ventured into retailing, Samsung focused on building the company and brand image but for Tesco retail was just retail business. [I4]

We [Samsung] experienced few issues and little conflict with Tesco UK when we first set the partnership back in 1999 because we had different views to start with. [I8]

Institutional factors also influenced organisational and individual behaviours (Scott, 2001, 2002) and the decision-making process and activities (Hitt et al., 2004; Lau et al., 2002) generated managerial systems and approaches that were unfamiliar to the Tesco managers. These differences hindered communication and coordination, especially when Homeplus was trying to assimilate tacit 'know-how' knowledge as a resource for the IJV (Pak et al., 2009; Tiemessen et al., 1997). It was mainly this kind of intangible, subjective tacit knowledge that the IJV managers needed to acquire for Homeplus (Gioia, 1986). The barrier of differences was exacerbated in Homeplus because the Tesco managers were mainly top level managers who were used to making strategic decisions and doing so in a confident and assertive manner that did not suit the Homeplus culture:

We [Homeplus managers] do have differences in managerial practices. We have different priorities when organising management practice. We make our program under the assumptions that our team members will act voluntarily even if it requires scarification and the project leaders push them to work according to the program. Whereas in the UK, they organise their program under the assumptions that members will not voluntarily act unless the program is systemically organised and codified. We have high levels of responsibility as members of a team or firm [I8]

For Britons, it is important to do right things and produce the right KPIs (key performance indicators). But in Korea, it is important to please your boss. [H1]

As has been the focus of previous studies, the differences in managerial methods and strategies affected the managers' strategic orientations and how they saw and categorised competitors, opportunities and threats (Hitt et al., 1997; Tyler and Steensma, 1998). The partners of Homeplus occasionally differed in how they perceived and understood their industry and the function of managers in it which had consequences. This affected how they regarded best practice, for example in the most important sources of knowledge, and priorities regarding problems and opportunities for Homeplus. Tesco tends to emphasize profitability as its key strategic aim whereas Homeplus emphasizes customer service and the quality of products. This leads to differences in opinion regarding, for example, investment decisions on private label product development. Initially, Tesco UK pushed Homeplus forward to source and sell their private label products by acting according to their own assessment of strategic decisions and without reflecting our ideas or markets which led to unsuccessful case as industry experts noted:

Tesco UK once pushed on Homeplus to source and sell Tesco UK's private branded products in Korea just by changing label. [E2]

Tesco UK managers were backed with longer experience in retail, sometimes they pursue a new strategy or system without focused research. Interview from a vice president of Homeplus revealed this attitude when he introduced pre-packed meat to Korean market:

(Without testing or no prior market research) I just did it. I thought it would work. [H1]

Differences in opinion were evident in some other areas such as investment and merchandising decisions on price strategy and global sourcing products. As a



manager from Global Sourcing team elaborated the importance having a tailored product offering:

The Tesco headquarters Global Sourcing Team is not familiar with the Korean market and sometimes they cannot assess or research our market well. When they suggest some of the new product ranges for us to sell here [Korea], these are sometimes not appropriate for Korean market. The Korean CEOs of Homeplus often say that Koreans need to be in charge of sourcing the products and so on in order to fully understand the culture and local market. If we [Homeplus] manage our company as Carrefour or Wal-Mart did in Korea with foreign expatriates being in charge, we would not be in the market where we are now. So in terms of global sourcing, we are developing our own range here. [I1]

IJV partners sometimes had different preferences on joint venture partnership objectives due to the different context in which the IJV was embedded. As shown in previous research that the local joint venture partner is seen to be looking out for short term profit in general, while the internationalising MNE partner usually does not seek out immediate profit as they are seen to be more concerned with building up marketing infrastructures when they expand into emerging markets (Prahalad and Lieberthal, 2003). This was partly supported in the findings that Samsung managers focused on immediate ROI and short term performance which may not be sustainable. This was partly due to the fact that they were regularly required to report their results and produce written reports. Thus, their projects lead time tended to be much shorter than that of Tesco UK. Whereas Tesco UK concentrated more on sustainable and repeatable projects and cases regardless of their ROI which might also be useful in Tesco's other subsidiaries and partners as a senior manager illustrated:

Tesco UK's project lead time is much longer than ours [Homeplus]. Everything has to be right and thus it has a higher sustainability rate and it is often repeatable but it takes much longer. For example, Tesco UK project lead time for some of the projects in my department [marketing department] usually take about six months whereas we can do a similar kind of project within a month. The project lead time tends to be shorter here [Homeplus]. [...] We are more focused on short term performance. [I8]

The managers of the project had a shared understanding, as to what knowledge would be the most useful for Homeplus, and how the Homeplus managers could gain and exploit that knowledge to build competitive advantage. But as, Spender and Grant (1996) and Sowell (1980) suggest, Tesco UK managers initially had difficulties in identifying which elements of knowledge should be useful for Homeplus and therefore should be transferred to it. It was critical to have an agreement about the meaning of the information and knowledge for Homeplus in order for learning to occur (Day, 1994). Different cultural assumptions and different ways of thinking, however, led to conflict and struggles in these areas (Bhagat et al., 2002; Pak et al., 2009). Even if Homeplus underwent struggles, as Slater and Narver (1995) indicate that efficient disagreement resolution helped to generate new thoughts directing to double loop learning in a positive environment. A vice president of Homeplus illustrates that:

[...] I think to achieve success, it is important to have a flexible mind-set [towards different corporate objectives and prioritisation] so learn from it and we can adapt when required to new ways of working or thinking. [I6]

Also to agree or confirm on resolution, more communications were needed to clarify ideas between Korean and Western managers by asking right questions frequently as interview illustrated:

I always used to push things faster but although I am not more talkative whilst pushing things faster, I must ask the right questions. I learnt that I have to ask a lot of questions frequently. [H1]

In terms of the preference of using tacit and explicit knowledge within the IJV, Samsung managers typically expect to produce numerous reports and documents which are referred to as 'Korean style reporting' by one of Tesco UK expatriate managers which can be seen from the interviews with Homeplus managers:

We usually expect to write reports. We need to write reports monthly and quarterly and share these with other line managers or my colleagues. [I1]

I usually use reports or other documents to make some of my decisions. Through them [...] I can gain confidence. [I6]

Although acquiring explicit knowledge was important, Tesco UK however, is more focused on acquiring knowledge through experience, observing, scanning and making use of the practical solution of implementing strategies and tacit knowledge. Tesco UK managers felt that writing too many reports was an inefficient way of working in retail business and made it difficult to accomplish some of the strategies for daily store operations. They also felt that explicit knowledge limited opportunities for acquiring knowledge through experience and learning by doing. Moreover, explicit knowledge limited searching out customer's constantly changing needs and rapidly changing market trend. As vice president of Homeplus from the Tesco UK explained:

I don't do Korean style reporting. One of the things that are not very efficient about Korea is the way the managers work. The managers always ask for many reports and I don't do that. I ask my people to do things not write reports. [...] We try not to write too many reports [in order to achieve shared learning within Homeplus and Tesco Group]. We have given some reports [to Tesco Group] but the main thing is seeing. [H1]

### *Differences in language*

The findings suggest one of the influences of IJV partner differences on knowledge sharing effectiveness is language differences. Language was a barrier between Tesco expatriates and the IJV managers as it affected the effectiveness of how knowledge-related behaviour was shaped and how knowledge was acquired, shared and exploited. The majority of Tesco's international subsidiaries or IJV partners operate commonly in English, whilst Homeplus mainly operates in Korean. Tesco expatriates were only able to communicate through interpreters when meeting the

IJV colleagues, local suppliers or manufacturers which led to longer decision making time and slow knowledge sharing processes. The differences in language played negatively when communicating and restricted social interaction within the IJV. As Welch and Welch (2008) highlight, the expatriates often felt some degree of disconnection with their national cultural basis. Interview with a vice president noted:

The only thing that holds you back in other countries overseas is language. In other countries, English is the language of business. Here it is in Korean. Many good Korean business men can't speak English so they can't function overseas. [...] Because the language of my businesses is Korean, I never know what is going on. So everything they say to me has to be translated usually. So it can be very confusing sometimes. All the time in my work life, I never know what's going on. It's like working in a mist. [H1]

The language difficulties were most evident with the top and middle levels IJV managers as they needed to communicate more often with Tesco headquarters, expatriates within Homeplus, international assignees, other international subsidiaries and IJV partners.

The low level of English competence as well as the varied level of capability to communicate difficult concepts in English between the IJV managers meant that information and knowledge was not being effectively communicated (Welch and Welch, 2008). For example, English written training manuals, reports and other documented operation materials had to be translated into Korean first, of a type found by Buckley, Carter, Clegg and Tan (2005) in Chinese IJVs which slowed knowledge transfer and sharing within the IJV (Hennart and Zeng, 2002).

When we [Homeplus] use Tesco's manual, we usually have to translate and alter it to fit locally. This is sometimes time consuming process. [I2]

Using English manuals and reports is not easy and it is sometimes time consuming for us [Homeplus] to understand or sometimes it is not appropriate. [I9]

Overall, the conflicts that resulted from a number of internal and external contingencies such as different backgrounds and implicit assumptions led to extensive processes of persuasion and further assessment, lengthening the project lead time which incurred increased transfer costs (Pak et al., 2009).

## 7.5 Conclusions

This chapter presented the industry context and overviews of the IJV case firm. It identified that Korea presented hostile structural conditions for foreign firms including the case IJV, whose partners were from massively different backgrounds which presented barriers in regards to knowledge sharing and learning within IJV in their intention to make it a success.

**Table 7.5: Main barriers to knowledge sharing and learning within the IJV.**

<b>Barriers</b>	<b>Main barriers to knowledge sharing &amp; learning</b>
Differences in hierarchy	Impeded clear communication with IJV managers, local suppliers and related sourcing partners Caused a lack of cooperation and commitment.
Differences in organisational cultures	Inhibited the transfer, coordination and employment of their tacit or routine-based knowledge about effective retailing
Differences in managerial methods and strategies	Affected the managers' strategic orientations and how partners saw and categorised competitors, opportunities and threats
Differences in language	Affected the effectiveness of how knowledge-related behaviour was shaped. Affected the effectiveness of how knowledge was acquired and exploited. Delayed the project lead time which incurred increased transfer costs

Source: Author

The main barriers they faced within the IJV were significantly related to differences in hierarchy, organisational culture, managerial methods and strategies and language which are presented in Table 7.5. These challenges, however, were lessened by several strategic decisions which are now discussed in Chapter Eight.

## CHAPTER EIGHT: FINDINGS AND ANALYSIS

While a number of differences impeded knowledge sharing and learning as discussed in Chapter Seven, this chapter now turns to facilitators of knowledge sharing and learning built into the IJV in order to overcome the differences between the partners in sharing knowledge and learning. The study adopts an approach based on the microfoundations of learning as discussed in Chapter Five, to illustrate the structural arrangements of the IJV, the individual capabilities, and the organisational processes of the IJV that help IJV managers to learn from their partners, to develop capacity within their IJV, and to help the internationalisation of their partners. It outlines several strategic decisions of the IJV that worked positively. These include the characteristics of their partner selection, managers' educational backgrounds, learning and collaborative cultures, top-down prioritization of knowledge sharing and decentralizations and autonomy.

The chapter discusses a range of knowledge sharing activities developed by the autonomous IJV managers. Three types of autonomously developed behaviours are defined here: the use of a wider network by Homeplus managers; their own ways of overcoming their language barriers and autonomously developed knowledge sharing with other subsidiaries and networks. The structure of this chapter is organised as the research framework, Figure 5.3. The six findings and analysis are organised as below:

1. Prior knowledge and learning base
2. Inter-partner knowledge sharing
3. Knowledge and information between IJV partners and IJV
4. Skill and capabilities from IJV partners to IJV
5. Internal process of learning within IJV
6. Learning and capacity building for IJV partners

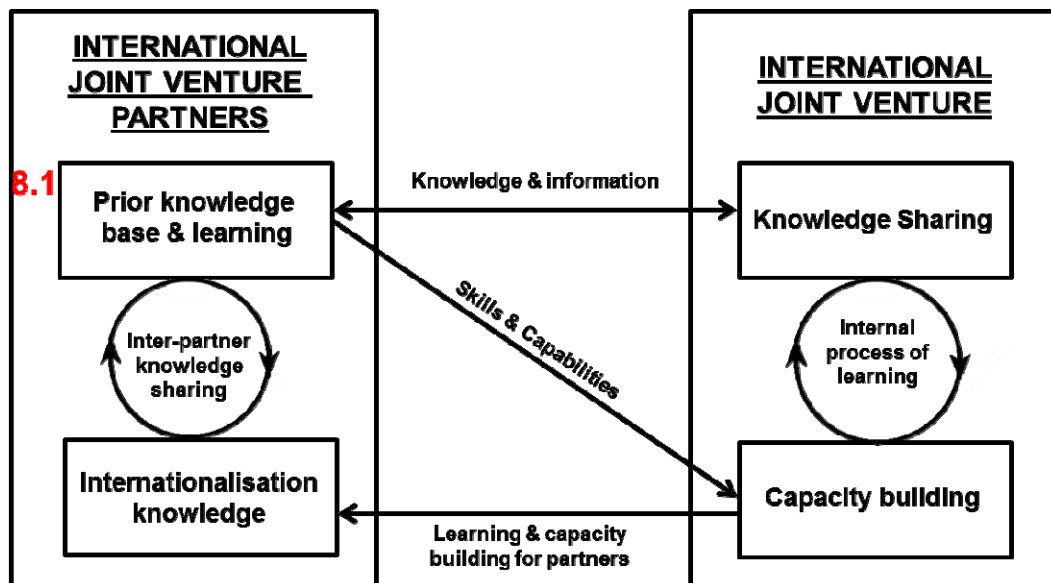
Each element is discussed within three microfoundations of learning concept: structural arrangements, individual capabilities and organisational processes.

Two emergent findings are also discussed reflecting in a revised framework within three microfoundations of learning concepts as below:

7. Best practices knowledge sharing and learning between IJV and partners' other international subsidiaries
8. Learning from the outside network-IJV managers' own networks

Each section is presented in Figure 5.3 with numbers clearly shown which refer to the eight themes of findings.

### 8.1 Prior knowledge and learning base



*Arrows indicate learning directions*

**Figure 8.1: The framework of knowledge sharing and learning within an international joint venture**

Source: Author

### ***Structural arrangements: Partner selection***

While partner selection is a fundamental base component of partnership success (Dacin et al., 1997) and each partner's inputs into the partnership is preferably complementary (Farrell et al., 2004), the IJV's partners were strategic about their selection from the beginning. There was a need for Tesco to find an appropriate local partner with extensive local market business knowledge and a need for Samsung to find an experienced retail firm. Tesco's strategic decision to form a partnership with Samsung offered several benefits which were strategically important (Kogut, 1988).

Contrary to typical complementary partner contributions in IJVs identified in research in which the foreign partner typically offers upstream resources of brands and investment (Pan, 1996; Tsang, 2005) and the local partner provides downstream resources such as knowledge of local markets, expertise, regulations and distribution channels (Inkpen and Beamish, 1997; Johnson et al., 2006; Meschi and Riccio, 2008), here the local partner provided a critical upstream resource of its strong brand and personnel. An industry expert in The Korea Chamber of Commerce and Industry confirmed this:

Utilizing Samsung's brand value was the key to the success of the Samsung Tesco Homeplus partnership and the employment of highly educated employees from Samsung. [E4]

As mentioned in Chapter Seven, Samsung is a top *chaebol* group, and their business partners, suppliers and manufactures represent strong internal as well as external networks in Korea as well as overseas. The dominance of *chaebols* has been influential in most Korean industries and this unique industry structure has to be well recognised by foreign organisations who wish to operate competitively without having any networks, prior knowledge or experience in Korea. Having the networks



was a fundamental element especially for retail firms as these can directly influence the negotiations process with suppliers, manufacturers and buyers who are usually connected to *chaebols* as a senior manager confirmed:

Samsung Group has an extensive network locally and internationally. When we [Homeplus] first started our business, it was so much easier to contact suppliers and manufacturers through the networks. [...] We had a huge advantage because the Samsung brand is so strong in Korea and just because Tesco used Samsung's logo it attracted Korean customers from the beginning who often don't consider us as a foreign retail firm. [S2]

From the outset, Tesco identified this industry structure and other structural pressure presented by *chaebols*, and recognized the importance of using the Samsung brand and logo which led Tesco to pay additional royalties of \$3.5 billion per store. Korea's culture of strong nationalism and ethnic homogeneity typically presents an insular environment for Korean customers towards foreign firms as Dawson (2001) argues. The strategy to use the Samsung brand and logo helped to minimise the resistance to Tesco's internationalisation process into the Korean market. Minimising this resistance was fundamental with the necessary degree of local integration (Coe and Lee, 2006). The structural local environment is described by an industry expert as:

Coming from the unique culture where more than 99 per cent of us share the same ethnic background, the Korean market has been a relatively closed market for foreign firms. This is partly why Wal-Mart and Carrefour tried to localize their operations to some degree but did not succeed organically, whereas Tesco's entry strategy to form a joint venture with Samsung strategically worked well here. [E4]

For this intention, the decision to place Samsung's name first before Tesco was strongly urged by Samsung managers, in order to maximise its brand value and the familiarity, recognition and retail brand awareness with Korean customers from the beginning of the IJV partnership. This clearly shows that Tesco respected the local

partner in key decision making processes such as this one. At that time in 1999 when they started their joint venture partnership, the Tesco brand was completely unknown to the Korean customers as one senior manager elaborated:

Most of our [Homeplus] local customers consider or view us as a local retail firm and often they refer to us as Samsung Homeplus or Homeplus store. Even as a retail firm we didn't know much about Tesco in the beginning. We considered that the name and the pronunciation was very similar to Texaco, the oil company so we worried that if we placed Tesco in the logo, our local customers may be misunderstood us. [S2]

Contrasting the decision of Wal-Mart and Carrefour to enter the Korean market organically by wholly owned subsidiaries with a dominant number of foreign managerial teams and senior managers transferred directly from their headquarters in the US and France respectively, there were attempts to remote-control the management by employing the whole of their management teams from headquarters. As a vice president of Homeplus noted, the importance of utilising local employees brings the brand closer to the local customer:

As a business, we [Homeplus] try to make sure we have many local people doing key jobs so if you just have foreigners like Wal-Mart and Carrefour in Korea and Carrefour had in Japan, you will fail. [H1]

The main failures of these two global retail firms said to be failing to localise and understand their operations due to perception of arrogant 'corporate imperialism' as well as poor preparation (Pralhad and Lieberthal, 2003). Wal-Mart was initially a potential joint venture partner that Samsung approached prior to setting up a partnership with Tesco. However, as one senior manager who was involved in mergers and acquisitions illustrated Wal-Mart was very confident operating in Korea on its own:

When considering international partners, Wal-Mart was so confident and arrogant in some aspects with its own brand name that it simply had an opinion that it did not have the need to be partnered with

Samsung or even with anyone. Wal-Mart was confident doing business in Korea on its own. Tesco Group however, from the beginning of the negotiation process wanted to have Samsung and retain its brand name and value. They approached us with this in mind as a result it made a significant difference in terms of performance. [S1]

Whereas Tesco, after few prior experiences of internationalisation failures elsewhere, were cautious in their internationalising process, especially into Asian countries where the markets are often characterised as fragmented and unfamiliar organisational structure as Peng and Heath (1996) illustrate in their research. Tesco was lacking in local business and market knowledge in Asia and they realised that knowledge and know-how is organisationally embedded which is not easily transferrable (Kogut, 1988) and required a lengthy time to learn about the market. The process of Tesco's internationalisation is dependent on its ability to learn (Coviello and McAuley, 1999; Eriksson et al., 2000).

Moreover, there were negative and complex local industrial environmental constraints on Homeplus in terms of unpredictable government regulation policies which include banning Sunday trading for two weekends a month, banning 24-hour trading and restricting opening hours to aid traditional local markets and small stores. These regulations by the Korean government presented tougher local environmental and retail conditions and a higher degree of instability for Tesco UK. Governmental regulations are constantly changing especially on the expansion of express stores for large retail firms, as one industry expert explained:

(Regulatory forces are) rather difficult to deal with. Homeplus would need to expand their express stores rapidly but because of government regulations Homeplus cannot expand as they wish to. In terms of expanding their product range in groceries, here again they face difficulties as this brings frictions with traditional grocery markets situated near Homeplus. The government now introduced regulations zoning systems near traditional markets or small stores. [E1]

The degree of environmental complexity led Tesco UK subsequently relying more on the IJV managers in determining the actual local operation and key regulatory decisions. This was also partly due to insufficient knowledge and expertise at the local level. One key strategy to deal with local government policies, according to top managers, is to give more autonomy to the IJV managers. Thus, it seems that when faced with tougher local environmental conditions, more autonomy should be given to the local IJV managers.

As much of the previous research highlights, the findings illustrate that the decision to form a joint venture partnership for Tesco was a result of an organisational learning imperative in order to gain access to skills, innovations and knowledge (Bresman et al., 1999; Hamel, 1991; Kogut, 1988). The joint venture partnership with Samsung helped Tesco to establish their operations rapidly into the local market as well as reducing the risk and cost of entry. These early years of rapid business establishment are particularly critical and necessary for retail firms like Homeplus. This is not only to achieve store expansion in a suitable site prior to its established competitors but also to achieve sufficient economies of scale and scope to achieve critical mass in order to be competitive in the market in terms of having sufficient buying powers in the local vendor market. They were not capable of controlling its local supply chain as well as procurement. As a Homeplus manager explained:

For retail firms, it is very significant to get the right type of retail stores in the appropriate places from the beginning. Establishing the suitable properties is critical. Tesco was required to open a certain number of stores to justify its initial investment. It was also important to have buying power. [I9]

### ***Individual capabilities: Managers' educational backgrounds***

Tesco UK considers the importance of having local employees managing the key jobs to appropriately localise their operation. Here, managers' educational backgrounds played a critical role in utilising individual capabilities to build prior

knowledge and learning base for the IJV. Samsung, which is a firm with the most competitive recruitment system in Korea and thus recruits outstanding employees, provided the majority of local personnel to the IJV. Tesco recognised that Samsung had high quality managers and needed to retain employees from Samsung from the outset, including top executives and a CEO. Tesco UK saw this as a key priority if they were to operate successfully in Korea given the unique industry structure as one senior manager illustrated:

[...] Homeplus is managed in Korean style. [...] Homeplus was initially set up by a Korean firm then it was directly transferred. Management teams are mostly made up of Koreans and they are managed in a Korean way. [E1]

The level of employees we had in Samsung was superior to that of other competitors in the market for sure. We recruit at least graduate level entrants. The Human Resource system was the key to our success. [S1]

By retaining Samsung managers, Tesco UK was able to employ and utilise Samsung's accumulated local market and business knowledge built in a multiplicity of industries in Korea, from construction to manufacturing. This prior knowledge stock, as Zander and Kogut (1995) suggest, fostered both the inflow and outflow of new knowledge, and here Tesco UK needed to obtain the local market and business knowledge, and local know-how that Samsung possessed.

Furthermore, the use of the Samsung brand facilitated the recruitment of new staff partly due to the fact that people associate Homeplus with the Samsung brand. Moreover, there was a massive difference between the two firms in terms of the managers' educational backgrounds that worked positively within the IJV. Most of the Korean managers were at least graduates, and many had been transferred from Samsung; Few Tesco UK employees, by contrast, were graduate employees and were usually promoted from working in store levels as one manager described:

Tesco UK managers often have low levels of education and fewer qualifications. For example, we have a vice president here at Homeplus from Tesco UK who manages grocery merchandising. He is just high school graduate but he is an expert in this field. For Tesco UK, retail and operation management experience is more important than qualifications. [I2]

Several interviewees and industry experts attributed much of the success of Homeplus within a relatively short period of time, to the Human Resource management strategy that Samsung developed in particular, the recruitment of highly educated employees and their strong and sophisticated technical and IT capabilities as well as know-how:

[...] Korea is more successful than other countries contributing to that [best practice learning]. I think the level of education and capabilities, particularly on the technical side is stronger than all other countries. Nearly all of my employees are graduates here [Homeplus] whereas in the UK that wouldn't be the case. Even at the headquarters, lots of people, who are non- graduates, are being promoted as a result of their working in the stores. [H2]

We [Samsung] have stronger IT system management and technical capabilities. Tesco, I would say, had offline knowledge whereas in Samsung, they had a way of working and sharing knowledge successfully online, using an e-learning system. [I9]

Following Berlo's (1960) communication theory and self-evaluation and Bandura's (1982) concept of organisational self-efficacy in which individuals of a firm believe themselves to be capable, in the case IJV, the findings show a high sense of self-efficacy to promote positive performance achievements and knowledge sharing activities. The IJV managers' self-efficacy in the use of knowledge was found to lie at the heart of their knowledge acquisition and sharing which promoted them to go beyond their practical responsibilities, despite the relatively low levels of self-efficacy associated with Korean culture.

Although there were some cases where Korean managers showed low levels of self-efficacy relating to cultural issues with Western managers, however, in general the

Korean managers, most of whom were transferred from Samsung, demonstrated higher levels of self-efficacy, which were more associated with Western managers. High organisational self-efficacy lies within Samsung's organisational culture where Samsung employees often refer to as *Samsung Man* as several senior IJV and Samsung managers elaborated:

From low level managers to high level managers, we [Homeplus] share our new knowledge and learning. We communicate well and we do it very frequently. [I3]

We [Homeplus] have high quality and well educated employees and we have relatively high self-confidence which promotes knowledge sharing processes within us. This is critical for communicating and building our knowledge stock. [S2]

The findings therefore suggest that the level of organisational self-efficacy is influential on knowledge sharing activities within the IJV.

### ***Organisational processes: Learning and collaborative cultures***

The characteristics of the organisational cultures were highly influential in the knowledge sharing and learning for both partners as one would expect from the previous research, but the findings also illustrate that a learning and collaborative culture positively helped knowledge sharing in the IJV and further promoted the building of an organisational culture (Lucas, 2005; Simonin, 2004). As previous research suggested, there was a constructive link between learning orientation and a firm's performance at organisational level as well as team level (Baker and Sinkula, 1999; Bunderson and Sutcliffe, 2003). Here knowledge sharing includes a broader array of ideas and knowledge exchange activities at organisational as well as interpersonal relationships between managers (Sinkovics et al., 2005). Organisational learning relies not only on knowledge transfer but also on the knowledge sharing among individuals (Huber, 1991) and a vice president of

Homeplus noted that it is critical to installing knowledge sharing and learning activities onto an organisational culture:

(My new learning and knowledge acquisition has been) very useful to my colleagues. [...] The best way [to share new learning and knowledge effectively] is by developing and building learning and knowledge sharing activities into our corporate culture. [I6]

Although research has argued that differences in organisational culture are a barrier for knowledge acquisition and sharing between two different firms (Anh, Baughn, Hang, and Neupert, 2006) and it is often difficult to understand each other (Lane and Lubatkin, 1998), Homeplus seemed not to have experienced much of this difficulty. Coming from a strong manufacturing background, it was critical for Samsung to protect its technical know-how, key expertise and capabilities securely from competitors which generated a relatively closed environment as one manager elaborated:

The organisation characteristic of Samsung, if they consider something has great potential they never give it to others. They never share their knowledge with others and they just keep it to themselves. [...] The Samsung culture has not been keen on sharing knowledge. [I9]

By contrast, from the beginning, knowledge sharing of explicit as well as tacit knowledge was originally pursued by Tesco as the initial step towards partnership learning during the development of the IJV. This in turn, mobilised Homeplus to develop an organisational learning culture. Tesco UK actively engaged with sharing their practical retailing skills and know-how which built a strong trust and commitment to the partnership initially and motivated the IJV to develop a knowledge sharing and learning organisational setting to operate:

When Tesco set up the IJV with Samsung, Tesco initially opened up and transferred their expertise and best practices with us [Homeplus] which initiated the knowledge sharing processes to develop within Homeplus. [I9]



I acquired a lot of knowledge especially what I call global/international knowledge. Tesco has been operating internationally for some time so learning best practice made it easier for us [Homeplus]. [I4]

For the new technical learning or knowledge simply, if you have as we call them functional experts, people who are good at doing those jobs we will go and see them. We wouldn't go to the top people. We would go to experts on a junior level who understands how they actually use the systems or processes on a day-to-day basis. That's the common thing. Part of what the company wants me to learn is what we call best practice from Korea and share that with other countries. [H2]

Tesco valued sharing knowledge but one of the distinctive features about how knowledge is shared within the IJV should be noted:

We [Tesco] don't tend to have a prejudicial mind-set (towards developing economies) as a group of companies. The UK is a lot bigger than us [Homeplus] and Japan is much smaller than us. We have the CEO as a group function but mainly it's countries working on their own and sharing their knowledge. The cross model is the most effective way of learning between international joint ventures. [H1]

The combination of Samsung's internal knowledge, extensive network, and an effective knowledge sharing and learning process had a critical impact on the initial development of the IJV in the way that Foss and Pedersen (2002) recognise, and this resulted in the generation of new, locally adapted knowledge. This capacity building process involved the use of highly diverse sources of knowledge. Prior (congenital) knowledge was a critical base for absorptive capacity building.

Samsung had begun the venture with no retail business experience; internal teams had examined Korean and international retail sectors, and realised they lacked concrete retail market specific knowledge and experience. Samsung had therefore grafted expertise by hiring consultants and retail experts from the US and Japan, who worked with Samsung for two and a half years, developing a retail business format and branding.

As Huber (1991) elaborates this graft in knowledge externally helped rapid knowledge acquisition. This experience was critical in providing the IJV managers with a prior knowledge base on which new learning could build. This local prior knowledge from Samsung was useful, especially the sophisticated local supply chain that had previously taken Samsung one year to develop. This led the IJV to expand its market share faster which is a particularly important factor in retail internationalisation. The importance of how Homeplus share their knowledge to implement into practice is explained by a manager:

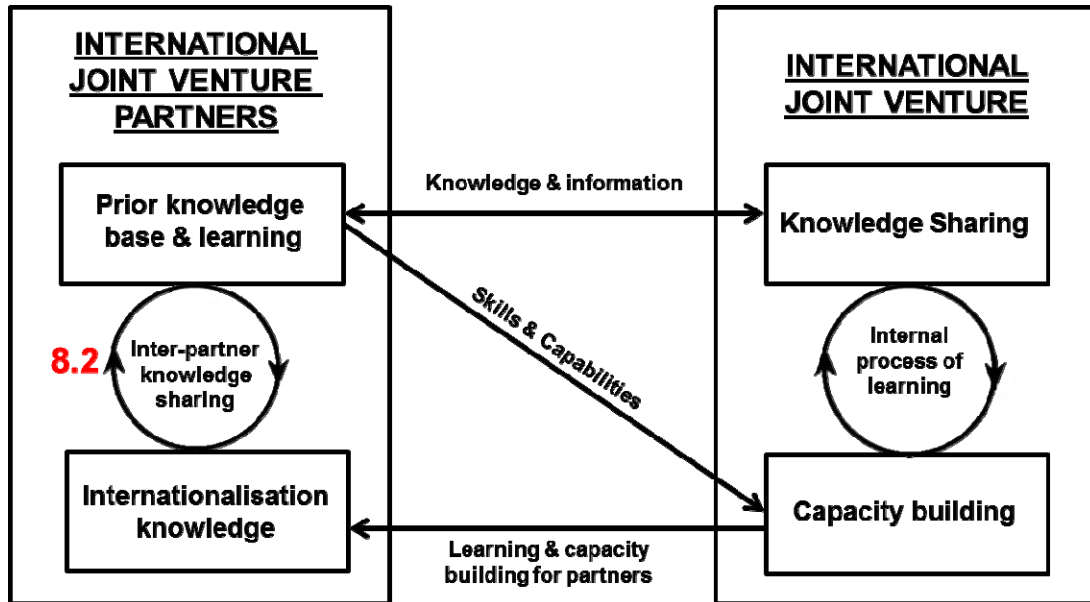
The Tesco way of retailing has been widely known and occasionally, our competitors have attempted to copy it, but our retailing know-how is not known to them. This is how to actually turn knowledge into practice; the effective implementation. The success of our company largely lies not only in our exploitation of knowledge but in how we share that knowledge to implement it practically. This whole learning process is our key factor in getting to where we are now. [I6]

The success of our company [Homeplus] largely lies not only in our exploitation of knowledge but in how we share and transfer that knowledge to implement it into practice. This whole learning process is our key factor in achieving where we are now. [I2]

The Korean CEO in 1999 launched its corporate culture as *Shinbaration* by establishing Shinbaration Task Forces in order to promote a successful working environment and minimise any potential friction between the two partners. Shinbaration is combined with the Korean word Shinbaram and rationality. Shinbaram is referred to as emotional culture traits for instance, a strong sense of community and team oriented managerial approaches. Koreans tend to show more emotion whereas Western managers think more rationally and have clear rules as a Western vice president of Homeplus explained:

I guess I have very different viewpoints to Korean managers here. [...] British people are especially very focused on the numbers, hard results. Koreans are much more emotional. [H1]

## 8.2 Inter-partner knowledge sharing



*Arrows indicate learning directions*

**Figure 8.2: The framework of knowledge sharing and learning within an international joint venture**

Source: Author

*Structural arrangements: Autonomous relationship between international joint venture partners*

Internationalisation experience had taught Tesco that having partners that shared the same prior knowledge or types of knowledge would lead to IJV failure and the two partners sought partners with different prior knowledge and capabilities in areas that they could not readily learn or acquire. Samsung began with market and local business knowledge, and Tesco with extensive retail and internationalisation business knowledge. The manager in charge of the IJV refers to Homeplus as a hybrid and he explained how knowledge was shared within the IJV:

There was a lot of knowledge sharing but it went on in strange ways. So basically we [Homeplus] got a team of Koreans, very Korean guys who did not know very much about retailing. What they got was probably a maximum of four or five UK expatriates who helped to develop capabilities and implement the Tesco way and the Tesco system. So what you had was a strange hybrid where general managers here [Korea] know about Korea but not about retailing. Then you had retailing professionals who have been doing it for longer and who have come here and developed the capabilities, so that is the way that the knowledge has been shared. [H1]

Local market and business knowledge is closely linked to cultural issues that are hard to acquire or learn quickly; adapting to new culturally diverse markets can be a subtle and lengthy process as previous research suggested (Luo and Peng, 1999). Moreover, as mentioned earlier, the Korean retail industry has faced major regulatory forces from the government which can be difficult for Tesco to deal with.

Previous research has indicated that the amount or intensity of internationalisation and experiential knowledge that is operationalized generally increases with the number of years that the firm has been operating internationally (Luo and Peng, 1999). However the findings did not support the view that when the knowledge is linked with local cultural issues the amount or the intensity of time invested in learning did help but it did not always increase over time. Several interviewees confirmed and expressed the difficulty of learning this knowledge and cultural background, even if there is a lot of time:

The main thing I have learnt is it is hard to work in a culture that is very different from your own. We [Homeplus] have four expatriates at the moment. All foreigners feel working in Korea is difficult because of the culture. Korea is a very different culture to me. [...] Your ability to work in the culture that is difficult gets better (with my prior international experience) but each individual problem that arises is equally difficult. Experience helps but not always because you have newer things coming out all the time. [H1]

I think Tesco UK realised by the time they were looking to internationalise into Korea that they should not even attempt to learn a culture which is so different to their own. [S2]

It was also evident that a number of organisational routines that the IJV found were difficult to modify and unlearn, these being very different in ways closely linked with the cultures of the two countries:

In the UK, we [Tesco UK] have a culture that in any level you are able to speak your mind and say what you think. In Korea, I found it tends to be a lot more respectful of seniority in the company and actually never causes anyone of any level embarrassment in the meeting. I always take the argument outside of the meeting, deal with it on a one to one basis and I think you need to adapt to that way of working quite quickly. It means that in the short term, the decision making can feel slow. [...] In England, we work very much individually, In Korea, it is much more team focused to make team decisions. [H2]

Here, Tesco therefore wanted its partner to deal with these complex cultural related issues, reflecting a broader pattern whereby each partner relied on their partner to do the work where they had distinctive and specialised knowledge. As one of managers confirmed that each partner did not attempt to learn their culture when they set up the partnerships:

Tesco almost assigned Homeplus to us. Tesco's main guideline was to pursue a localisation strategy in Korea which is their basic strategy (when they go abroad). Tesco learnt and self-reflected from their failed operations elsewhere for instance, Tesco's failure in Ireland, despite the fact that they speak the same language. They learnt that when they pursue a standardised strategy by transferring their modern form of retailing knowledge directly into foreign markets, it would not suit the need of local customers and industry structures. After systematic review and analysis, Tesco realised the localisation strategy was key in international operations. [...] This strategy is in their manual now. [E2]

In this way, Homeplus was able to realise 'co-specialisation' in which each partner focuses on activities that suit their abilities and capabilities which can facilitate the reduction of cost and enhance existing products or services or develop new skills (Johnson et al., 2006: 353). Tesco UK's extensive retailing skills and capabilities, however, became well respected and valued, so both partners appreciated the new learning and knowledge they were gaining and realised appropriate knowledge

transfer (Autio et al., 2000). This soon reduced risks and uncertainties for both partners; as Simonin (1999) found, and this reduction in uncertainty enhanced confidence and positively encouraged knowledge sharing within the strategic alliance such as IJVs. Tesco UK used Samsung's network to develop in some key areas such as site development, sourcing, IT capabilities and supply chain as one of the managers elaborated:

Prior to the joint venture partnership with Tesco, Samsung invested an extensive amount of time and money to diversify into the retail sector. Samsung always aims to be number one in all industries and it uses the best possible internal as well as external resources such as consultants and advisors. [...] Homeplus site development was initially facilitated by employing resources and critical knowledge from Samsung Group. [S1]

As a result, Homeplus seemed to have minimised the process of learning new knowledge, and this saved time and boosted work productivity. This meant that the findings did not illustrate the partners transferring their own prior knowledge into the IJV, and learning that distinctive knowledge. Tesco's distinctive knowledge of best practice in retail projects and cases was derived from more than ninety years of extensive experience in the UK, as well as from international operations since 1995. Samsung had local market and business knowledge developed in a wide range of industries for over seventy years in Korea and the combination of these two partners worked positively as several interviewees illustrated:

The combination of Tesco's retailing skills, the Korean business skills and knowledge that the local team brought, and the rapidly developing economy made it the right time for the development. [H1]

Whilst Tesco headquarters possessed a stock of cumulated extensive retail knowledge from their internationalisation experience offline, Homeplus made it viable via online networks which is Samsung's good at doing. Initially, Homeplus developed an e-learning system suggesting enhanced virtual knowledge sharing within Tesco's network. [I9]

The findings support the view that as previous research illustrates knowledge can only be used as a strategic capability improving assets when firms incorporate sets of knowledge and skills to innovate new or enhance processes which in turn can contribute towards competitive advantages in new markets (Coff, 1997; Nonaka et al., 2000; Rugman, 1981).

### ***Individual capabilities: Autonomous managers***

The autonomy of the managers meant that their prior knowledge was critical for building and sustaining the IJV relationship for both partners prior to and during the IJV. Different managers had different knowledge and abilities, and also different abilities for learning from others in which the managers' prior knowledge base, its form, and where and how it is located produce diverse outcomes as previous research noted (Simon, 1991). The IJV managers' prior knowledge facilitated cross-fertilisation, integration, and combination of knowledge and learning with prior bodies of knowledge. The findings extend the view that when new knowledge is linked to a prior knowledge base Homeplus was able to gain information and knowledge and learn to a greater degree (Autio et al., 2000; Cohen and Levinthal, 1990; Zahra and George, 2002). This increased the speed of learning and helped its application in a way focused on the IJV's needs, generating a double-loop learning process within the IJV itself:

I have a management consulting background. My prior knowledge of analytical skills really helped me to define the key problems we [Homeplus] were having much faster than my team did. [...] I did not have to learn how to use and apply familiar frameworks or templates. My previous knowledge was easily transferable to the retail setting which helped to learn things more, absorb easily and exploit more. [I2]

(I am well prepared to pick up new ideas). From my international experiences before, I was able to pick up ideas faster. [H1]

Prior knowledge and organisational routines have also been found to inhibit learning as well, if they are difficult, expensive or time consuming to modify in order to meet the requirements of the new context (Teece and Pisano, 1994). These problems, however, were minimised by the way that knowledge was drawn into the IJV, which following sections of 8.3 and 8.4 illustrate.

A firm's prior knowledge is known to be crucial for internationalising firms to appreciate the need for new learning, and for achieving appropriate knowledge sharing and transfer (Autio et al., 2000; Cohen and Levinthal, 1990). The research model (Figure 5.3) reflected how organisations are able to learn best when new knowledge is linked to the prior knowledge base and when there is some focus on processing new external knowledge (Autio et al., 2000; Cohen and Levinthal, 1990; Zahra and George, 2002). The case IJV managers emphasised the important role of the partners' prior knowledge for sustaining the IJV relationship and making it work. It was important for each partner to contribute its own distinctive knowledge to the IJV, in such a way that the other partner could completely rely on it and trust it in that area of distinctive knowledge in order for the IJV to achieve the goal that they shared.

### ***Organisational processes: Asymmetrical nature of learning***

The findings suggest the way that each partner works with one another determined learning directions as well as what and how much each partner learns and willingness to learn from the partnership (Glaister et al., 2003). Knowledge and information was actively shared between IJV partners and Homeplus. The findings demonstrate partners had different levels of speed or ability in knowledge sharing and the learning pattern was asymmetrical as indicated in previous research (Hamel, 1991; Hyder and Ghauri, 2000). As a vice president of Homeplus from Tesco UK explained:



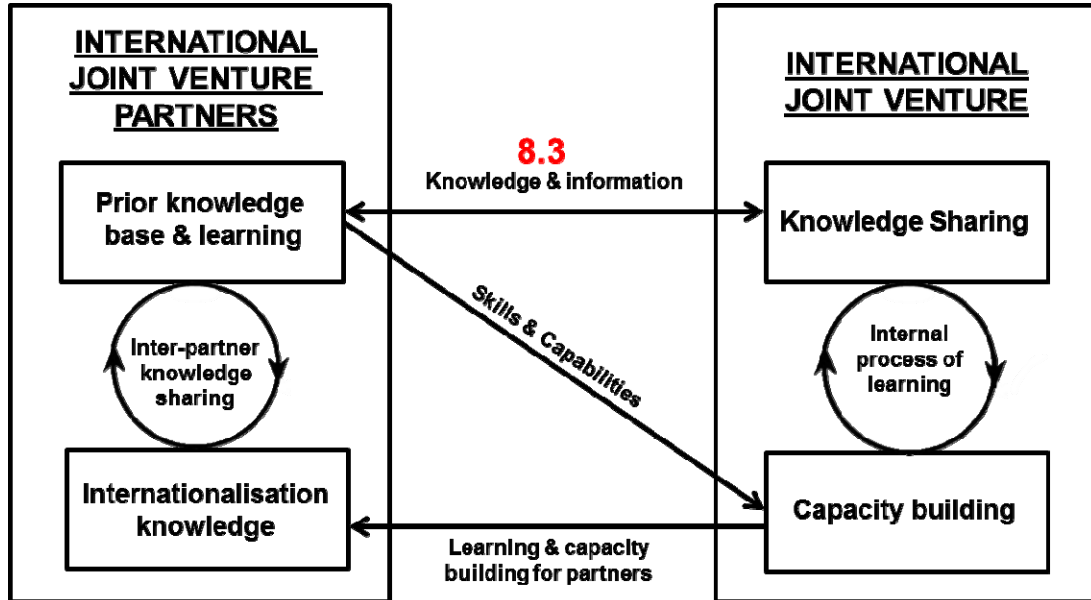
I can share learning with them (Korean managers) but they may not accept it. Koreans are sometimes very resistant to change. Therefore, it is either no change or all change. [...]I think hopefully my team has learnt a lot from me. [H1]

Korea does everything faster so I have learnt to do things faster in Korea. They (Korean managers) always like to do things faster anyway. Just working with Koreans enables me to stretch myself (to learn faster). [H1]

The asymmetrical nature of learning also influenced how well each partner can usefully realise and exploit their absorptive capacity as several researchers indicated (Jansen et al., 2005; Zahra and George, 2002). Also, there were other factors influencing the IJV's absorptive capacity with regards to the way in which each partners' managers involved work with each other (Glaister et al., 2003).

However, the findings did not support the view that the speedy and better learning partner tends to have stronger bargaining positions in partnerships (Hyder and Ghauri, 2000). Rather, the Homeplus IJV case suggests that both partners facilitated knowledge sharing and learning without taking the dominant bargaining positions in the partnership which led to a high intensity of learning between them. This high intensity of effort in learning is seen to play a critical role in developing sufficient absorptive capacity at the managerial level as well as the organisational level by reinforcing face to face interactions amongst managers as previous research would expect (Kim, 1998; Liu et al., 2010; Park and Ghauri, 2011). Therefore the findings illustrate that Homeplus's absorptive capacity is a path-dependent construct which can be built depending on the extent of the manager's prior knowledge and is motivated by their intensity of effort in acquiring new or exploit prior knowledge (Cohen and Levinthal, 1990; Linyanage and Barnard, 2003).

### 8.3 Knowledge and information sharing between partners and international joint venture



*Arrows indicate learning directions*

**Figure 8.3: The framework of knowledge sharing and learning within an international joint venture**

Source: Author

#### *Structural arrangements: Top-down prioritisation of knowledge sharing*

From the top of the organisation Tesco themselves openly and explicitly declared the importance of knowledge sharing and open communications to all managers throughout the organisation, developed and institutionalised knowledge sharing routines with its subsidiaries and IJVs, and embedded tacit knowledge from international operations in manuals and systems that made this knowledge explicit. In order for the IJV to be a success, both the partners and the IJV were committed to sharing knowledge which is shown in their decision to improve their information sharing systems and communication channels especially online as they believe that this process is important.

When we [Homeplus] have important issues to report to Tesco, we have weekly conference calls. We also visit them every three months and we interact in forms of workshop or conference. For instance, last year we visited the United Kingdom. Tesco also visit us every three months, usually (when they come) directors visit our stores and services. [I3]

Top-down prioritisation of knowledge sharing was pursued by Tesco UK only to make the operation simpler to achieve the global operating standard within Homeplus. However, it is important to note from the findings that this top-down prioritisation of knowledge was not pushed onto Homeplus rather they made suggestions and allowed modifications to suit the local needs in Korea:

We [Homeplus] make sure that we land the operating model, which is the processes we have learnt by working in the UK and working in other countries and applying those onto Korea. It is about making the operation simple; so simplifying our processes of very timely activities. It is about setting up processes that we use high quality data to make sure we have the best offer for our customers. It has been focused mainly on making the most of the space on store, make sure that we have the right space for every product and making sure, we have the right range offers for our customers. [H2]

We [Homeplus] led and managed the business ourselves. Expatriates from Tesco UK sometimes recommended or proposed something but they never led Homeplus management and operation. They usually recommended some of standardised global processes and procedures then we usually remodelled or modified the procedures according to suit our needs. [I8]

To attain top-down prioritisation of operational changes and enhancements, Homeplus was not on their own. The process was backed with co-operation with highly knowledgeable managers from Tesco Group by sending them to Homeplus for a short or long period of time when required.

### ***Individual capabilities: Learning and unlearning***

IJV provided the opportunities for extensive face-to-face social interaction and communication among IJV and partners' managers in which knowledge can best be

created and stored to gain advantage from their tacit or codified know-how as previous research has noted (Björkman et al, 2004; Noorderhaven and Harzing, 2009; Schulz, 2003). This social interaction created communities within Homeplus for obtaining and sharing knowledge (Kogut and Zander, 1996). The rate of internal knowledge sharing is seen to link to Homeplus' overall notion of absorptive capacity building suggested by Cohen and Levinthal (1990).

As findings suggest that Homeplus was concerned with not only having access to knowledge, but also having a continuously capability to generate and exploit it through social process of internal transfer (Nelson, 1993; Nonaka et al., 2000). In doing so, learning capability helped knowledge sharing and transfer at different organisational levels, so that new knowledge could be created and existing knowledge could be re-combined (Nonaka, 1994). In this way, the learning by doing approach was pursued and helped to obtain experiential, tacit knowledge or managerial resources by enhancing the knowledge sharing process (Freeman and Cavusgil, 2007; Laanti et al., 2007).

(I normally share my knowledge) in coaching, personal coaching, usually in stores. We [Homeplus] do most of the coaching in stores as a retail firm. [H1]

Learning takes place best when unhampered by the need to unlearn knowledge that is embedded, for example, within prior organisational routines (Attewell, 1992; Autio et al., 2000; Cohen and Levinthal, 1990; Nonaka, 1994). Since, Nonaka (1994) points out that the new knowledge acquisition requires both activities of the learning of new and unlearning of old knowledge. As a result, existing prior organisational routines can be expensive to modify and even can restrain a firm's prospective behaviour (Teece and Pisano, 1994). This also applies to the knowledge acquisition process that prior embodied knowledge can restrain acquisition of new concepts or ideas and knowledge (Attewell, 1992).

Here the Homeplus case shows a key learning advantage of IJVs over subsidiaries beyond the much recognized advantage of having two sources of different knowledge. Much JV research indicates that new knowledge can readily be transferred to or absorbed within a JV, but has rarely considered the unlearning processes that the JV may have to face. The partners in this case study allowed the IJV to take what knowledge they required from the partners, and there was no attempt on the part of the partners to acquire the others' distinctive knowledge. Rather, they learnt to work around that distinctive knowledge and further develop what they needed for the IJV.

The autonomy offered to Homeplus managers helped new knowledge to develop; presenting a key learning advantage for Homeplus over IJVs over many subsidiaries, beyond the much recognized advantage of having two sources of different knowledge. Much JV research indicates that new knowledge can readily be transferred to or absorbed within a JV, but has rarely considered the unlearning processes that the JV may have to face. The challenges faced by the need for unlearning were averted in the Homeplus IJV by its managers having the power to take the knowledge they required from the partners, and use it however they found appropriate, with no attempt by the partners to acquire each other's distinctive knowledge. It is possible that in these circumstances unlearning may be easier in an IJV than in a subsidiary.

### ***Organisational processes: Generating new knowledge***

Tesco took a critical strategic move in 2008 by investing more than \$16 billion USD to acquire thirty six Homever (previously owned by Carrefour then E Land) stores to roll out Homeplus more rapidly. Its largest acquisition indicates Tesco's strong commitment to operate successfully in Korea. This large scale base grafting via an acquisition of Homever stores facilitated rapid acquisition of new knowledge (Lyles,

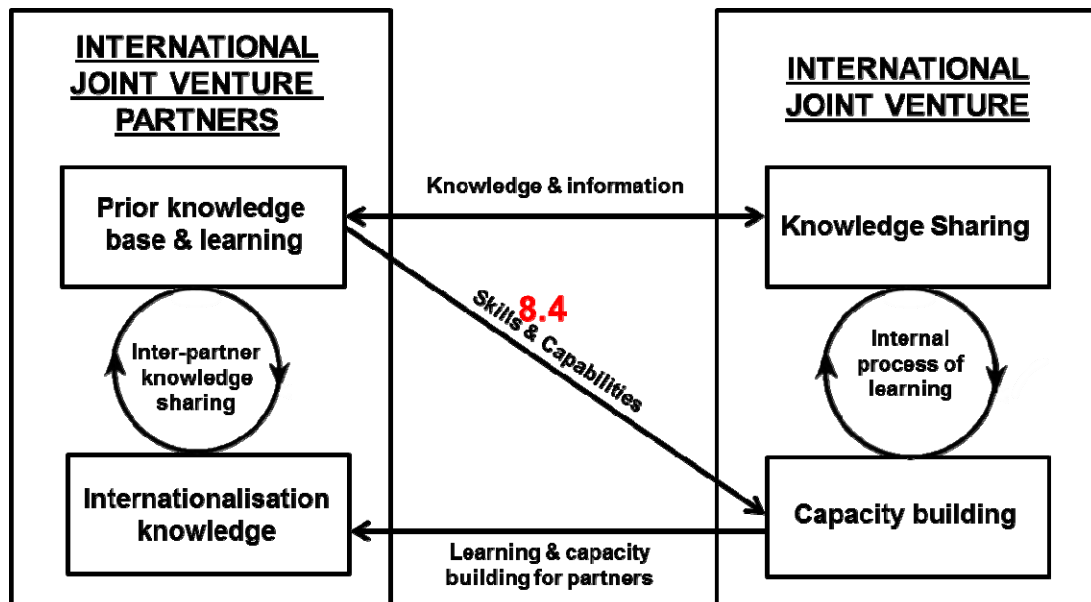
1988) as well as helping Homeplus to secure its market share position as second largest retail firm. Homever was owned by E Land Group which is the largest fashion retail firm in Korea and had strong accumulated knowledge and know-how in merchandising and managing fashion apparel and non-food businesses. By grafting in Homever members who held this knowledge, which was not easily obtainable within Homeplus, the company generated rapid synergies which enhanced Homeplus's stock of knowledge in fashion and non-food retail businesses (Drucker, 1988).

Generating and replicating this new knowledge helped to build up Homeplus' differential capabilities. Here the form of grafting knowledge acquisition process was useful for learning to take place when having to change Homeplus' frame of reference in order to achieve a deep or double loop learning which is typically challenging (Huber, 1991). To achieve this, the majority of Homeplus members and divisions were required to act as knowledge sharers as well as knowledge acquirers with Homeplus' other components.

As mentioned in Chapter Seven (Section 7.4), despite the fact that Korea's hierarchies and the different individualistic and collectivist dimensions presented some challenges to Western managers, in some cases they unexpectedly facilitated knowledge sharing and learning in the Korean operations. There was no need to motivate managers to promote knowledge sharing and learning as Korean managers are expected to follow and prioritise the team needs as they tend to have a higher level of responsibility as members of organisation and not as individuals. Korean managers showed a higher tendency to cooperate on a group task than managers from Tesco headquarters. Thus the knowledge was shared voluntarily on their own initiative without external motivation. A senior manager indicates one example of this:

We [Homeplus] have high levels of responsibility as members of an organisation. There were a few absurd incidents when we were doing projects together. When a key man in the project team could not work for any unforeseen circumstances, they would stop the project until the key man was replaced. There were many cases like that whereas we never have cases like that in Homeplus. Even if someone or something is missing we can do it without them. Even when the work is not finished, Tesco UK or Western managers finish work exactly at six pm and go home whereas we stay longer to finish the required work. [18]

#### 8.4 Skills and capability learning from partners to international joint venture



*Arrows indicate learning directions*

**Figure 8.4: The framework of knowledge sharing and learning within an international joint venture**

Source: Author

#### *Structural arrangements: Business relatedness and shared business backgrounds*

From a strategic management perspective, firms look for partners with different capabilities and skills to gain resource synergies as partners (Luo, 1998). Previous research has indicated that business relatedness and shared business backgrounds

help partners to learn from each other, to exploit the relevant knowledge, and to develop more effective absorptive capacity (Lane and Lubatkin, 1998; Park and Ghauri, 2011). Therefore there are potentially high possibilities to learn from each other by close business relatedness. IJV experiences show that partnerships between firms of different backgrounds often fail due to the difficulties of learning and knowledge sharing between different partners (Buckley and Casson, 1988; Park and Russo, 1996), for example because of differences in organisational culture (Anh et al., 2006). Business relatedness between partners helps them to learn from each other (Park and Ghauri, 2011).

This is, however, a case of IJV success. Homeplus was created because the partners were from very different backgrounds, with different national and industrial cultures, Samsung from manufacturing and Tesco from retail. Tesco and Samsung could not employ people, at least at headquarters, who were sufficiently close to the activity of the IJV to be useful sources of learning; the industrial and cultural differences were too great. But because Homeplus and its partners shared a similar visions and strategic goals (Newburry, Zeira and Yeheskel, 2003), Tesco and Samsung were able to give autonomy to Homeplus managers to seek out people to learn from, and they chose the partners (mainly other Tesco subsidiaries, such as Tesco China or Tesco Thailand) and consultants, both sources with backgrounds most related to their activity in which this will discuss in Section 8.7.

Moreover, Homeplus overcame this problem of not having business relatedness and shared business backgrounds mainly by three strategic decisions. First, instead of trying to get Samsung's managers and Tesco's managers to work together they just let each other do their own thing, which demonstrates the need for autonomy. The partners let the IJV managers take greater control here than would be normal in other IJVs relationship. If both partners had tried themselves to manage the IJV in a



hands-on way, they would not have had the flexibility to exploit the available and potential learning opportunities presented to them.

Second, they recruited IJVs managers who were mainly Korean, and who therefore shared Samsung's national culture. To develop a team with the cultural similarity of Samsung but with the industry similarity of Tesco, the team included highly experienced retail managers from Tesco UK to work in key functional teams such as in finance, operational management, business processes, and commercial. The result was that, in many ways, the Korean IJV managers felt closer to Tesco than to Samsung. Third, the link between autonomy and IJV effectiveness was enhanced by the specific activities performed by top executives, in the way previously noted by Newbury, Zeira and Yeheskel (2003). From the beginning, Tesco headquarters appointed top executives from Samsung to the IJV, and retained them; the CEO now, for example, originally came from Samsung.

The findings partly support the view that business relatedness and shared business backgrounds help partners to learn from each other, to exploit the relevant knowledge, and develop absorptive capacity (Lane and Lubatkin, 1998; Park and Ghauri, 2011). The IJV managers themselves sought out people to learn from, and they chose the partners (mainly other Tesco subsidiaries, such as Tesco China or Tesco Thailand) and the consultant, both sources with backgrounds most related to their activity.

### ***Individual capabilities: Cooperative behaviours***

Cooperative behaviours between units and managers were important, as Österberg (2004) suggests, and this had an important feedback role in organisational performance in which Tesco's investment in Homeplus boosted knowledge sharing activities within Tesco Group:

We [Homeplus] will share knowledge and agree best practice and then functional experts will make their decision to build into operating models...The operating model is not Tesco UK driven. It is learning from all our 14 international countries together. I want to make it clear that it is not about the UK model. The UK is our central operation, they have information from all the 14 countries, and they claim the best practice. [H2]

Since Tesco was in retailing business for much longer than Samsung, Tesco developed or improved existing Homeplus processes and product ranges:

(With my new learning I changed) massively. I talked about the meat. I have completely overhauled supply base in fresh food, vegetables and fruit and I have introduced ready meals to Korea. [H1]

The organisational processes between the partners demonstrate the main focus was not about obtaining the right strategy rather it was more important to develop and promote strategic thinking within Homeplus to achieve knowledge sharing and learning as expected in previous research (Mintzberg, 1987). This process as learning was useful in terms of observing the different approaches and aspects of markets as a vice president of Homeplus explained:

They will be (learning). They will be a lot of learning going forward. I think UK has a lot to learn from Korea. In terms of different approach to the different aspects of market like franchising in express stores here, like the bakery model that we developed, how we made the pre-packed meat model better than the UK in terms of presentation and the standard. And there are other areas in which we do a lot better than them. [H1]

### ***Organisational processes: Glocalisation strategy***

Localisation strategy was pursued from the beginning of the partnership for most of their activities especially in downstream activities. Tesco Group considers retailing as 'a local business' (Tesco Annual report 2012: 16).

Tesco has emphasised localisation strategy in Korea. As retailing is dealing directly with local customers, standardisation would not work well for example with product range, offering and so on. But with some of the operating processes, there was a need to standardise to meet a global standard. [I7]

We [New Business Development Department, Homeplus] produce and develop our own manuals locally. Except for a few top managerial issues, Tesco headquarters allows us a high level of autonomy. They respect our strategic decisions and they allow us and give us autonomy to make our own decisions and initiatives. [I2]

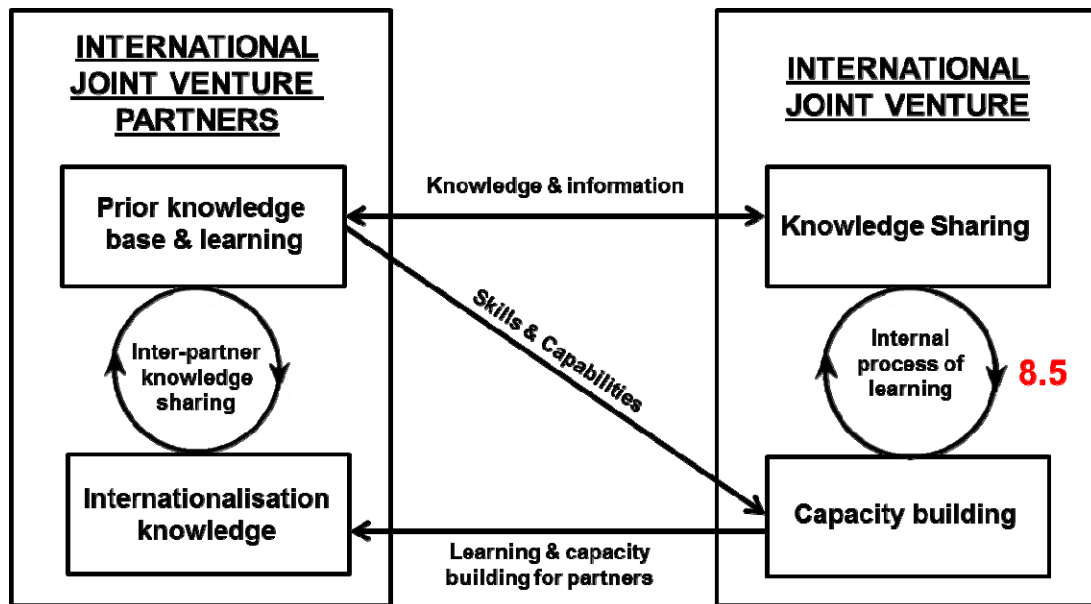
Homeplus' success lies with localisation strategy, Korean managers managed at headquarters. The use of the Samsung brand is also critical. [E1]

The findings reveal that after successfully established as a retail firm in Korea with localisation strategy, Homeplus then incrementally adopted or improved their existing processes and procedures to meet the global retail business standard and to make the whole business system simpler. The CEOs of Homeplus pursued a 'glocalisation' (globalisation and localisation) strategy where Homeplus aim to meet global standard while local needs were incorporated:

There are three main international business strategies. At the first stage, localisation was key and focusing on local customer needs. We set up operation guidelines in order to fit in with local custom so the marketing was driven by us. At the second stage, we try to share best practices with other international operators. At the last stage, we try to be a bit more standardised. [I4]

Moreover, Homeplus benefitted from Tesco with their established distribution centre blueprints, specifications, systems, buying and selling as a Group which led to faster and cost-effective decision making processes. Tesco Group's well known loyalty scheme (Clubcard) was initially introduced to Homeplus in 2002, called Family Card utilising the same technology and systems from Tesco UK to constantly provide innovative offers to its customers.

## 8.5 Internal process of learning within the international joint venture



*Arrows indicate learning directions*

**Figure 8.5: The framework of knowledge sharing and learning within an international joint venture**

Source: Author

*Structural arrangements: Decentralizations, autonomy and local environmental context*

The centralisation of the IJV's partners is closely linked with the knowledge transfer activities to other units by influencing the knowledge transfer effectiveness of the source or the recipient (Lord and Ranft, 2000), whereas in this case IJV, this was not supported as Homeplus was mainly decentralised with high level of autonomy to determine and discover the knowledge that they required themselves. Despite the key role played by Homeplus IJV in the partners' global strategy, management has relaxed its control over most of the IJV activities:

I think they [Homeplus] have got their own initiatives which relate to the Korean market and their own approach to the customers which we [Tesco headquarters] don't want to get to know. Well we want to get to know it but we don't want to influence it. In order to be successful, you have to get to know the local market. There is a balance. We only try to push consistent systems and consistent processes as they will reduce our cost base but in terms of supporting customers we want to be local. [H2]

The IJV partnership and development of strategies was predominantly driven by IJV managers themselves. Their high levels of motivation and pro-activeness to generate the IJV's success were partly because they believed in knowledge sharing and partly because the IJV managers who were mostly transferred from Samsung were in a vulnerable position and the high uncertainty in the new joint venture forced them to work harder from the beginning of the joint venture. These elements have factored into the motivations and provided incentives. Some of the interviewees admit that they preferred to remain within Samsung as success of the IJV was not certain as one Samsung manager illustrates:

We [Samsung managers] did not have the choice to choose whether we stay with Samsung or transfer to Homeplus. I remained with Samsung as that was the company's decision. [...] The majority of Samsung managers wanted to remain here because Homeplus just started a retail business and its future was not so certain. [S1]

The case's IJV managers were largely on their own, and because they knew that they had to learn if they were to succeed, the intensity of their learning effort was particularly high. As Park and Ghauri (2011) identify, the intensity of effort is an important indicator for developing an effective absorptive capacity. The learning culture developed because knowledge was being actively pulled in by the IJV managers, in initiatives devised and driven locally by themselves, rather than knowledge being pushed onto the IJV by the partners. Homeplus pro-actively took charge of its own learning in response to its needs, and Tesco responded to requests with distinctive knowledge and recommendations. Tesco did not instruct regarding the learning needed, give unrequested knowledge, or force implementation of its

systems or manuals. To ‘push’ their systems onto the new IJV, Tesco would have to understand or learn the local culture, so Tesco let the IJV managers take responsibility within the frame of the Tesco Group’s general initiatives, until they encountered problems they could not solve themselves.

The patterns were therefore of *absorptive capacity* building rather than of knowledge transfer, as the IJV managers learned how to learn in a new environment. These IJV managers took the knowledge they needed which had been transmitted by others, and received and (crucially) absorbed this knowledge so they could readily exploit it. The way that the UK expatriates worked within the IJV helped here. Tesco committed only a few UK expatriates to key areas within the IJV to guide standardisation of process and procedure; minimising their numbers ensured that strategy initiation and development resided with the IJV itself:

We don’t have many expatriates here. One is the CFO who just joined and we used to have a British CEO. [H1]

Although Homeplus had autonomy and freedom to pursue its own initiatives, it shared similar goals and vision to its partners, and working towards these enhanced the autonomy-effectiveness link within the IJV:

I would not say that Tesco is driving most of the new changes here in Korea. We both drive new changes and initiatives together. In a way Tesco is acting as our supporter as we work towards common goals. The process is definitely an interactive one with both partners driving together as one. [I2]

Tesco learnt enormously from us at least in their international operations. As we are the largest and most successful Tesco international operation; vice-presidents who worked here have then been sent to CEO roles in other operations such as in Tesco Thailand, Malaysia, China and Poland. Those vice-presidents who worked in Korea for few years are taking all the necessary learning and skills that they learnt here so that they can apply similar success to other countries. For example, store concepts and culture centres for extended education. [I6]

It has been argued that for IJVs the autonomy-effectiveness link is greater when partners have more related purposes and aims (Newburry et al., 2003). Therefore, the autonomy of the managers appears to be highly important in an IJV such as this, where the partners have completely different business backgrounds. In the Homeplus case, the partners did not employ people, at least at their headquarters, who were sufficiently close to the activity of the IJV to be useful sources of learning; the industrial and cultural differences were too great. This case contrasts clearly with Park and Ghauri's (2011) study of closely related technology firms, who could more readily develop their absorptive capacity by learning from their partners, from whom the IJV managers could more readily access relevant knowledge. We would therefore propose that IJV managers may require more autonomy when their partners are dissimilar than when their businesses are closely related to one another.

***Individual capabilities: Managing language barriers through personal networks***

While it is obvious that different managers share knowledge and learn from different sources in IJVs, it is not obvious that every individual has to do some of the knowledge sharing and learning, and is in command of that learning:

In my opinion, there are not many things or changes which are driven by Tesco Group. Korea is a rapidly moving, fast country. Everything moves very quickly. We [Homeplus] have hard working individuals who usually initiate change or motivate Tesco Group to make changes or make recommendations. [I7]

Recognising the need to minimise the problems presented by differences in language as previously mentioned in Chapter Seven (Section 7.4), Homeplus subsidised private English tuition lessons, provided one-to-one lessons when required for senior Korean managers and instituted periodic language training programs and seminars. Several Korean managers noted that higher levels of English proficiency could be beneficial for fast promotion:

Language training is very critical here. If we [Homeplus] cannot communicate well, nothing will work here. We subsidise language training for low level managers and we have one to one language mentors for senior managers. We often have seminars which are important forms of training. [...] Sometimes when managers from Tesco UK visit us, people with higher levels of English proficiency often get promoted in some cases even if they lack in retail operating experience. At Homeplus it is important to communicate well in English as we deal with and are required to communicate with Tesco's other international operations in English. [I2]

Communicating through Tesco Group's common language of English, Korean managers helped develop a stronger sense of identification and corporate culture and instilled a sense of confidence (Welch and Welch, 2008). Using Tesco's common language, it helped to create a sense of belonging and this emerged within Homeplus, as a Korean manager explained:

I communicated in English. [...] I realized the importance of communicating in English and I had an opportunity to give a key note speech at Tesco Global Meetings in English. I felt I was really part of the [Tesco] group because of this. [I6]

***Organisational processes: Diversity of learning and knowledge sharing and acquisition processes within IJV***

The internal process of learning was achieved with the diverse sources of knowledge sharing and acquisition processes within Homeplus. This diversity of learning and knowledge sharing and acquisition processes is much greater than has previously been assumed in internationalisation process and IJV research, and supports the argument for using different types of constructs from organisational learning research (Huber, 1991). Experiential learning, the main focus of previous research, was important within Homeplus and was manifested in trial and error processes that allowed problems to be defined, adapted and rectified:

Learning from experience was important. Training or seminars are useful but they can also be limited. Just knowing something does not translate into knowing things well. You have to experiment and put your knowledge into practice to identify any errors or necessary



changes. Trial and error processes are important through continuous learning by experience. [I8]

Learn from your mistakes. I think mainly experiences and trial and error. I have been learning from my experiences. Everybody makes mistakes in business. But [...] you have to make sure you don't make too many mistakes. Some people do ten things and make no mistakes. I try to do a hundred things and make five mistakes and those five mistakes aren't critical ones. [...] I am so old in my experience now that I am expected to solve the problem by myself. [H1]

Another way of learning is by mistakes. I self-reflect on my mistakes or errors and experiences. [I6]

My daily routine always involves a continuous cycle of 'trial, pilot test, trial and roll out'. [I8]

Through the experiential learning, problems were defined and sometimes adapted, however, as Crozier (1965: 186) points out it is not always feasible for organisations to "correct their behaviour by learning from their errors." In some cases, learning did not directly impact on immediate behavioural changes but it was more useful for perspective changes (Slater and Narver, 1995). Moreover, capabilities were developed by learning from mistakes, but this is a limited form of learning and other forms of learning were usually needed (Crozier, 1965). Although the findings confirm that experiential knowledge was important, other sources of knowledge were actively exploited and developed, including externally grafted as well as external vicarious knowledge. Vicarious learning, acquired through a regular schedule of visits to competitors and to different formats of retail companies, was critical and as well as essential learning routines:

(I do research) by visiting stores myself. I sometimes send my teams to visit stores regularly at specific times to get new ideas. [I4]

In the beginning, although we did a bit of Korean market research we relied on the regular store visits to the competitors. In particular, we visited New Core store frequently to see how they price, range and stock their products as a benchmark. [S1]

I learnt a great deal when I went abroad to the US (Wal-Mart and Target), Japan (JUSCO), Taiwan (Tesco) and Thailand (Tesco) for training. I visited their stores regularly with my team and looked at their store layout, product range, customer range and so on. After

several store visits in the US and Japan, I felt confident. The next step was for me to think about Korea and how I should modify what I had learnt to make it suitable for the Korean market. [S1]

People come and look at our stores and take ideas away and lots of individual ideas. [H1]

The Homeplus case supports the notion in previous research that in specific situations such as for gaining technical know-how and implementation of the systems, the process of vicarious learning and grafting is highly knowledgeable, and managers were utilised, which led to a more rapid learning than using experiential learning process (Huber, 1991). In particular, amongst externally focused learning the findings illustrate their engagement in various forms in a way that previous research has recognised to be useful (Slater and Narver, 1995). For instance, when Homeplus was looking to reposition their in-house bakery business-*Artisee Boulangerie* in 2007, Homeplus set up a joint venture with Hotel Shilla which is another *chaebols* linked to Samsung Group, to acquire their know-how in the business. The repositioning of their bakery model, which now operates over one hundred twenty stores, was important.

The resulting learning was then fed back both to partners and partners' other international operations. Consistent with Huber's (1991) processes related to organisational learning, knowledge and information was acquired in searching and noticing in typically three ways: scanning, focused searching and performance monitoring. All these types of knowledge acquisition process took place on a daily basis intentionally and sometimes unintentionally in order to sense Homeplus's internal as well as external industry and customer assessments which constantly change. Different organisational learning processes were seen to influence the important environmental related issues, information and data discovered. The findings illustrate both internally and externally focused knowledge acquisition and learning processes were significant.

Further analysis illustrates that external as well as internal scanning which involves the knowledge and information acquisition about the environmental and structural

setting was regarded as a critical managerial activity for all levels of managers at Homeplus. Senior managers at the IJV did not always rely on lower level managers to do the scanning for them; rather it was important to acquire knowledge and information through their own efforts which provided a critical retail business environment. This acquired knowledge and information was utilised by Homeplus managers for decision making processes such as planning, modifying and developing marketing and merchandising strategies as being used by several managers in their daily scanning activities:

(I learn and scan by) visiting them (other competitors). I visit the competitors every week, E-Mart, Lotte Mart, Hanaro Club and even several department stores. [H1]

I usually scan by image processing recent development or refit transformations of other competitors and industry on a daily basis. This is crucial form of learning. [I8]

We [Homeplus] often have limited information on our competitors when we analyse them. They tend to be quite closed with their information and figures so what we can do is external searching and analysis. We tend to measure or predict their sales and profits. Then we visit their stores many times. We do fieldwork; we see them visually, observe and scan them. With the field data, we analyse our competitors again. [I6]

The senior manager in marketing department considered the usefulness and necessity of scanning activities and intensive on-the-ground research to be more useful than utilising explicit knowledge such as drawn from industry index or reports as he explained:

It is obvious that when we [Homeplus] make a visit to stores we visually scan others' services, product management or product ranges and so on. [...] I value learning by visiting stores [rather than learning from reports or documents]. We do not use the industry index that much. Then we share our learning with my colleagues. I also share my learning with Tesco headquarters with relevant issues when needed. [I4]

As Huber (Huber, 1991: 97) pointed out that frequency or intensive scanning routines typically direct to a more “wide-ranging sensing of the environment”, the findings show that scanning routines facilitated to observe overall industry structures for Homeplus. Moreover, scanning routines was created through internal structures and were useful in discovering more specific information to potential errors or opportunities.

Focused searching took place when managers or divisions actively searched in a narrow part of the Homeplus’s internal and external environment, often in reaction to problems or potential opportunities. It also occurred more often when the current information did not solve their intended objectives. Information and knowledge was acquired from various sources for instance, industry index, international media publications, export publications, trade associations, attending international trade fairs and exhibitions. Huber (1991) argues that at lower organisational levels, the searching tends to be mostly reactive to problems whereas at higher organisational levels, the majority of searching tends to be a result of proactive managerial initiatives. The findings support this view of Huber (1991) that top managers tend to concentrate more on focused learning by searching to meet the Group’s set managerial initiatives specifically when making critical investment decisions on price index:

(When we plan our investment strategies), we [Homeplus] do have to research our competitors by comparing and analysing their price index. So we analyse our price competitiveness accordingly and plan or modify our targets then we make decisions on price and other investments. [...] We do have a Customer Insight Unit (CIU) where they do the majority of price related research and industry market index. One of them, they do price research at regular bases. They do it weekly. They select key products or items which comprise of sixty to seventy per cent of our overall sales. They research price index weekly and they review our price competitiveness whether we invest more on price or not. [I4]

Site research and property development are other areas that focused searching was utilised frequently to identify and develop the suitable sites for stores. Homeplus typically use various data for instance, demographics, shopping habits, industry reports and competitor activity.

Performance monitoring was used systematically, assessing to internal standards, and against the expectations of external constituencies and stakeholders (Huber, 1991). Compared to scanning, performance monitoring offered more specific information and data about Homeplus's specific business situation, competitors, existing customer services and product offerings. As suggested by Eisenhardt (1989), the performance monitoring helped Homeplus to uncover problems, opportunities or market trends which led them to make operational as well as strategic key decisions accordingly.

Consistent with previous research, interviewees demonstrated that the speed and accuracy of knowledge acquisition by performance monitoring became better with more frequent and continuous monitoring experiences (Eisenhardt, 1989). As a retail firm, performance monitoring was actively engaged specifically with customers. Informal monitoring was carried out by managers within Homeplus with the purpose of improving customer services and performance:

Homeplus is really dedicated to increasing the role of marketing. We [Homeplus] currently have about one hundred and twenty people working in the marketing department. This number is probably twice or even three times bigger than other competitors. We want to work with a customer base and we want to hear our customer voice and use this to improve our services. We want to monitor our customers regularly and effectively more than the other competitors and we do regular performance monitoring by Customer Insight and Question Time through focus group interviews and surveys. [I8]

(When we analyse our customer needs) we [Homeplus] usually use data from the Family Card. We also use Customer Question Time. [...] we do it quarterly. Based on our quantitative research, we also conduct qualitative customer research. We do face to face, one to one interviews and we hold focus groups. [I6]

Congenital knowledge was also incorporated and affected the learning process for Homeplus. It helped to increase absorptive capacity by exploiting manager's prior international experience. These managers' prior knowledge gave them greater confidence to further acquire or share knowledge. Absorptive capacity building began with facts and knowledge being transferred on request from the IJV partners, and skills and abilities being acquired from grafting and vicariously. This largely depended on the skills and specific knowledge of the partners' managers more than anything else which is again closely linked to their own prior (congenital) knowledge. The Homeplus manager's individual prior international experience became a base for its absorptive capacity building.

Different processes of learning approaches were utilised in a mixture of processes.

As a vice president of Homeplus explained his typical learning approaches:

Something comes from interpreting the company strategies, interpretations from headquarters strategies. Some of it comes from coaching, some of it comes from benchmarking, and some of it comes from my own ideas or my people's ideas. [H1]

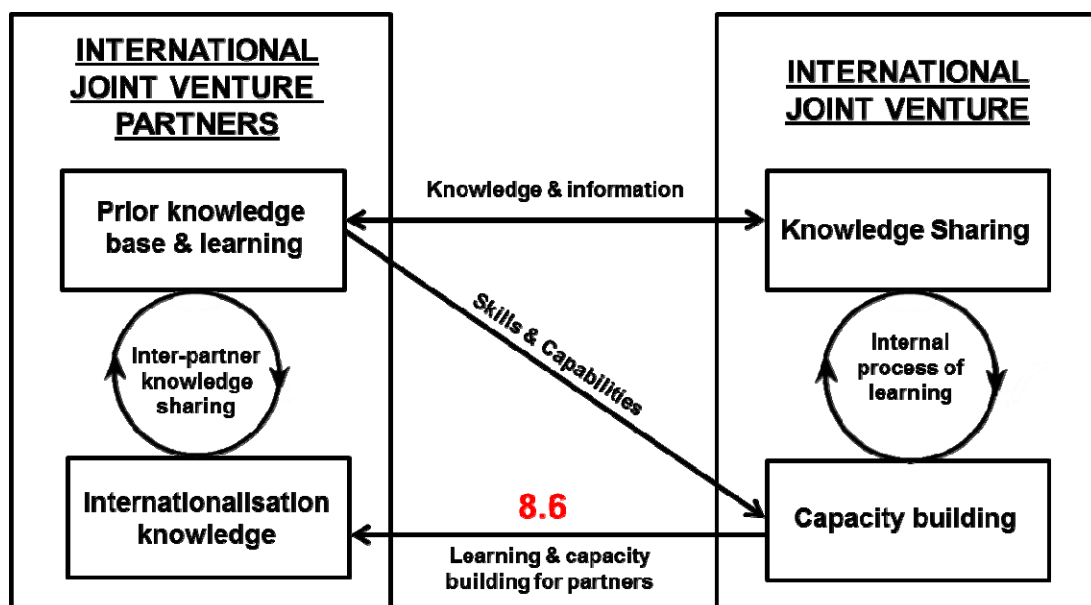
The theoretical distinction between "learning within a frame of reference and learning a new frame of reference" (Huber, 1991: 93) is significant and evident, in that evidence from findings witnessed both single-loop and double-loop learning levels within the IJV. Single-loop learning (within a frame of reference) was pursued through grafting and vicariously. Double-loop learning (of new frames of reference) drove absorptive capacity building within the IJVs. Here it is important to note that Homeplus was not just acquiring new knowledge. Rather, in identifying problems and suggesting solutions they were engaged in a continuous learning process that built absorptive capacity.

The key observation here between single loop and double loop learning was being adaptive or having adaptability as previous research recognises (Huber, 1991: 93). Evidence from findings suggest that Homeplus tried to function as an

“experimenting”, “self-designing” or “learning” retail firm which improves adaptability (Hedberg, Nystrom and Starbuck, 1976; Starbuck, 1983). Homeplus emphasised continuous change or on-going experimentation in their systems, objectives and structures. As a vice president of Homeplus explained:

I consider much of the success lies with Tesco having flexibility. Considering oneself as the best or being inflexible would result in failure. The most rigid retail firm I would say is Wal-Mart where they ignore the global standard and pursue their own standard of Americanisation.[...] Tesco often visit us, observe us and reflect on the differences of operational systems or and so on. They are ready to adapt or experiment with us continuously. Flexibility is the key to success. [16]

### 8.6 Learning and capacity building for the partners



*Arrows indicate learning directions*

**Figure 8.6: The framework of knowledge sharing and learning within an international joint venture**

Source: Author

### ***Structural arrangements: Shared learning structure***

In becoming an important source of learning elsewhere, as Lyles and Salk (1996) found regarding the interface of IJVs, the size of the operation was important. Homeplus became an important source of learning elsewhere because it was Tesco's largest international operating business with 2011 revenue of \$8 billion USD out of Tesco's total Asia revenue of \$16 billion USD as of 2011 which includes Korea, Thailand, China, Malaysia, Japan and India (Tesco, 2011). Currently, Homeplus operates with 354 stores and has achieved high performance.

Structurally, the strategic focus of Tesco group was shared learning and knowledge across the sectors. For example, The Shared Forum from multiple units and operations encourages managers to share and provide certain knowledge internationally and region by region. Through this forum, the IJV managers actively discussed and acquired knowledge on several retailing operations for instance, on pricing strategies, trading plans, store refit and development:

Tesco focuses on the aspect of shared learning. We do this every year. Every year, we have employees from different sectors across Tesco and their international subsidiaries and we have a Shared Forum, project by project or sometimes we divide the Forum into regional operations. So sometimes we do have a Shared Forum specifically for Asia. We present our cases to each other so we learn from one another. [I8]

Shared learning structure promoted a wider pattern of engagement within IJV and the partners.

### ***Individual capabilities: The role of wider network***

The pro-activeness of the IJV managers was not limited within the IJV. The presence of Homeplus was strategically significant for the Tesco Group not only because it is their largest international operation but their contribution into Group's IT development and other major projects facilitated and improved their global



systems. Homeplus participated in several of Tesco Group's largest investment projects, such as the Product Management System (PMS). Tesco completely relied on Homeplus managers to develop and to implement the PMS project for the entire Tesco Group to the group's global standard. The PMS was initially launched in Homeplus and it was launched successfully into Tesco's other subsidiaries and partners across Tesco including Tesco UK, Turkey and Malaysia. This innovative distribution information system facilitated the whole group's product ordering, stock management and inventory system more effectively.

To do this, Homeplus managers collaborated with one hundred and fifty managers from eleven countries including Tesco operations in the US, UK, Canada and India. When implementing this major system, Homeplus' ten managers with key capabilities were sent to respective countries as "facilitators" and through their training, were able to conduct and implement the processes. They also take ideas from one division to another. This shared tacit knowledge was useful across the Tesco Group. Moreover, the IJV, through the leadership of its Homeplus top managers and CEO, led to the development of the Tesco Asia Academy centre for the training of its employees within the Tesco Group and Tesco international, and convinced Tesco to pursue investment in Korea, from when it was built in 2011.

Temporary teams or major projects such as this, involving members from different subsidiaries, seemed to have positively influenced knowledge inflow and outflow among them as research suggested (Persson, 2006) and indicates that Homeplus is a highly integrated and strategically focal IJV. Moreover, the findings illustrate an active process of learning innovative procedures as IT capability was stronger in Korea as one senior manager explained:

There are examples where we [Homeplus] use innovation for ordering our clothing which is unique. There are examples where we do online shopping, the ways of doing online shopping and ordering a product especially payment with a mobile phone which is something we only started in the UK but it is established in Korea. [...] The process that I have advised is now across all countries or they have

started to apply it. The technical one, what they are doing is reviewing the development so they are looking at how it will work with our systems in the UK before they roll out. This is something they are looking to do. [H2]

IJV research has tended to focus on *knowledge transfer*, but the testament of the IJV managers in this case is that it is absorptive capacity building rather than knowledge that is being transferred. As Pellegrini (2003) notes, ‘learning how to learn’ is significant particularly for retail internationalisation process where the need for continuous learning is critical to meet their customers’ changing needs, habits, tastes and trends; these managers had started with their own distinctive knowledge, but were learning how to learn in a new environment. In this, there were important processes involved.

### ***Organisational processes: Absorptive capacity building***

The IJV managers openly shared case studies and reports with Tesco Group themselves, just because these were useful within the IJV and they believed that these will also be highly useful for them. The knowledge sharing process generated synergies in directly transferring know-how and best practices and it was supported by sending out key experts if required for implementation. Knowledge sharing in this way was active across Tesco Group:

There are specific processes that work better in Korea than in other countries and I created a case study for this and sent it to the UK. [...] One is that outside of the UK, we (Homeplus) are the first country to launch the new detailed store refit process at product level. It all existed in the fixture level or a higher level. The detail of how many bottles of water you sell in the stores we copied and we created a process.

[...] The second example is in stores they have a technical solution for ordering clothing products. Clothing is quite complex because you have one product but you have different sizes and different colours. In the UK, we are predominantly a very good food business, but not a very good non-food business for example, selling clothing. We have taken the model for ordering clothing here [Homeplus] and we have shared that with other companies. That’s the technical example. [H2]

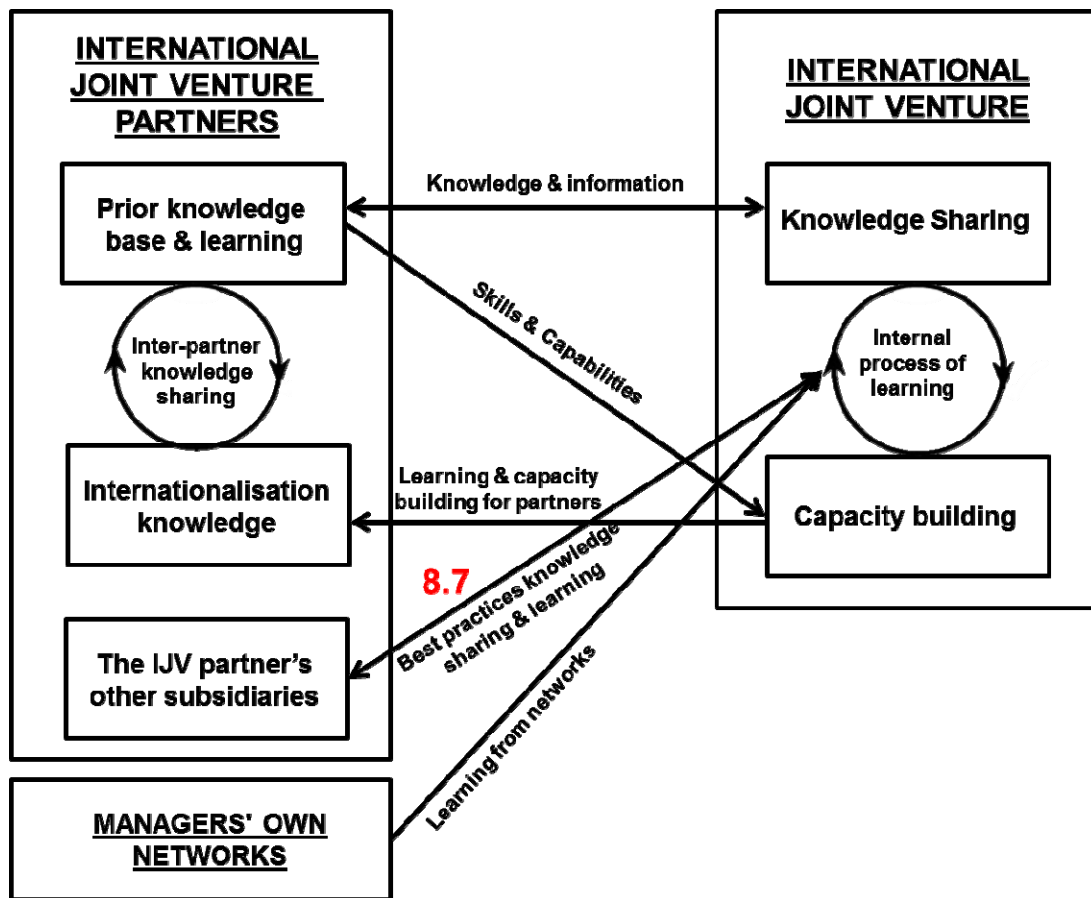
The findings illustrate that there was an internal regenerative process involving double-loop learning for building capacity. Absorptive capacity building began with facts and knowledge being transferred on request from the IJV partners, and skills and abilities being acquired from grafting and vicariously. In this process, trust between the ‘teacher firm’ and the ‘student firm’ has been suggested to be important (Boersma, Buckley and Ghauri, 2003; Lane et al., 2001). In this case, however, both Samsung and Tesco, because of the way in which the joint venture was structured, considered themselves to be both knowledge absorbing and transferring participants:

If headquarters are based either in the US or UK, they usually tend to have a higher authority than emerging countries. However, I truly think and believe that our practice [Homeplus] is treated equally in terms of authority, management and control. Coming from this perspective, the learning process is a win-win situation for both of us [Homeplus] and Tesco headquarters. Our knowledge and learning loop within Homeplus and with Tesco headquarters is well developed and we are very open to sharing and transferring our skills and knowledge where possible. [I2]

Too often British people or American people especially, they are very aggressive in Asian cultures, so what you have to do is you have to understand that this sort of the behaviour is not successful in Asian cultures. Sometimes you can use it because you may have to. But you have to understand that if you do it all the time you would be wrong and you would not be successful in those Asian markets. [H1]

We [Homeplus] influenced Tesco UK top managers’ perspectives and in fact they changed a lot since whereas Tesco UK middle or low level managers, had less influences from us. [I8]

**8.7 Emergent findings: Best practices knowledge sharing and learning between international joint venture and partners' other subsidiaries**



*Arrows indicate learning directions*

**Figure 8.7: The revised framework of knowledge sharing and learning within an international joint venture**

Source: Author

***Structural arrangements: pro-activeness in knowledge sharing and learning***

Unexpectedly, the findings suggest the pattern of knowledge sharing and learning that this study did not expect and which had not been identified in previous research. This pattern was evident within the IJV and was initially not emphasized by the managers of the two partners. Specifically, IJV research has paid little attention to the role and interaction of the partners' other subsidiaries with the IJV, but the findings suggest that relationships with Tesco's other international subsidiaries with

the IJV were critical in developing and sustaining Homeplus. Structural arrangements of IJV managers being autonomous and their pro-activeness in knowledge sharing and learning made this development viable. Moreover, Tesco Group offers a range of knowledge sharing and learning activities possible through workshops, conferences and training programs. These forms of interactions between employees from fourteen countries enabled them to actively seek knowledge freely which might be useful for them.

The IJV managers actively interacted directly with the partners' other international subsidiaries informally as well as formally, through regular scheduled visits, inter-unit trips, meetings and exchange assignment roles. These relations between them supportively motivated knowledge sharing activities and this was most important for tacit, how-to knowledge and to learn 'best practices' and how to apply them, but explicit knowledge was also widely shared as well. Thus it is important to note that the findings show that the IJV managers' social interaction was more prevalent with the partner's other international subsidiaries than with its headquarters, and these relationships positively influenced knowledge sharing and learning for the IJV as a whole. This pattern was largely due to the massive dissimilarities between partners as in this case partners do not share knowledge directly but partners do it through the IJVs and partner's other operations.

There were many practical cases where knowledge was shared. For example, Homeplus managers were actively engaged with Tesco Malaysia in Marketing and shared their knowledge in managing marketing departments more effectively, because Homeplus had around 40 marketing employees whereas Tesco Malaysia had over 120:

Practically, we [Homeplus] do have many examples of our shared learning with Tesco's other subsidiaries for instance in areas of pricing, trading plans and Stores Refit Development (SRD). We tend to discuss various things. For example, Tesco Malaysia had about one

hundred twenty employees in Marketing whereas we only had 40 in Korea. They [Tesco Malaysia] were curious about how we can function and work with only forty employees. We discussed this kind issue together. [I8]

There were also shared learning cases with Tesco's other international subsidiaries when sourcing Homeplus's range of products competitively. There were active communications and interactions between them:

We [Homeplus] influence Tesco's international subsidiaries when we do sourcing globally. Practically, when we are negotiating product ordering, we often visit them as buyers. Buyers from each country share information mutually in order to gain price competitiveness when ordering. [I1]

For Global Sourcing, we have offices in Hong Kong and Shanghai. We discuss the amount of buying and the time of buying. We usually decide on how much to buy then the global sourcing office in Hong Kong or Shanghai generally advice on when to best buy products. We share our knowledge each other on a regular basis. This is our usual practice. [I4]

The IT system within the IJV in Korea is very advanced and in 2003 Tesco headquarters invested more than 20 billion Won (\$18 million) in constructing a global IT hub project for Tesco Group by Homeplus IT management team in Korea. [I9]

Structurally, the findings indicate that the interactions between the IJV managers and the partners' international subsidiaries were high.

***Individual capabilities: Autonomous knowledge sharing to the partners' other subsidiaries***

Through knowledge sharing and learning with the partners' other international subsidiaries with the IJV, with the passing of considerable knowledge from these to Homeplus, these contacts were sourced and driven directly by the Homeplus management themselves, without the suggestion or involvement of the partners' headquarters at all. IJV managers employed several approaches of contacting them physically or by online. Homeplus managers regularly visited their stores and

regional offices and worked closely with managers in Tesco's other international subsidiaries. As several interviewees explained:

With deployment managers, I have weekly conference calls. Every six months, we [Homeplus] have shared learning events by region and every six months I would go somewhere in Asia and we meet and we share our approach whether we are on track or not. [H2]

We have regional commercial directors' meetings, about once every six months. And I have been asked to coach members of other countries and I have shared my experiences with the UK management, for example, on the bakery model and on meats. [H1]

In addition to regional meetings and interactions, the interactions with Tesco's other international subsidiaries were not limited to one to one situations, rather when required, Homeplus contacted several subsidiaries at the same time to knowledge sharing and learning which might be useful for them potentially as one senior manager indicated:

When sharing our [Homeplus] learning with Tesco's other international operations, we use conference calling with normally five other countries simultaneously. These include Tesco headquarters and operations in emerging markets such as Thailand or Malaysia. Learning and best practices developed in our operation or some other international operations, we transfer each of best practices. For example, in Thailand, where they are still in the early stages of development in terms of rolling out the Telecom business in Tesco Thailand we transferred the skills and knowledge we successfully developed in Korea. [I2]

We [Homeplus] have IT capabilities that we have developed here and searching capabilities that we transfer to other countries, especially building multi-story stores. [H1]

The outcome was shared knowledge and learning within Tesco's other subsidiaries that were also useful for Tesco headquarters, so the IJV management voluntarily produced written reports and case studies for proactive knowledge sharing and sometimes they did presentation on their case studies:

In terms of case studies I am just keeping the records for the business, what I am doing with those records is sharing them with my

colleagues in other countries so that we can take the same approach or adapt it accordingly. [H2]

Learning best practice should be done cost-effectively. The best way to learn best practice is usually done by way of a regular conference call, sharing case studies etc. [I2]

IJV research has emphasized the importance of synergies in transferring know-how and learning technology and market knowledge (Patton, 2008), and the findings show that there were knowledge transfer and learning between partners, both within the IJV and with Tesco's other international operations:

Our [Homeplus] business model was very useful for Tesco when making entry into the Chinese market. They learnt a great deal from our operating business model. [I4]

Implementation of sharing best practice which is identified in cross Tesco Group, systems, processes and approaches was critical. There were several cases across Tesco Group where they shared some of the popular products or brands Tesco US developed then introduced them into other operations such as in the UK and Korea. Moreover, expatriates from the UK who work in Korea regularly met informally and exchanged personal experiences and work related information. They also contacted expatriates working in several others of Tesco's operations for example in China, Thailand and Japan:

I sometimes act as a communication channel. I speak to the Tesco CEO of China regularly. Sometimes, the Tesco CEO of China if they want to interview a candidate for the certain type of job, then I interview them. [...] I meet regularly with other expatriates I met abroad, usually informally. I maintain contacts from my roles in Japan, China and so on. [H1]

(We have) about four or five Tesco UK expatriates (for training at the moment). (We arrange) short visits [for expatriates working in Tesco UK and Tesco's other operations]. Usually shop visits, to show them (our store formats and products). [H1]

Before the UK expatriates are sent to their respective international roles, they usually acquire knowledge and information from expatriates from those respective



countries. Korean expatriates who work in Tesco headquarters also learn and acquire knowledge from the UK expatriates in Korea:

Before I came here [Homeplus], when I was asked to take the role, I agreed to meet three or four Korean teams working in the UK [Tesco UK]. I spent quite a bit of times with them. [..] It has been very successful (in order to overcome the barriers of working in Korea) but I think it is also well planned. [H2]

***Organisational processes: Shared learning with the partners' other subsidiaries***

When Homeplus directly transfers systems from Tesco headquarters, Homeplus usually modifies and further develops its systems to fit into the Korean market setting. Thus, they produce their own manuals and materials, which are then often useful for other Tesco's international operations, especially in emerging markets. The shared learning involves not only explicit knowledge transfer, but also "grafting" expert knowledge from key Homeplus managers to other operations for short or long periods. As Huber (1984) and Drucker (1988) pointed out that this form of grafting was commonly used for Homeplus and Tesco headquarters to acquire especially new knowledge rapidly where the rate of assimilating new knowledge can increase across Tesco Group:

When the new picking control system (PCS) was transferred and launched by Tesco headquarters, we [Homeplus, the online business department] developed practical training materials for how to roll out the new PCS to suit the need in Korea. These training materials were very useful that we facilitated the roll out of these training materials and case materials further for Tesco Group in East Europe and Asia. [I5]

Advanced IT system development in Korea is highly appreciated by Tesco headquarters as well as by other international subsidiaries. Homeplus IT managers were often asked to be transferred to Tesco's other operations, for example Tesco Japan, in order to install and facilitate IT systems such as their own POS (Point of Sale) system. [E2]

In addition, technical knowledge and know-how was acquired by grafting in key experts with a depth of retail business know-how and international working from Tesco headquarters. Learning by grafting on new members who hold expert knowledge not previously accessible within Homeplus increased Homeplus' overall technical knowledge (Huber, 1991). Technical knowledge was actively developed within Homeplus by collaborating with Tesco's other international units, particularly in Bangalore, India.

A lot of operational change managers we [Homeplus] work with are based in our office in India which is where we have got some very specific skills we bring out to countries particularly if they are stronger than I am on analytical skills and data. We do a lot of work in India and the UK together. We tend to work in that way. [H2]

To gain specific technical know-how, vicarious learning and grafting processes seemed to be more practical and effective than experiential learning processes (Huber, 1991). This seemed to be because, as Cohen and Levinthal (1990) suggest, existing internal members are needed who hold knowledge of the firm's distinctive requirements, procedures, routines, capabilities and extra-mural connections if specific types of complex and compound technical knowledge are to be efficiently integrated:

Tesco's international managers regularly visit us (Commercial department, Homeplus) once every two months. [I4]

We [Homeplus] sometimes do benchmark against Tesco UK. I am working in a New Business department which has been set up recently. We had not done new businesses before and we did not have any data whereas Tesco UK has been pursuing New Businesses such as Tesco Telecoms, Finance and other life style services for years now. So it makes sense to learn from Tesco's new businesses. For this reason, we have exchange assignments where we exchange managers for six months or longer to share each other's' expertise. Although these exchange assignments can be costly, it helps us to learn new businesses faster which reduces cost and increase productivity and facilitates effective knowledge sharing and learning. [I2]

IJV research has emphasized the importance of synergies in transferring know-how and learning technology and market knowledge (Patton, 2008), and evidence from findings indicate knowledge transfer and learning between partners, both within the IJV and with Tesco's other international operations using highly diverse sources of knowledge.

The findings reveal, in particular, that Tesco UK expatriates, international assignees and the partners' other subsidiaries looked for the knowledge they needed outside of the IJV on their own initiative and they developed personal networks across Tesco's headquarters, other subsidiaries and IJV partners as well as at the Tesco headquarters in order to overcome the differences in language. Through these informal language-based networks, they rapidly accessed a well-built potential knowledge base, and used these networks to transfer the knowledge they needed, both personal experiences and business-related information.

Informal language-based networks developed considerably, and resulted in useful linkages both within the IJV and other subsidiaries and partnerships in different territories (Marschan-Piekkari et al., 1999). The networks were particularly useful for new international assignees and expatriates as they could access and acquire the knowledge from those who previously had experience in other countries prior to their international roles. Direct personal relationships were also significant for developing the networks, and broader indirect connections with other units were also very important (Hansen, 2002).

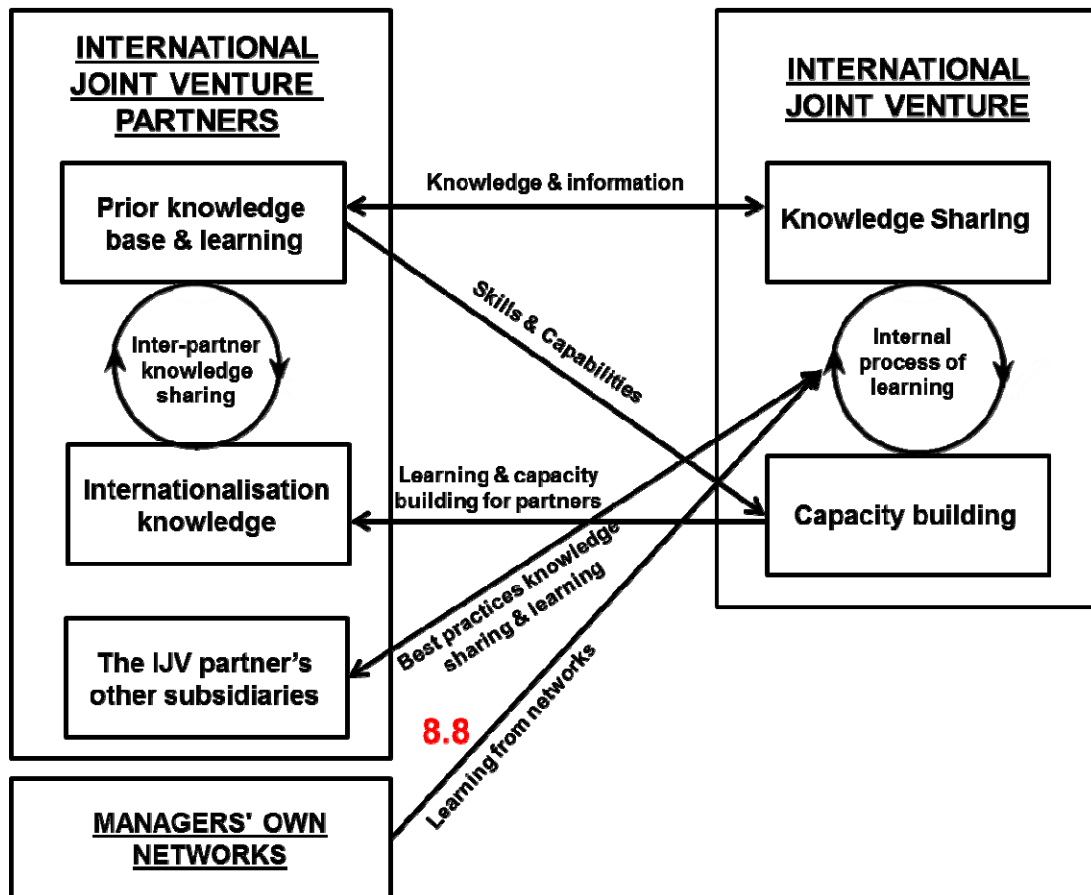
These broader networks included Korean expatriates and assignees who worked at Tesco's headquarters, who have relatively higher levels of English proficiency. These provided critical cultural links and local-related business knowledge. This development reflects Welch and Welch's (2008) observation that employees who

need to use their second language often develop their own language-based networks to assist informal acquisition and transfer of knowledge in their own language. We found that the Homeplus managers' creation of the personal networks across Tesco, developed on their own initiative and without the influence of either partner, was critical for these managers to be proactive actors in the knowledge acquisition and exploitation process. Having a Personal Development Program, the IJV managers were able to gain the specific both personal and work-related knowledge and information they required at different levels of management as well as from various departments across the IJV.

Overall, the findings illustrate processes of shared learning with the partners' other subsidiaries internationally to be critical. This shared learning, driven mainly by the IJV managers themselves, passed from Homeplus outwards. When Homeplus directly transferred systems from Tesco headquarters, Homeplus usually had to modify them further in order to make them suitable for the Korean market setting. The manuals and materials Homeplus produced were then often useful for Tesco's other international operations, especially in emerging markets. These shared learning processes not only enhanced the IJV's practice but also helped improve the partner's other international operations systems.

Absorptive capacity learning requires not only learning new knowledge and skills but also putting them into practice, an experience that other subsidiaries have also had to do; this is why the other Tesco's international subsidiaries and partners were especially useful. In not just acquiring the new knowledge but using it in identifying problems and suggesting or modifying solutions in a continuous learning process, they were engaged in an absorptive capacity building process. The most significant learning processes therefore involved the development of an organisational learning culture within and around Homeplus.

## 8.8 Emergent findings: Learning from the outside network- Managers' own networks



*Arrows indicate learning directions*

**Figure 8.8: The revised framework of knowledge sharing and learning within an international joint venture**

Source: Author

### *Structural arrangements: The role of other sources*

While previous knowledge acquisition and learning IJV research, reflected in Figure 5.3, indicates that knowledge would be acquired from the partners, acquired vicariously and through grafting but did not expect to see significant other sources of knowledge. Evidence from findings suggests other sources of knowledge played a critical role, alongside the other subsidiaries of the partners. This emergent finding

illustrates the important use of external networks within the IJV was critical in exploiting knowledge which was not driven by the managers of the two partners. Structurally, the freedom that can be offered in in IJVs means that learning and the knowledge acquisition can be driven by the IJV managers themselves autonomously. In this way, the relationships and external sources developed by the IJV managers were incorporated into the IJV knowledge development process to promote broader and complex knowledge sharing initiatives.

***Individual capabilities: Selective externally focused knowledge acquisition***

IJV managers actively sought, shared and transferred knowledge, thus absorbing the knowledge they needed. The findings indicate the learning from the IJV managers' own sources was also important for further learning within the IJV as well. Most of the managers considered it important to be actors themselves in the knowledge acquisition and exploitation process, regardless of their management levels and departments.

Overall, it was evident that firms and their managers need extensive experience in order to be able to undertake this selective externally focused knowledge acquisition. Here, the findings suggest advantages for IJVs over subsidiaries within this process, which appear not to have been highlighted in IJV research. First, unlearning is likely to be much easier in an IJV than in a subsidiary. Second, the freedom available in IJVs means that learning and the knowledge acquisitions are driven by the IJV managers themselves rather than being driven by the partners.

***Organisational processes: The demand for knowledge sharing***

Some IJV managers used the consultants who had originally advised Samsung on its retail expansion and branding development, and other managers, who had a management consulting background, used their own network to find the appropriate

consultants for their specific projects. Some of the IJV managers successfully applied it to commercial ends. IJV managers also used their own networks from their prior experiences. This use of external consultants and specialists was common and the IJV managers employed their own network for finding specific external sources to develop and institute training programs and workshops. The emphasis on using external sources was particularly useful in gaining new and sophisticated technological knowledge that they are not able to gain or find within the IJV or the partners for their specific project and through them the IJV's objectives were exploited. Also, the complex local environmental conditions led to consult a number of specialists:

I was asked to organise training programs and workshops. I had to use my own networks from previous work to find suitable external speakers in management consulting and develop a programme with them. [I2]

Externally sourced knowledge was also significant especially when seeking and pursuing new business opportunities such as in telecoms, insurance and credit card services.

## **8.9 Conclusion**

This chapter has presented eight overall findings and analysis accordingly with the research framework developed in Chapter Five. Summary of the findings are presented in Table 8.1. In summary, the internal environment of the IJV was overwhelmed by important differences in terms of differences in hierarchy, organisational cultures, managerial methods and language. While a number of differences impeded knowledge sharing and learning, this chapter presented facilitators of knowledge sharing and learning built into the IJV in order to overcome the differences between the partners in sharing knowledge and learning.

**Table: 8.1 Summary of the findings**

<b>Themes</b>	<b>Microfoundations for learning</b>
8.1 Prior knowledge and learning base	Structural arrangements: Partner selection Individual capabilities: Managers' educational backgrounds Organisational processes: Learning and collaborative cultures
8.2 Inter-partner knowledge sharing	Structural arrangements: Autonomous relationship between international joint venture partners Individual capabilities: Autonomous managers Organisational processes: Asymmetrical nature of learning
8.3 Knowledge and information sharing between partners and international joint venture	Structural arrangements: Top-down prioritisation of knowledge sharing Individual capabilities: Learning and unlearning Organisational processes: Generating new knowledge
Skills and capability learning from partners to international joint venture	Structural arrangements: Business relatedness and shared business backgrounds Individual capabilities: Cooperative behaviours Organisational processes: Glocalisation strategy
8.5 Internal process of learning within the IJV	Structural arrangements: Decentralizations, autonomy and local environmental context Individual capabilities: Managing language barriers through personal networks Organisational processes: Diversity of learning and knowledge sharing and acquisition processes within IJV
8.6 Learning and capacity building for the partners	Structural arrangements: Shared learning structure Individual capabilities: The role of wider network Organisational processes: Absorptive capacity building
8.7 Emergent findings: Best practices knowledge sharing and learning between IJV and partners' other subsidiaries	Structural arrangements: pro-activeness in knowledge sharing and learning Individual capabilities: Autonomous knowledge sharing to the partners' other subsidiaries Organisational processes: Shared learning with the partners' other subsidiaries
8.8 Emergent findings: Learning from the outside network- Managers' own networks	Structural arrangements: The role of other sources Individual capabilities: Selective externally focused knowledge acquisition Organisational processes: The demand for knowledge sharing

Source: Author

Both of the partners strongly believed in knowledge sharing and learning which led the IJV to develop the structure so that they are able to achieve it. It is clear that both IJV and headquarters managers were proactive in their own knowledge sharing and learning. Through learning process, IJV managers were able to connect with the new context of the organisations.



Homeplus is able to usefully share different types of knowledge as there is a selection of both top down and bottom up management processes, pathways and routines established to transfer and share knowledge among a large group of individual managers over the longer term despite several challenges that were presented to them. The strength and depth of the management's continued commitment to the development of the IJV facilitated the process of knowledge sharing within the IJV as well as with other subsidiaries.

The knowledge sharing did not require time-consuming social interactions between the two partners or even between the partners and the IJV. Rather, the social interactions that generated the critical knowledge sharing were between the IJV managers and the partner's other subsidiaries and IJV partners in the region. This challenges a key assumption that knowledge sharing in IJVs requires high levels of social interaction between the partners, despite the hurdles presented by differing backgrounds.

It outlined several strategic decisions of the IJV that worked positively which include the characteristics of their partner selection, manager's educational backgrounds, learning and collaborative cultures, top-down prioritization of knowledge sharing and decentralizations and autonomy. There is a range of knowledge sharing activities developed by the autonomous IJV managers developed by the use of a wider network, their own ways to overcome their language barriers and autonomously developed knowledge sharing with other subsidiaries and networks. This chapter adopted and is organised on the microfoundations of learning to illustrate the structural arrangements of the IJV, the individual capabilities, and the organisational processes of the IJV that help IJV managers to learn from their partners, to develop capacity within their IJV, and to help the internationalisation of their partners.

## CHAPTER NINE: CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study is to explore the knowledge sharing and learning processes that IJV managers undertake, focusing on the “micro-level” of IJV manager action and interaction. It explores how managers of the partners and of IJVs overcome barriers to knowledge sharing. Specifically, this research investigates the capabilities and decisions that help IJV managers to learn from their partners, to develop capability from that learning, and to build the absorptive capacity needed to do so. This study combines internationalisation process, knowledge sharing and organisational learning research to develop an overarching theoretical framework for IJV learning that positions the IJV managers’ roles within the learning process within IJVs as seen in Chapter Five (Figure 5.3). This study investigates the view of knowledge sharing and learning more relevant to IJV development, as well as presenting the specific lessons the case IJV firm derived from its IJV experience more broadly, which has been included in research.

This study then examines theoretical ideas concerning the ‘microfoundations’ of learning to consider the structural arrangements, the individual capabilities and the organisational processes of the IJV that might help IJV managers to learn from their partners, to develop capacity within their IJV, and to help the internationalisation of their partners. The chapter presents conclusions which are drawn from two research questions as below:

1. How do IJV and IJV partners’ managers undertake knowledge sharing and learning and how do they overcome barriers to knowledge sharing?
2. How do IJV managers learn from their partners to develop capacity within their IJV that helps the partners’ internationalisation?

To address the first research question, the study draws overall three broad findings regarding the theoretical framework for IJV learning (Figure 5.3.) and presents a revised theoretical framework with two emerging features from the inductive findings.

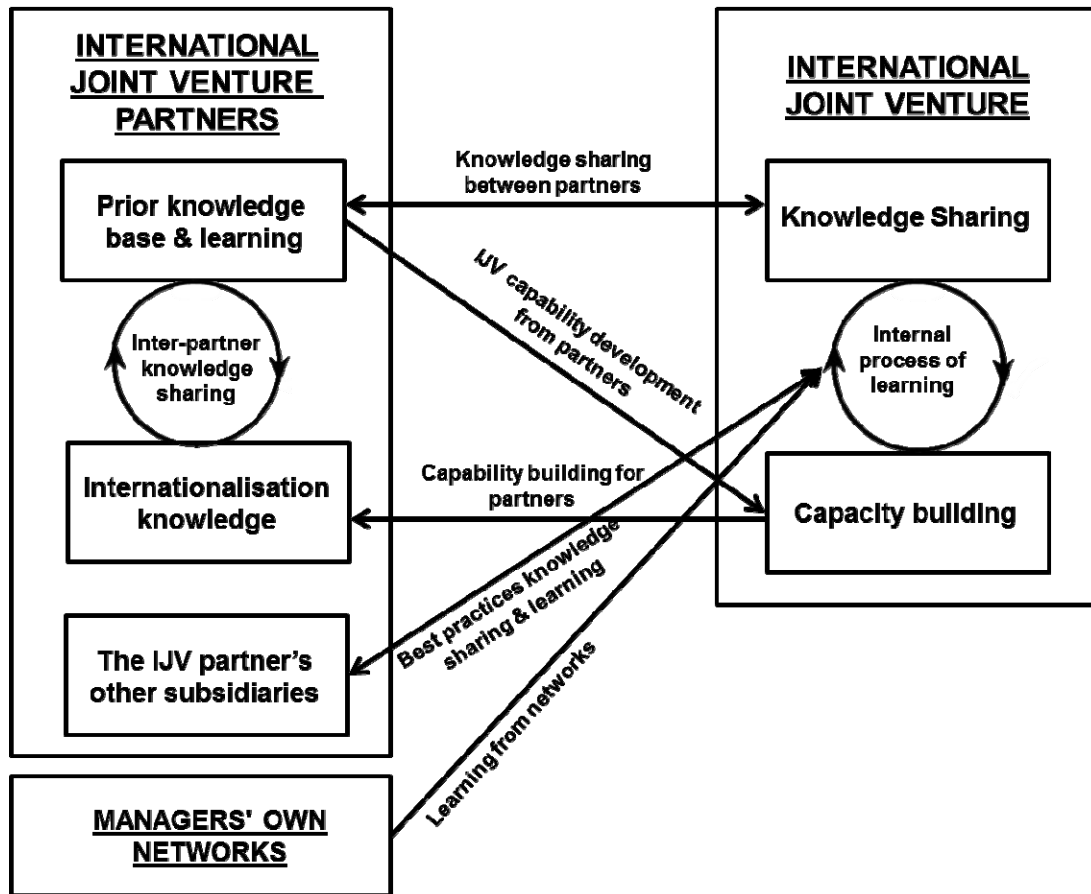
To address the second research question, the conclusions are drawn concerning the structural, individual and process levels of microfoundations of learning. From the findings, the revised concept of microfoundations for IJV learning and absorptive capacity building is presented focusing on the interlinked three levels of microfoundations.

This chapter also presents implications for theory and research in knowledge sharing and learning and implications for practices. This chapter concludes with limitations and implications for future research.

## **9.1 Revised framework**

Overall, many of the knowledge and learning sources and processes predicted in Figure 5.3 in Chapter Five were found within the Homeplus IJV case study. Most notably among these was the use of prior knowledge from the IJV's partners. In the processes of joint absorptive capacity building, many of the theory-based expectations were matched, but it also found other elements of the absorptive capacity building process, that can be consider to be contributions to the field. The findings show that learning took place for both partners as well as the IJV itself. Their main sources of learning and knowledge acquisition were external, via vicarious learning, grafted knowledge and learning by searching and noticing. These three knowledge acquisition processes have features of their own that can be used appropriately in particular contexts (Huber, 1991). The findings indicate that the external sources of knowledge acquisitions were critical in developing into a

successful IJV. Both internal and external learning and knowledge acquisition processes can be alternates for each other in some measure.



*Arrows indicate learning directions*

**Figure 9.1: The revised framework of knowledge sharing and learning within an international joint venture**

Source: Author

Figure 9.1 presents the knowledge sharing and learning model derived from theory, but now augmented by the findings of this study. This Figure 9.1 shows two important new aspects of learning that arise externally from our findings, not noted in previous IJV research, being integrated into the knowledge sharing and learning process.

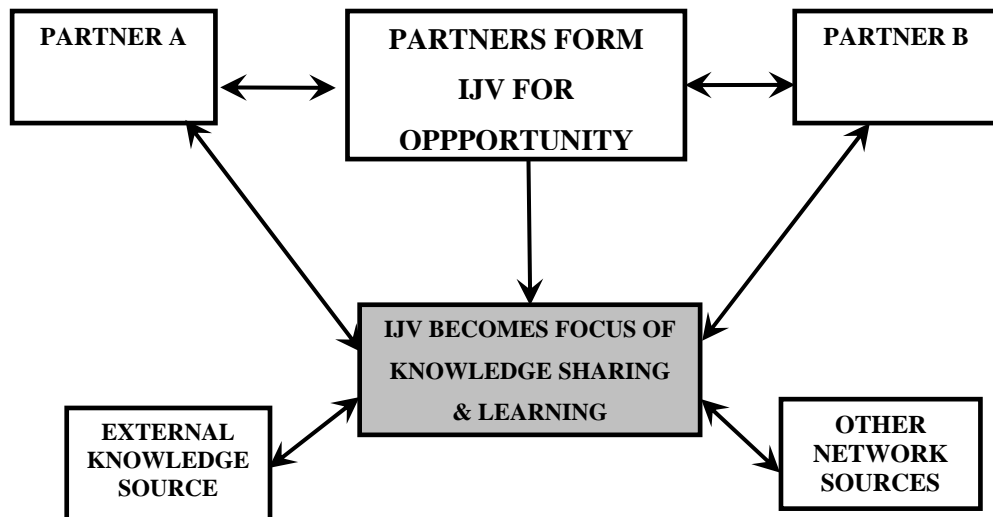
One key aspect of this complexity is the diversity in the sources of knowledge: it is richer than just that of the two partners that previous research has tended to assume. The IJVs' managers do learn from the headquarters of their partners firms, but also from other managers in the partners' international operations and their own contacts from personal and prior experiences, all generating and reinforcing patterns of organisational learning. A diversity of sources appears to be important for the learning and capacity building process within IJVs.

The first of these concerns learning from other international subsidiaries or partnerships of the partners involved, in a process that was driven by the IJV managers and not by the partners. Specifically, relationships developed by the managers in other subsidiaries of the partners and IJV managers with the autonomy to source the knowledge they need from where they will find it most readily motivates high levels of intensity of effort in developing effective absorptive capacity, which has been identified to be critical in capacity building.

The second concerns learning from other sources, these being sources accessed by the IJV managers themselves from their personal and prior experiences that were related neither to the partnership nor to its partners. Network relationships were developed which can be contacts of either of the partners or of the managers, such as consultants, but which are accessed by and present a knowledge source for the IJV managers themselves.

The primacy of the IJV managers themselves in this process leads to tailor the knowledge sharing and learning framework to the IJV as shown in Figure 9.2. Partners A and B are still seen to form the IJV for the development of an opportunity, but the IJV is now presented as the locus of knowledge sharing, and not the partners. Although the level of knowledge sharing and learning activities will vary in different

IJVs, knowledge will flow both ways from and/or to the partners, in ways determined not by the managers of the partners, but by the managers of the IJV.



**Figure. 9.2: A revised framework of knowledge sharing and learning within IJVs**

Source: Author

The findings illustrate that despite different hierarchies and organisational cultures that inhibited knowledge sharing, the Homeplus managers achieved extensive knowledge sharing, quickly and without deep interaction between the partner’s managers. Both partners recognized each of their key expertise and capabilities and they did not attempt to learn from these but they entirely relied on them to do their own job in those areas of expertise and knowledge. The partners acted as knowledge stocks where autonomous IJV managers to take what knowledge they required from them through the bottom up process of knowledge acquisition and learning.

Specific top-down and bottom- up decisions fostered the IJV’s prospects for success without social interaction processes. From the top, the partners institutionalised knowledge sharing routines with its subsidiaries and IJVs, and wrote manuals to

transform tacit knowledge from international operations into explicit operating knowledge. They developed an organisational learning culture that was open to knowledge and know-how sharing, especially of their 'best practices'. Giving the IJV managers high levels of autonomy also promoted knowledge sharing; they built up strategies themselves to be appropriate for their own IJV context. Partners' managers, therefore, do not necessarily need to become closely embedded with one another for their IJVs to gain the knowledge they need for success.

The findings challenge the belief that levels of social interaction influence the knowledge sharing and learning between these two culturally unaligned partners. Tesco UK, in comparison exercises a less tight control over its IJV's marketing and human resource management activities. This leads to localise the operation successfully whereas operational management is more tightly integrated with the partner's global activities and standards to make operations simpler.

Both internationalisation process theory and organisational learning theory research streams emphasize the critical role of learning, knowledge transfer and capacity building, and combining two sets of theoretical foundations have allowed useful conclusions to be drawn in this study; evidence from findings suggests that this integration of theories is a useful avenue for future research in international partnerships.

The overarching observation is that the attitude and approach of the knowledge recipient is a more important factor for the effective transfer of knowledge, and in the context of an IJV, this is the IJV and its management team. The findings show that providing high levels of managerial autonomy to the IJV managers facilitated to overcome barriers to knowledge sharing activities. Because of the autonomous IJV managers, they were able to effectively transfer and exploit knowledge as recipients. It also challenges assumptions that partners mainly drive the locus of knowledge

sharing and development but in this case IJV, the development of the partnership was dominated by the IJV itself.

## **9.2 Implications for theory and research in knowledge sharing and organisational learning**

IJVs are important in the corporate landscape, and important in the internationalisation process of many companies facing globalisation in their industries. We know that knowledge sharing lies at the heart of IJV success, but we still know very little about how managers can successfully achieve knowledge sharing within them. We also know that IJVs are invariably unsuccessful, and that they face barriers to knowledge sharing and learning, such as differences of hierarchy, organisational culture, managerial methods and language, that present particular challenges.

As an exploratory study, the study chose to explore in detail a single IJV case where the challenges, from differences, were extremely great and evident from the start, but the outcome was highly successful. This has enabled us to gain insight into knowledge sharing and learning processes within IJVs where massive dissimilar contexts are faced (Yin, 2009). This focus presents inevitable limitations concerning the degree of generalizability of the findings where generalization to other firms and sectors may be undertaken even though only with great care. (Detailed limitations are discussed in Section 9.4.). The case of IJV is unique, which is largely why it was chosen for this study, and it involves two firms that, for example, may have been more open or exposed to knowledge sharing and learning than many other firms. The case firm demonstrates like firms of all nationalities, that it is confined by the local conditions and industry structures as well as its own distinctive administrative heritage (Beechler and Yang, 1994). This study has, nevertheless, enabled the generation of theoretical (rather than empirical) generalisations that represent useful contributions to IJV research and practice.



The study draws three broad contributions regarding the overarching theoretical framework for IJV learning (Figure 9.1.) to our general understanding of the management of knowledge sharing and learning in IJVs.

First, IJV partners can themselves develop strategies that help knowledge sharing that will enhance the prospects for IJV success. The IJV recognised the importance of knowledge sharing and learning as a useful process and took deliberate strategic decisions to promote knowledge sharing activities at different levels. Tesco had developed and institutionalizing knowledge sharing routines in its management and partnering with its international subsidiaries and IJVs. These resulted in, for example, collective tacit knowledge being converted into explicit knowledge through operational manuals and systems. Homeplus and both its partners decided that knowledge sharing and learning was critical, and they implemented specific measures for doing it, but did not institute organisational processes for encouraging the parties to get to know one another better, which previous research has implied would be necessary (e.g. Noorderhaven and Harzing, 2009).

The IJV partner's prior capabilities are critical for building and sustaining their IJV relationship prior to and during the IJV. These capabilities facilitate cross-fertilization, integration, and combination of new knowledge and learning between the partner's prior bodies of knowledge, helping knowledge application to be focused on the IJV's needs. This, in turn, helps an absorptive capacity building process to be generated within the IJV itself.

Second, IJV managers themselves are able to develop strategies that enable effective knowledge sharing and learning in contexts where this might otherwise be difficult. Operationalization of the knowledge sharing strategy within the IJV was a bottom-up process and not a top-down process; the IJV's own managers were given the autonomy to themselves determine and find the knowledge that they needed. The IJV managers believed in sharing and being open, and they decided, perhaps

because they were so motivated to make the IJV a success, just to do it. This openness may have been because much of its focus was their 'best practices'. The partners' internationalisation capability was developed through the IJV managers sharing knowledge and learning with other international subsidiaries of the partners of their 'best practices'.

By giving the IJV managers high levels of managerial autonomy, the partners indirectly promoted knowledge sharing and learning by requiring them to develop learning strategies appropriate for their context. This resulted in high levels of interaction with the partner's other subsidiaries and other IJVs. The IJV managers proactively sought the knowledge they needed from outside the IJV and its partners, using their own personal networks (including from their previous working life), that represented important specific external sources of knowledge. This meant that the knowledge sharing not only improved performance at different levels within the IJV, but also benefitted the operations of Tesco's other international subsidiaries. Moreover, learning in IJVs, characterised by differences between partners, may be helped by IJV manager autonomy rather than by close partner interaction.

This leads us, third, to conclude that many key assumptions made in IJV research concerning knowledge sharing are over simplistic. Much research assumes that knowledge sharing and learning requires high levels of social interaction, so that differences represent major barriers. Nevertheless, it has not been ignored that we are opening a field and it can open up a new avenue of inquiry. Critically, despite the substantial institutional and cultural differences in the Homeplus IJV, and even though the two firms were not closely embedded with one another, both achieved a high level of knowledge sharing. Partners do not share knowledge directly when facing large dissimilarities of hierarchies and organisational cultures, but share it within the IJVs. That way, partners' managers do not need to directly address

barriers of dissimilarity in becoming closely embedded with one another for their IJVs to gain the knowledge it needs, but high intensity of effort in learning and capability building within the IJV is needed in a context of dissimilar partners with complementary resource bases.

Effective knowledge sharing can be achieved in IJVs, and the study documented how it was achieved in this IJV. Counter intuitively, Korea's hierarchies helped (rather than hindered) knowledge sharing in the Korean operations, and Tesco's strong corporate culture fostered knowledge sharing from its headquarters. The knowledge sharing and learning did not involve deep social interactions between the two partners or even between the partners and the IJV. In addition, in this IJV, the knowledge sharing and learning between the IJV managers and the partner's other international subsidiaries and IJV partners in the region generated more social interactions.

Overall, international business research in the field of IJVs has mainly focused on what firms are doing in their IJVs, the contexts within which they form them, and their purposes in forming the IJVs. Against a background of continued management failures in the implementation of IJVs, as witnessed from high failure rates, the focus in this study has been on *how* firms develop and manage their IJVs, and for that, we needed a wider range of theories as a research resource. The findings illustrate internationalisation process theory and organisational learning theory, developed by researchers with different research agendas, to be useful in understanding the activities of managers developing IJVs for the purpose of successful internationalisation. These, however, needed to be framed within a theoretical foundation that could embrace the structural, the individual and the process microfoundations behind organisational learning, as has recently been furnished by Felin et al. (2012) which following section illustrates in detail.

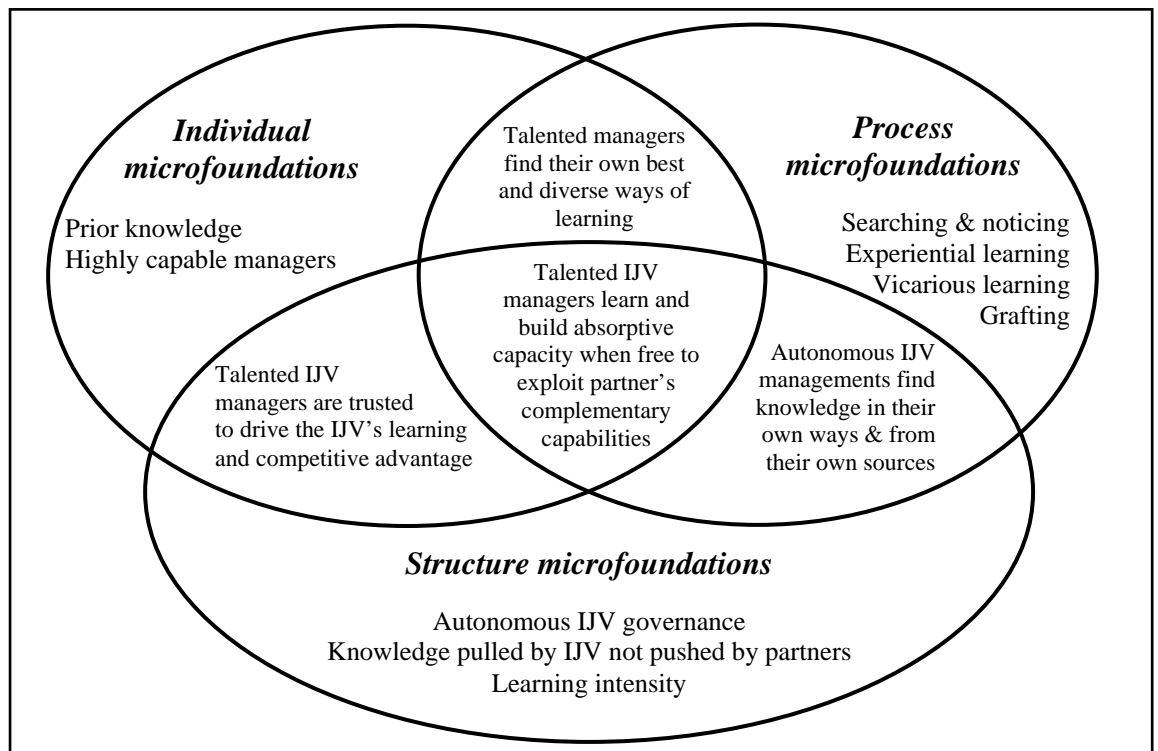
### *Interfaces between the microfoundations of learning*

The fine-grained nature of this case study in which the study takes an IJV manager perspective rather than a parent or partner-level organisational perspective, however, responded to Foss et al's (2010) call for research that uncovers deeper complexities in how the managers enact these processes in practice. In so doing, it has contributed to our understanding concerning the types on learning and the sources of knowledge, and concerning the management of learning that builds absorptive capacity.

The findings have seen how Homeplus managers learned and acquired capability not only from the headquarters of their partners' firms, as previous research has tended to assume, but from a variety of sources within and around the structure of the IJV, in complex ways (Gong et al., 2007). This diversity, that included managers in the partners' other international operations, and their own contacts from personal and prior experiences of sources, was significant in the process of generating and reinforcing patterns of organisational learning. Another aspect of this complexity is that learning in the IJVs takes place in many ways, which organisational learning theory has helped us to observe. This structural influence also, however, reflected other structural, individual and process factors; there was complete interlinkage between these microfoundations, as is illustrated in Figure 9.3.

Findings were drawn concerning the structural, individual and process levels of microfoundations of learning. Structurally, the diversity of sources was affected because Homeplus had addressed the problem of the great differences between its partners by delegating authority to the managers themselves to decide what to do, giving them greater control here than would be normal in other IJV relationships, or in many multinational firms. This would not have been possible or effective, however, if the managers as individuals had not had the capabilities to pursue these sources, and the absorptive capacity to make use of the knowledge that they gained.

It was the processes pursued by those talented and structurally autonomous managers, however, that yielded effectiveness (Newburry et al., 2003). Because of those managers' backgrounds, they were engaged, proactive actors in the knowledge sharing and learning process, and the study identified where and how managers displayed this pro-activeness.



**Figure 9.3: Interlinked microfoundations for IJV learning and absorptive capacity building**

Source: Author

The study clearly demonstrated a paradox at the structural level in that the difference in the partner's industrial and national cultures simultaneously presented both opportunities for and barriers to new learning (Pak et al., 2009). The Homeplus IJV overcame these by investing in intensive processes for developing effective absorptive capacity, by its managers having high levels of absorptive capacity as individuals, and by their having structural and process autonomy to drive the

learning themselves. This gave them the structural position, the process authority and the individual capability to source the knowledge they needed from where they could find it most readily, within and outside the firms, and to implement it as they considered appropriate.

At an individual level, the IJV managers' high underlying educational level and their extensive prior knowledge and experience was critical for the speed and willingness of learning. Their individual capabilities interacted positively with the context of structural and process autonomy: they independently chose to invest intensively in learning to increase the IJV's absorptive capacity (Lane et al., 2001; Zahra and George, 2002).

At process level, experiential learning was important (Eriksson and Chetty, 2003; Eriksson et al., 2000; Johanson and Vahlne, 1990), but other types of learning identified in organisational learning research were also important, especially vicarious learning and grafting, mainly because of the managers' absorptive capacity developed from their previous experiential knowledge (Huber, 1991). For them, experiential learning, the focus of previous internationalisation process and organisational learning research, is very important but not sufficient; other types of knowledge acquisitions and learning are needed as well.

Their main knowledge acquisition and learning processes were via vicarious learning, grafting and searching and noticing (scanning, focused search and performance monitoring) three approaches to knowledge acquisitions and learning which are chosen according to the needs and the contexts (Huber, 1991). These diverse processes are seen to be important within IJVs in developing knowledge flow and learning. In particular, grafting was most useful when the IJV had not only to acquire and assimilate knowledge but also to transform and exploit it as well. Searching and noticing approach also provided a useful way of acquiring knowledge

and learning for a retail firm like Homeplus. This helps us to enrich the model, including richer learning in IJVs with a much more diverse set of sources and processes of learning than has been assumed until now.

Overall, the analysis from a microfoundations for learning focus shows how the IJV managers had the structural position, the process authority and the individual capability to source the knowledge they needed from where they could find it most readily within the firms and externally, and to implement it as they considered appropriate. This shows all three sets of microfoundations of learning to be important, rather than the structural one that has hitherto been the focus of IJV research. Furthermore, the study shows the importance of coherent linkages between the structural, individual and process microfoundations of learning that are essential for the potential opportunities and strategic benefits presented by learning and knowledge sharing within an IJV to be realised.

The study enriches our understanding of the ways in which learning can take place within an IJV. It does this by adding important elements to the IJV learning research framework that was developed from previous IJV research, these additions representing sources of learning in IJVs that have been overlooked to date. The study also contributes by recognizing other types of learning, beyond the experiential learning that research has assumed to be the main form of learning in IJVs. Research is increasingly referring to managers as engaged actors in the knowledge sharing and learning processes. This study noted that they are proactive actors in learning, and went further by identifying where and how managers display this pro-activeness. Focusing on the process of learning rather than its content has allowed a better contribution to the issue from a manager's perspective.

Furthermore, since the capacity to absorb this new learning and put it into practice is essential, the emphasis to date on 'knowledge transfer' therefore fails to appreciate

the far greater importance, from an IJV's perspective, of absorptive capacity building through learning. The IJV and the partners' managers were learning how to learn in a new environment, a double-loop rather than a single-loop learning process which put the venture on a new 'learning path'. This was a dynamic process, with managers in different positions following new and diverse routes to knowledge and methods of learning.

The findings suggest that because the process of realizing absorptive capacity is challenging in requiring the frames of reference of managers and their organisations to be changed (Huber, 1991), it is the managers themselves that drive this process through their own agency. It is especially challenging in IJVs that are created with highly dissimilar partners who can gain the greatest strategic advantages from learning. This was the case in Samsung-Tesco, where the disadvantages of difference were overcome with intensity of effort in learning, knowledge transfer and capacity building processes in IJVs, driven by the IJV managers themselves and not by the partners. It is they who employed the diverse methods of acquiring and sharing knowledge, and chose to use the diverse range of sources that evidence from findings demonstrates.

Having been the initiators and creators of knowledge within their IJVs, it is they who shared it with the IJVs' partners as well as with the partners' other international subsidiaries, who all benefited from this process. So it is they that caused the learning, knowledge transfer and capacity building processes in IJVs to be broader and richer than we had expected up to now, and it is they and their activities that could be the most useful focus for future research into IJVs. This was only possible, however, because of the microfoundations of appropriate structure, of individual capability, and of creative process which Tesco and Samsung built into the venture.



Finally, as essential, these had to link together in a coherent way between the structural, individual and process microfoundations of learning that underpin IJV absorptive capacity for learning for capability building, as Felin et al. (2012) suggest. For example, the Homeplus managers not only needed to have the individual capability and absorptive capacity, but they also needed the structural autonomy and power to use it, and the organisational processes and routines to enable their initiatives to become embedded within the organisation as a whole.

### **9.3 Implications for practice**

This study yields some useful implications for the managers of IJVs, where good management has been found to enhance IJV performance (Glaister et al., 2003). This is an important area where managers would value guidance and it is an area which has been overlooked in international management research. The study of this highly successful IJV, with partners from very different industries, clearly shows that there can be great benefits from giving a high level of autonomy to the IJV managers and letting them control their own knowledge sharing and learning. Indeed, the freedom of managers to share knowledge and learn from diverse sources may well be a key advantage for performance in IJVs over equivalent subsidiaries. In this process, the expertise and experience of the IJV managers themselves is critical: the Samsung-Tesco Homeplus IJV experience testifies to the benefit of employing highly experienced and motivated managers to IJVs, and giving them the opportunities and freedom to learn as they think appropriate. Managers can regard their IJVs as knowledge sharing and learning zones, in which the partners' other IJVs or subsidiaries can also benefit greatly from the international business knowledge sharing and learning that is gained.

Contributions drawn from the findings have important implications for managers. The first, that IJV partners' strategies for helping knowledge sharing and learning

are critical, means that when forming IJVs, firms need to consider what knowledge and learning they need to achieve, where in their organisation or in the IJV they need to achieve it, and who will be leading, driving and benefitting from that process. Having done that, they can then develop top-down strategies and encourage the development of bottom-up strategies (such as through open approaches to knowledge sharing and learning) that will achieve it.

From the second contribution, that the IJV's managers are important in setting the knowledge sharing strategies, the findings conclude that partners should recognise that it is likely to be the IJV managers and not the partners that may be in the best position to lead the learning, so they should recruit and help them in that process. The specific methods are likely to be context specific, but for Tesco Group, this meant good recruitment, language training, and giving high levels of autonomy and freedom.

The third contribution challenges the widely accepted notion that high levels of social interaction between the partners are needed for knowledge sharing and learning when the differences between the partners are great. The study concludes, like Tesco and Samsung, that this may be pointless. If it is the IJV that needs to achieve the knowledge sharing and learning, it may be best to let them get on with it the best way they can. The Homeplus managers had the autonomy to determine the knowledge and learning they needed, and the freedom to pursue obtaining it in the best way they could.

#### **9.4 Limitations and implications for future research**

The focus of this research is an in-depth investigation of a single case firm to yield valuable data regarding the knowledge sharing and learning that managers undertake, focusing on the "micro-level" of manager action and interaction within IJVs.

However, there are several limitations in this study that need to be addressed in order to evaluate the implications of the conclusions drawn from the findings. Although some of the overall limitations were considered and addressed in Chapter Six, here three major limitations are discussed in detail. From these limitations and having laid the foundations for incorporating an internationalisation process, knowledge sharing, and organisational learning theories, this study could formulate the foundation for several future studies in this field.

More research should be carried out for better understanding of the issue and to establish external validity to the conceptual framework empirically for IJVs so as to increase their generalizability. The following section identifies ways in which this research could be further developed by widening the scope of the current study to increase the generalizability by making several recommendations for future research, which are now discussed below.

### *Single case study*

The findings of this study are based on a single case study of a highly successful firm from the retail industry in Korea, which limits the generalizability of the results towards other firms, industries and contexts. However, the aim of this research was to gain an understanding of the complexities of knowledge sharing processes and learning within IJVs rather than to observe generalizable patterns (Yin, 2009). The single case was chosen for its uniqueness of a specified case rather than for the likelihood of the contribution in developing theory within the set of cases in order to achieve a specific aim in the research (Eisenhardt and Graebner, 2007; Ghauri and Grønhaug, 2010). In general, it is expected that the findings from the single case study will offer understanding of the subject area.

Future research could add further cases to construct a multiple case study approach which is referred to as multiple experiments (Rowley, 2002) that could both enrich

the findings and increase the representativeness of the findings for theory building (Gerring, 2007) which can be examined within a broader framework. The cases can be subsidiaries and IJV partners of the same MNE that would enable us to examine the locus of knowledge sharing as a whole in addition to the differences in host-country environments that underline various environmental causes. For example, a question concerns the effects of having different or related partners, and how to manage the IJV in each circumstance; a multiple case study approach might be able to offer explanations on this issue more clearly.

More importantly, it would permit cross-case and within case analysis which may offer wider perspectives of the phenomena. It also allows us to assess the nature of its findings, whether the findings are idiosyncratic to a particular case or replicable by other cases and thus, it is expected to offer a more accurate, enhanced, generalizable and testable theory than a single-case study (Eisenhardt, 1991; Eisenhardt and Graebner, 2007).

This study also limits the generalizability of the findings to IJVs that are not so successfully operating, some of whom have subsequently withdrawn from the markets. The author was fully aware of retail firms that were unsuccessful in several regions including Korea. However, the remarkable achievement of the case IJV and its uniqueness of being a successful IJV partnership, illustrates very clearly the knowledge sharing and learning individual managers are required to do, by examining their processes in achieving its success. To thoroughly establish and investigate patterns or processes of knowledge sharing activities and learning processes within IJVs, future research could, however, include further cases that are not so successful in their internationalisation process.

Since the current research integrates industry and context specific perspectives, future research could employ case firms from a variety of different industrial

backgrounds and contexts or other IJV cases in different regions to refine their insight into the influence of the knowledge sharing process on IJV development. Miles and Huberman (1994) argue that the number of cases chosen depends on the richness and complexity of within-case sampling. Typically, fewer cases may generate literal replication while a higher number of cases may opt for engaging in other patterns of theoretical replications (Rowley, 2002).

Although multiple-case study puts forward wider examination into research questions as well as overall theoretical explanation that may present in the data (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Miles and Huberman, 1994), this may well be at the penalty of losing attention to the particular context as it tends to centre its analysis more on the cases that are contrasted (Dyer and Wilkins, 1991). Moreover, there is a concern with reporting and presenting all evidence moderately as researchers often dedicate a long period solely on collecting data in multiple case study design which might lead to loss of richness in the presentation of the findings (Yin, 2003).

### ***Interviews***

Another limitation of this study lies with whom the interviews have been conducted which may present probable respondent biases and divergence among the targeted interviewees. As previously discussed in the methodology (Chapter Four), there is a limitation of concentrating on single respondents (Bowman and Ambrosini, 1997). Given the time constraints and scope of this research, it was not possible to conduct interviews with a wider level of multiple informants. Interviews were conducted with top and middle managers as key informants which may represent the issue of upper-echelon bias with data, which in turn might reflect their certain way of doing business (Hambrick and Mason, 1984; Pudelko and Harzing, 2007). For example, other research demonstrates that executives express a rather different view on the subject in HR management from other line managers (c.f. Wright et al., 2001).

Also, the majority of the interviewees were male, except one female interviewee which might have presented possible bias. To overcome such limitations, the author triangulated data supplied by industry experts, and a competitor using methods discussed in Chapter Six. Moreover, interview data may convey some possible bias as interviewees have a tendency towards compliance that they may be under pressure to represent their firms positively during the interviews.

For future research, it would also be of value to undertake a wider scope of interviews within all managerial levels as well as with the partner's other international subsidiaries and partners for example in Tesco China and Thailand where interviewees expressed particularly close relationships and knowledge sharing activities with them. Since this research has noted the important role of shared knowledge and learning at the manager level and with the partner's other international subsidiaries and partners, it could be worth investigating further.

### ***Longitudinal approach***

The continuing process of internationalisation, knowledge sharing and learning is very complex; carrying out research over a longer time or over a particular period of the whole process of IJV formation and development longitudinally could therefore be beneficial. For future research, the researcher might gain a deeper understanding of the richness of the different sources of knowledge and learning and the processes involved in exploiting it by employing a longitudinal design of data collection and analysis, and this would also give a clearer picture as to how these change and develop at the IJV, as the relationship between the partners matures. Future research also could be valuable to retail internationalisation research as it has been mostly focused on the present and lacks a longitudinal analysis of events (Burt, Mellahi, Jackson and Sparks, 2002). Even these few available longitudinal studies in this subject either focus on specific retail sectors (Burt, 1993; Godley and Fletcher, 2000) or individual firms with regards to entry modes and market entry and growth.

## REFERENCES

- Abell, P., Felin, T., & Foss, N. (2008). Building micro-foundations for the routines, capabilities, and performance links. *Managerial and Decision Economics*, 29(6), 489-502.
- Abrahamson, E., & Rosenkopf, L. (1993). Institutional and competitive bandwagons: Using mathematical modelling as a tool to explore innovation diffusion. *Academy of Management Review*, 18(3), 487-517.
- Akehurst, G., & Alexander, N. (1995a). The internationalization process in retailing. *Service Industries Journal*, 15(4), 1-15.
- Akehurst, G., & Alexander, N. (1995b). Developing a framework for the study of the internationalization of retailing. *Service Industries Journal*, 15(4), 204-209
- Alexander, N. (1990). Retailers and international markets: Motives for expansion. *International Marketing Review*, 7(4), 75-85.
- Alexander, N. (1995). UK retail expansion in North American Europe: A strategic dilemma. *Journal of Retailing and Consumer Services*, 2(2), 75-82.
- Alexander, N. (1997). *International Retailing*, Oxford: Blackwell.
- Alexander, N., & Quinn, B. (2002). International retail divestment. *International Journal of Retail and Distribution Management*, 30(2), 112-125.
- Almeida, P., Song, J., & Grant, R.M. (2002). Are firms superior to alliances and markets? An empirical test of cross-border knowledge building. *Organization Science*, 13(2), 147-161.
- Ambos, T.C., Ambos, B., & Schlegelmilch, B.B. (2006). Learning from foreign subsidiaries: An empirical investigation of headquarters' benefit from reverse knowledge transfer. *International Business Review*, 15 (3), 294-312.
- Amit, R., & Schoemaker, P.J. (1993). Strategic assets and organisational rent. *Strategic Management Journal*, 14, 33-46.
- Anand, B.N., & Khanna, T. (2000). Do firms learn to create value? The case of alliances. *Strategic Management Journal*, 21(3), 295-315.
- Andersen, O. (1993). On the internationalization process of firms: A critical analysis. *Journal of International Business Studies*, 24(2), 289-302.
- Anderson, J.A. (1988). Cognitive styles and multicultural populations. *Journal of Teacher Education*, 39(1), 2-9.
- Andersson, S., Gabrielsson, J., & Wictor, I. (2004). International activities in small firms: Examining factors influencing the internationalization and export growth of small firms. *Canadian Journal of Administrative Sciences*, 21(1), 22-34.
- Anh, P.T.T., Baughn, C.C., Hang, N.T.M., & Neupert, K.E. (2006). Knowledge acquisition from foreign partners in international joint ventures: An empirical study in Vietnam. *International Business Review*, 15(5), 463-487.
- Appleyard, M.M. (1996). How does knowledge flow? Interfirm patterns in the semiconductor industry. *Strategic Management Journal* 17(Winter), 137-154.
- Argote, L., & Ingram, P. (2000). Knowledge transfer: A basis for competitive advantage in firms. *Organizational Behaviour and Human Decision Processes*, 82 (1), 150-169.

- Argyris, C. (1976). Single and double loop models in research on decision making. *Administrative Science Quarterly*, 21(3), 363-378.
- Argyris, C. (1977). Double loop learning in organizations. *Harvard Business Review*, 55(5), 115-125.
- Argyris, C. (1999). *On Organizational Learning*, Blackwells, Oxford.
- Argyris, C., & Schön, D.A. (1974). *Theory in practice: Increasing professional effectiveness*. London: Jossey-Bass.
- Argyris, C., & Schön, D.A. (1978). *Organizational learning: A theory of action perspective*. Reading, MA: Addison-Wesley.
- Argyris, C., & Schön, D.A. (1996). *Organizational learning II: Theory, method and practice*. Reading, MA: Addison-Wesley.
- Arrow, K.J. (1962). The economic implications of learning by doing. *The Review of Economic Studies Ltd.* 29(3), 155-173.
- Attewell, P. (1992). Technology diffusion and organizational learning- The case of business computing. *Organization Science*, 3(1), 1-19.
- Autio, E., Sapienza, H.J., & Almeida, J.G. (2000). Effects of age at entry, knowledge intensity, and imitability on international growth. *Academy of Management Journal* 43(5), 909-924.
- Baker, W.E., & Sinkula, J.M. (1999). The synergistic effect of market orientation and learning orientation. *Journal of the Academy of Marketing Science*, 27(4), 411-27.
- Bamford, J., Ernst, D., & Gubini, D.G. (2004). Launching a world-class joint venture. *Harvard Business Review*, 82 (2), 91-100.
- Bandura, A. (1982). Self-efficacy mechanism in human agency. *American Psychologist* 37(2), 122-147.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Barney, J.B., & Zajac, E.J. (1994). Competitive organizational behaviour: Towards an organization-ally-based theory of competitive advantages. *Strategic Management Journal*, 15, 5-9.
- Bartlett, C., & Ghoshal, S. (1991). Global strategic management: Impact on the new frontiers of strategy research. *Strategic Management Journal*, 12(S1), 5-16.
- Bateson, G. (1972). *Steps to an ecology of mind*. New York: Ballantine Books.
- Bateson, G. (1979). *Mind and nature*. Glasgow: Fontana/Collins.
- Baughn, C., Denekamp, J., Stevens, J., & Osborn, R. (1997). Protecting intellectual capital in international alliances. *Journal of World Business*, 32(2), 103-117.
- Baum, J.A.C., & Berta, W.B. (1999). Sources, timing, and speed: Population-level learning by organizations in a longitudinal behavioural simulation. In: A. S. Miner, & P. Anderson (Eds.), *Population-level learning and industry change, Advances in Strategic Management* (pp155-184). Stamford, CT: JAI Press.
- Beamish, P.W. (1990). The internationalisation process of smaller Ontario firms: A research Agenda, In Rugman, A.M. (ed.), *Research in global strategic management*, Greenwich: JAI Press, 77-92.
- Beamish, P., & Berdrow, I. (2003). Learning from IJVs: The unintended outcome. *Long Range Planning*, 36(3), 285-303.



- Beamish, P., & Delios, A. (1997). Improving joint venture performance through congruent measures of success. In P. W. Beamish, & J. P. Killing (Eds.), *Cooperative strategies: European perspectives* (pp. 103-127). San Francisco: The New Lexington Press.
- Becerra-Fernandez, I., & Sabherwal, R. (2001). Organizational knowledge management: A contingency perspective. *Journal of Management Information Systems*, 18(1), 23-55.
- Beechler, S., & Yang, J.Z. (1994). The transfer of Japanese-style management to American subsidiaries: Contingencies, constraints and competencies. *Journal of International Business Studies*, 25(3), 467-491.
- Bell, J., McNaughton, J., Young, R., & Crick, D. (2003). Towards an integrative model of small firm internationalisation. *Journal of International Entrepreneurship*, 1, 339-362.
- Bengtsson, A., Elg, U., & Johansson, U. (1999). The process of internationalisation and how Swedish food retailers perceive their domestic supplier relations. *10th International Conference on the Distributive Trades, Institute for Retail Studies, University of Stirling, 26–28 August*, 412–420.
- Benito, G.R.G., & Gripsrud, G. (1995). The internationalization process approach to the location of foreign direct investments: An empirical analysis. In R.B. McNaughton, & M.B. Green (Eds.), *The location of foreign direct investment*. London: Avebury.
- Bercovitz, J., & Feldman, M. (2008). Academic entrepreneurs: Organizational change at the individual level. *Organization Science*, 19(1), 69-89.
- Berlo, D.K. (1960). *The process of communication: An introduction to theory and practice*. New York: Holt, Rinehart and Winston, Inc.
- Bhagat, R.S., Kedia, B.L., Harveston, P.D., & Triandis, H.C. (2002). Cultural variations in the cross-border transfer of organizational knowledge: An integrative framework. *Academy of Management Review*, 27(2), 204-221.
- Birkinshaw, J., Holm, U., Thilenius, P., & Arvidsson, N. (2000). Consequences of perception gaps in the headquarters- subsidiary relationship. *International Business Review*, 9(3), 321-344.
- Björkman, I., & Forsgren, M. (2000). Nordic international research: A review of its development. *International Studies of Management and Organisation*, 30(2), 362-376.
- Björkman, I., Barner-Rasmussen, W., & Li, L. (2004). Managing knowledge transfer in MNCs: The impact of headquarters control mechanisms. *Journal of International Business Studies*, 35(5), 443-455.
- Blaikie, N. (2000), *Designing Social Research*, Cambridge: Polity.
- Boersma, M.F., Buckley, P.J., & Ghauri, P.N. (2003). Trust in international joint venture relationships. *Journal of Business Research*, 56(12), 1031-1042.
- Boisot, M. (1998). *Knowledge assets: Securing competitive advantage in the information economy*. Oxford: Oxford University Press.
- Boisot, M., & Child, J. (1996). From fiefs to clans and network capitalism: Explaining China's emerging economic order. *Administrative Science Quarterly*, 41(4), 600-628.

- Boud, D., Keogh, R., & Walker, D. (eds) (1983). *Reflection: turning experience into learning*. London: Kogan Page.
- Boulding, K.E. (1978). *Ecodynamics: A new theory of social evolution*. Beverly Hills, CA: Sage Publications.
- Bowman, C., & Ambrosini, V. (1997). Perceptions of strategic priorities, consensus and firm performance. *Journal of Management Studies*, 34(2), 241-258.
- Boyatzis, R.E. (1982). *The competent manager: a model for effective performance*. London: Wiley.
- Boyatzis, R.E. & Kolb, D.A. (1991). *Learning skills profile*. TRG Hay/McBer, Training Resources Group, Boston, MA.
- Boyatzis, R.E. & Kolb, D.A. (1995). From learning styles to learning skills: The executive skills profile. *Journal of Managerial Psychology*, 10(5), 3-17.
- Boyatzis, R.E., Cowen, S.S., & Kolb, D.A. (1995). (Eds) *Innovation in professional education: Steps in a journey from teaching to learning*. San Francisco: Jossey-Bass.
- Bresman, H., Birkinshaw, J., & Nobel, R. (1999). Knowledge transfer in international acquisitions. *Journal of International Business Studies*, 30(3), 439-462.
- Bryman, A., & Bell, E. (2003). *Business research method*. Oxford : Oxford University Press.
- Buckley, P.J. (2006). Stephen Hymer: Three phases, one approach?. *International Business Review*, 15(2), 140-147.
- Buckley, P.J., & Carter, M.J. (2002). Process and structure in knowledge management practices of British and US multinational enterprises, *Journal of International Management*, 8(1), 29-48.
- Buckley, P.J., Carter, M.J., Clegg, J., & Tan, H. (2005). Language and social knowledge in foreign-knowledge transfer to China. *International Studies of Management and Organization*, 35(1), 47-65.
- Buckley, P.J., & Casson, M.C. (1976). *The future of the multinational enterprise*. London: Macmillan.
- Buckley, P.J., & Casson, M.C. (1981). The optimal timing of a foreign direct investment. *The Economic Journal*, 91, 75-87.
- Buckley, P.J., & Casson, M.C. (1988). A theory of cooperation in international business. In F. J. Contractor, & P. Lorange (Eds.), *Cooperative strategies in international business* (pp. 31-53). Lexington, MA: Lexington Books.
- Buckley, P.J., & Ghauri, P.N, (2006). *The internationalization of the firm*. Second edition. London: Thomson Learning Europe.
- Buckley, P.J., Devinney, T.M., & Louviere, J.J. (2007). Do managers behave the way theory suggests? A choice-theoretic examination of foreign direct investment location decision-making. *Journal of International Business Studies*, 38(7), 1069-1094.
- Bunderson, J.S., & Sutcliffe, K.M. (2003). Management team learning orientation and business unit performance. *Journal of Applied Psychology*, 88(3), 552-560.
- Burgess, R.G. (1982). The unstructured interview as a conversation. In R.G. Burgess (ed.), *Field research: a sourcebook and field manual* (pp. 107-110). London: Allen & Unwin.

- Burt, S. (1991). Trends in the internationalization of grocery retailing: The European experience. *International Review of Retail, Distribution and Consumer Research*, 1 (4), 487-515.
- Burt, S. (1993). Temporal trends in the internationalization of British retailing. *International Review of Retail, Distribution and Consumer Research*, 3(4), 391-410.
- Burt, S., & Carralero-Encinas, J. (2000). The role of store image in retail internationalisation. *International Marketing Review*, 17(4/5), 433-453.
- Burt, S., Dawson, J., & Sparks, L. (2003). Failure in international retailing: Research propositions. *International Review of Retail, Distribution and Consumer Research*, 13(4), 355-373.
- Burt, S., Mellahi, K., Jackson, T.P., & Sparks, L. (2002). Retail internationalisation and retail failure: Issues from the case of Marks and Spencer. *International Review of Retail, Distribution and Consumer Research*, 12(2), 191-219.
- Burt, S.L., & Sparks, L. (2002). Corporate branding, internationalisation and the retailer as a brand. *Corporate Reputation Review*, 5(2/3), 194-204.
- Busenitz, L.W., Gomez, C., & Spencer, J.W. (2000). Country institutional profiles: Unlocking entrepreneurial phenomena. *Academy of Management Journal*, 43(5), 994-1003.
- Caloghirou, Y., Protogerou, A., Spanos, Y. & Papagiannakis, L. (2004). Industry-versus firm-specific effects on performance: contrasting SMEs and large-sized firms. *European Management Journal*. 22(2), 231-243.
- Calori, R., Atamer, T., & Nunes, P. (2000). *The dynamics of international competition: From practice to theory*. London: SAGE Publications.
- Carlson, S. (1974). *Investment in knowledge and the cost of information*, Acta Academiae Regiae Scientiarum. Upsaliensis: Uppsala.
- Casillas, J.C., Moreno, A.M., Acedo, F.J., Gallego, M.A., & Ramos, E. (2009). An integrative model of the role of knowledge in the internationalisation process. *Journal of World Business*, 44(3), 311-322.
- Caves, E.R. (1971). International corporations: The industrial economics of foreign investment. *Economica*, 38(149), 1-27.
- Chen, S., Geluykens, R., & Choi, C.J. (2006). The importance of language in global teams: A linguistic perspective. *Management International Review*, 46(6), 679-695.
- Chetty, S., & Campbell-Hunt, C. (2004). A strategic approach to internationalisation: A traditional versus a 'born global' approach. *Journal of International Marketing*, 12(1), 57-81.
- Chang, S.J. (2006). Business groups in East Asia: Post-crisis restructuring and new growth. *Asia Pacific Journal of Management*, 23(4), 407-418.
- Choi, S.C. (2003). Moves into the Korean market by global retailers and the response of local retailers: Lessons for the Japanese retailing sector?. In J. Dawson, M. Mukoyama, S.C. Choi, and R. Larke (Eds.), *The Internationalization of Retailing in Asia* (pp.49-66). London & New York: Routledge Curzon.

- Child, J. (2000). Theorizing about organization cross-nationality. In J. L. C. Cheng, & R. B. Peterson (Eds.), *Advances in international comparative management* (pp.27-75). Greenwich, CT: JAI Press.
- Child, J., & Faulkner, D. (1998). *Strategies of co-operation: Managing alliances, networks, and joint ventures*. Oxford: Oxford University Press.
- Child, J., & Rodrigues, S. (1996). The role of social identity in the international transfer of knowledge through joint ventures. In S. Clegg, & G. Palmer (Eds.), *The politics of management knowledge* (pp. 46-68). London: Sage.
- Christopherson, S. (2007). Barriers to 'US style' lean retailing: The case of Wal-Mart's failure in Germany. *Journal of Economic Geography*, 7, 451-569.
- Clarke-Hill, C.M., Robinson, T., & Bailey, J. (1998). Skills and competence transfers in European retail alliances: A comparison between alliances and joint ventures. *European Business Review*, 98(6), 300-310.
- Coe, N. M. (2003). Globalization, regionalization and 'scales of integration': US IT industry investment in Southeast Asia, In M. Miozzo, & I. Miles (Eds.) *Internationalization, technology and services*, (pp. 117-136). Edward Elgar, Cheltenham.
- Coe, N. M., & Lee, Y. S. (2006). The strategic localization of transnational retailers: The case of Samsung-Tesco in South Korea. *Economic Geography*, 82(1), 61-88.
- Coff, R. W. (1997). Human assets and management dilemmas: Coping with hazards on the road to resource-based theory. *Academy of Management*, 22(2), 374-402.
- Cohen, W.M., & Levinthal, D.A. (1989). Innovation and learning - the 2 faces of R-and-D. *Economic Journal*, 99(397), 569-596.
- Cohen, W.M., & Levinthal, D.A. (1990). Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35(1), 128-152.
- Cohen, W.M., & Levinthal, D.A. (1994). Fortune favours the prepared firm. *Management Science*, 40(2), 227-251.
- Collins, A., & Burt, S. (2000). Dependence in manufacturer-retailer relationships: the potential implications of retail internationalisation for indigenous food manufacturers. *Journal of Marketing Management*, 15(7), 583-585.
- Collins, A., & Burt, S. (2002). Market sanctions, monitoring and vertical coordination within retailer-manufacturer relationships: The case of retail brand suppliers. *European Journal of Marketing*, 37(5), 668-689.
- Collinson, S., & Rugman, A.M. (2008). The regional nature of Japanese multinational business. *Journal of International Business Studies*, 39(2), 215-230.
- Collis, D.J. (1991). A resource-based analysis of global competition: The case of the bearings industry. *Strategic Management Journal*, 12 (Summer), 49-68.
- Conner, K.R., & Prahalad, C.K. (1996). A resource-based theory of the firm: Knowledge versus opportunism. *Organization Science*, 7(5), 477-501.
- Cotter, J., Doherty, A.M., & McCaffery, K. (1999). An examination of the stock market's reaction to the performance indicators of UK based international retail firms. *10th International Conference on Research in the Distributive Trades*, 26-28, August, 431-438.

- Cavusgil, S.T. (1994). A quiet revolution in Australian exporters. *Marketing News*, 28, (11), 18-21
- Coviello, N.E., & McAuley, A. (1999). Internationalization and the small firm: A review of contemporary empirical research. *Management International Review*, 39(3), 223-237.
- Cox, R., & Brittain, P. (2004). *Retailing: An introduction*. Fifth Edition. Essex: Pearson Education Limited.
- Crozier, M. (1965). *The bureaucratic phenomenon*. New York: Oxford University Press.
- Currah, A.D., & Wrigley, N. (2004). Networks of organisational learning and adaptation in retail TNCs. *Global Networks*, 4, 1-23.
- Cyert, R.M., & March, J.G. (1963). *A behavioural theory of the firm*. 2nd ed. Prentice Hall, Englewood Cliffs, NJ.
- Dacin, M.T., Hitt, M.A., & Levitas, E. (1997). Selecting partners for successful international alliances: Examination of U.S. and Korean firms. *Journal of World Business*, 32(1), 3-16.
- Daghfous, A. (2004). An empirical investigation of the roles of prior knowledge and learning activities in technology transfer. *Technovation*, 24(12), 939-953.
- Daft, R., & Weick, K. E. (1984). Toward a model of organizations as interpretation systems. *Academy of Management Review*, 9(2), 284-295.
- Daft, R.L., Sormunen, J., & Parks, D. (1988). Chief executive scanning, environmental characteristics, and company performance: An empirical study. *Strategic Management Journal*, 9(2), 123-139.
- Darr, E., Argote, L., & Epple, D. (1995). The acquisition, transfer and depreciation of learning in service organizations: Productivity in franchises. *Management Science*, 44, 1750-1762.
- Davenport, T.H. (1998). Putting the enterprise into the enterprise system. *Harvard Business Review*, 76(4), 121-131.
- Day, G.S. (1994). The capabilities of market-driven organizations, *Journal of Marketing*, 58(4), 37-52.
- Davenport, T.H., & Prusak, L. (1998). *Working knowledge: How organizations manage what they know*. Boston, MA: Harvard Business School Press.
- Davidson, W. (1980). The location of foreign direct investment activity: Country characteristics and experience effects. *Journal of International Business Studies*, 11(2), 9-22.
- Davies, B.K. (1995). The regulation of retail internationalization: Examples from the Pacific-Asia region. In P. McGoldrick, & B. Davies (Eds.), *International retailing: Trends and strategies*. London: Pitman.
- Davies, B.K., & Fergusson, F. (1995). The international activities of Japanese retailers. *The Service Industries Journal*, 15(4), 97-117.
- Dawson, J.A. (1993). The internationalisation of retailing. In R. D. F. Bromley, & C. J. Thomas (Eds.), *Retail Change and Contemporary Issues* (pp.15-40) London: LC Press.
- Dawson, J. (1994). The internationalization of retailing operations. *Journal of Marketing Management*, 10(4), 267-282

- Dawson, J. (2000). Retailing at century end: some challenges for management and research. *International Review of Retail, Distribution and Consumer Research*, 10(2), 119-148.
- Dawson, J. (2001). Strategy and opportunism in European retail internationalization, *British Journal of Management*, 12(4), 253-266.
- Dawson, J. (2003). Towards a model of the impacts of retail internationalization. In J. Dawson, M. Mukoyama, C.C. Sang, & R. Larke (Eds.), *The internationalization of retailing in Asia* (pp.189-209). London: Routledge Curzon.
- Dawson, J. (2007). Scoping and conceptualizing retailer internationalization. *Journal of Economic Geography*, 7(4), 373-397.
- Dawson, J., Mukoyama, M., Sang, C.C., & Larke, R. (2003). *The Internationalisation of Retailing in Asia*. London: Routledge Curzon.
- De Prijcker, S., Manigart, S., Wright, M., & De Maeseneire, W. (2012). The influence of experiential, inherited and external knowledge on the internationalization of venture capital firms. *International Business Review*, 21(5), 929-940.
- DeLong, D.W., & Fahey, L. (2000). Diagnosing cultural barriers to knowledge management. *Academy of Management Executive*, 14(4), 113-127.
- Denzin, N.K. (1978). *The research act: A theoretical introduction to sociological methods*. New York, McGraw-Hill.
- Dery, D. (1983). Decision-Making, Problem-Solving, and Organizational Learning. *Omega*, 11, 321-328
- Dewey, J. (1933). *How we think: A restatement of the relation of reflective thinking to the educative process*. Boston: D.C. Heath.
- Dewey, J. (1987). My pedagogic creed. *School Journal*, 54(3), 77-80.
- Devadas, R., & Argote, L. (1995). *Collective learning and forgetting: The effects of turnover and group structure*, Midwestern Psychological Association Meeting, Chicago.
- Dierickx, I., & Cool, K. (1989). Asset stock accumulation and sustainability of competitive advantage. *Management Science*, 35(12), 1504-1511.
- Doherty, A.M., McCaffery, K., & Finney, M. (1998). The internationalisation of UK retail firms: A financial perspective. *Marketing and Retail Working Paper Series, University of Ulster*, 1-17.
- Dollinger, M.J. (1984). Environmental boundary spanning and information processing effects on organizational performance. *Academy of Management Journal*, 27(2), 351-368.
- Dong, L., & Glaister, K. (2006). Motives and partner selection criteria in international strategic alliances: Perspectives of Chinese firms. *International Business Review*, 15(6), 577-600.
- Dosi, G. (1988). Sources, procedures and microeconomic effects of innovation. *Journal of Economic Literature*, 26, 1120-1171.
- Dosi, G., & Teece, D.J. (1993). *Organisational competencies and the boundaries of the firm*. University of California at Berkeley, Consortium on Competitiveness and Cooperation, Working Paper 93-11, February.

- Dougherty, D. (1990). *Interpretative barriers to successful product innovation in large firms*. Mimeo: University of Pennsylvania Press.
- Doz, Y. (1996). The evolution of cooperation in strategic alliances: Initial conditions or learning processes?. *Strategic Management Journal*, 17(Special issue), 55-84.
- Doz, Y., & Shuen, A. (1990). *From intent to outcome: A process framework for partnerships*. Fontainebleau: INSEAD working paper.
- Drucker, P. (1988). The coming of the new organization. *Harvard Business Review*, 66(1), 45-53.
- Dunning, J.H. (1980). Toward an eclectic theory of international production: A restatement and some possible extensions. *Journal of International Business Studies*, 19(Spring), 1-31.
- Dunning, J.H. (1993). *Multinational enterprises and the global economy*. Wokingham: Addison-Wesley.
- Dunning, J.H., & Rugman, A.M. (1985). The influence of Hymer's dissertation on the theory of foreign direct investment, American Economic Association. *The American Economic Review*, 75(2), 228-232.
- Dupuis, M., & Prime, N. (1996). Business distance and global retailing: A model of analysis of key success/failure factors. *International Journal of Retail and Distribution Management*, 24(11), 30-38.
- Dyer, J.H., Kale, P., & Singh, H. (2001). How to make strategic alliances work. *MIT Sloan Management Review*, 42(4), 37-43.
- Dyer, J.H., & Nobeoka, K. (2000). Creating and managing a high performance knowledge-sharing network: The Toyota case. *Strategic Management Journal*, 21(3), 345-367.
- Dyer, J.H., & Singh, H. (1998). The relational view: Cooperative strategy and sources of interorganisational competitive advantage. *Academy of Management Review*, 23(4), 660-679.
- Dyer, W.G., & Wilkins, A.L. (1991). Better stories, not better constructs, to generate better theory - A rejoinder to Eisenhardt. *Academy of Management Review*, 16(3), 613-619.
- Earley, P.C., & Gibson, C.B. (1998). Taking stock in our progress on individualism-collectivism: 100 years of solidarity and community. *Journal of Management*, 24(3), 265-304.
- Easterby-Smith, M., & Araujo, L. (1999), Organizational learning: current debates and opportunities. In M. Easterby-Smith, J. Burgoyne & L. Araujo (Eds), *Organizational learning and the learning organization: developments in theory and practice* (pp. 1-21). Sage, London.
- Easterby-Smith, M., Thorpe, R., & Lowe, A. (1991). *Management research*. An introduction, Sage: London.
- Eells, R., & Nehemkis, P. (1984). *Corporate Intelligence and Espionage*. New York: Macmillan.
- Eisenhardt, K.M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532-550.
- Eisenhardt, K.M. (1991). Better stories and better constructs: The case for rigor and comparative logic. *Academy of Management Review*, 16(3), 620-627.

- Eisenhardt, K.M., & Graebner, M.E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50(1), 25-32.
- Eisenhardt, K., & Martin, J. (2000). Dynamic capabilities: what are they? *Strategic Management Journal*, 21, 1105-1121.
- Eisenhardt, K.M., & Santos, F.M. (2002). Knowledge-based view: A new theory of strategy?. In A. Pettigrew, H. Thomas, & R. Whittington (Eds.), *Handbook of strategy and management* (pp. 139-164). London: SAGE.
- Ely, M., Anzul, M., Friedman, T., Garner, D., & Steinmetz, A. (1991). *Doing qualitative research: Circles within circles*. New York: The Falmer Press.
- Epple, D., Argote, L., & Devadas, R. (1991). Organizational learning curves: A method for investigating intra-plant transfer of knowledge acquired through learning by doing. *Organization Science*, 2(1), 58-70.
- Epple, D., Argote, L., & Murphy, K. (1996). An empirical investigation of the micro structure of knowledge acquisition and transfer through learning by doing. *Operations Research*, 44(1), 77- 86.
- Eriksson, K., & Chetty, S. (2003). The effect of experience and absorptive capacity on foreign market knowledge. *International Business Review*, 12(6), 673-695.
- Eriksson, K., Johanson, J., Majkgard, A., & Sharma, D. (1997). Experiential knowledge and cost in the internationalisation process. *Journal of International Business Studies*, 28, 337-360.
- Eriksson, K., Johanson, J., Majkgard, A., & Sharma, D.D. (2000). Effect of variation on knowledge accumulation in the internationalization process. *International Studies of Management and Organization*, 28(2), 337-360.
- Evans, J., Treadgold, A., & Mavondo, F.T. (2000). Psychic distance and the performance of international retailers: A suggested theoretical framework. *International Marketing Review*, 17(4/5), 373-391.
- Evans, J., & Mavondo, F.T. (2002). Psychic distance and organizational performance: An empirical examination of international retail operations. *Journal of International Business Studies*, 33(3), 515- 525.
- Fahey, L., King, W.R., & Narayanan, V.K. (1981). Environmental scanning and forecasting in strategic planning-The state of the art. *Long Range planning*, 14(1), 32-39.
- Farrell, D., Remes, J.K., & Schulz, H. (2004). The truth about foreign direct investment in emerging markets. *The McKinsey Quarterly: The Online Journal of McKinsey & Co*, 1, 25-35.
- Feldman, M.S., & Pentland, B.T. (2003). Reconceptualizing organizational routines as a source of flexibility and change. *Administrative Science Quarterly*, 48(1), 94-118.
- Felin, T., Foss, N.J., Heimeriks, K.H., & Madsen, T.L. (2012). Microfoundations of routines and capabilities: Individuals, processes, and structure. *Journal of Management Studies*, 49(8), 1351-1374.
- Fernie, J. (1992). Distribution strategies of European retailers. *European Journal of Marketing*, 26(819), 35-47.
- Fernie, J. (1994). Quick response: An international perspective. *International Journal of Physical Distribution and Logistics Management*, 24(6), 38-46.



- Fernie, J. (1995). International comparisons of supply chain management in grocery retailing. *The Service Industries Journal*, 15(4), 134–147.
- Ferraro, G. (2002). *Knowledge and competencies for the 21st century*, Intercultural Associates Inc., New York.
- Fey, C.F., & Beamish, P.W. (2001). Organizational climate similarity and performance: International joint ventures in Russia. *Organization Studies*, 22(5), 853– 882.
- Fiol, C.M., & Lyles, M.A. (1985). Organizational learning. *Academy of Management Review*, 10(4), 803-813.
- Fletcher, M., & Harris, S. (2012). Knowledge acquisition for the internationalization of the smaller firm: content and sources. *International Business Review*, 21(4), 631-647.
- Fletcher, M., Harris, S., & Richey, G.R. (forthcoming). Internationalization knowledge: What, why, where and when? *Journal of International Marketing*.
- Forsgren, M. (2002). The concept of learning in the Uppsala internationalization process model: A critical review. *International Business Review*, 11(3), 257-277.
- Foss, N. J. (1999). Organizing knowledge: a market process perspective on the firm. In R. Sanchez (Ed.), *Beyond the Boundaries of the Firm*. Elsevier.
- Foss, N.J. (2003). Selective intervention and internal hybrids: interpreting and learning from the rise and decline of the Oticon Spaghetti Organization. *Organization Science*, 14(3), 331-449.
- Foss, N.J., Husted, K., & Michailova, S. (2010). Governing knowledge sharing in organizations: Levels of analysis, governance mechanisms, and research directions. *Journal of Management Studies*, 47(3), 455-482.
- Foss, N.J., Laursen, K., & Pedersen, T. (2011). Linking customer interaction and innovation: The mediating role of new organizational practices. *Organization Science*, 22(4), 980-999.
- Foss, N.J., & Pedersen, T. (2002). Transferring knowledge in MNCs: The role of sources of subsidiary knowledge and organizational context. *Journal of International Management*, 8(1), 1-19.
- Freeman, S., & Cavusgil, T. (2007). Towards a typology of commitment states among managers of born-global firms: A study of accelerated internationalisation. *Journal of International Marketing*, 15(4), 1-40.
- Fuld, L. M. (1988). *Monitoring the competition: Find out what's really going on over there*. Oxford: John Wiley & Sons.
- Gardner, H. (1983). *Frames of mind*. New York: Basic Books.
- Gerring, J. (2007). *Case Study Research: Principles and Practices*. Oxford: Cambridge University Press.
- Ghuri, P. (2004). Designing and conducting case studies in international business research. In C. Welch, & R. Marschan-Piekkari, *Handbook of qualitative research methods for international business* (pp. 109-124). Cheltenham: Edward Elgar Publishing Limited.
- Ghuri, P., & Grønhaug, K. (2010). *Research methods in business studies*. Fourth edition. Harlow, UK: Financial times and Prentice-Hall.

- Ghemawat, P. (2005). Regional strategies for global leadership. *Harvard Business Review*, 83(12), 98-108.
- Ghoshal, S., & Bartlett, C.A. (1988). Creation, adoption and diffusion of innovation by subsidiaries of multinational corporations. *Journal of International Business Studies*, 19(3), 365-388.
- Ghoshal, S., & Bartlett, C.A. (1990). The multinational corporation as interorganisational network. *Academy of Management Review*, 15(4), 603-625.
- Gibbert, M., & Krause, H. (2002). Practice exchange in a best practice marketplace. In T.H. Davenport, & G.J.B. Probst (Eds.), *Knowledge management case book: Siemens best practices*. Erlangen, Germany: Publicis Corporate Publishing.
- Gibbs, G.R. (2002). *Qualitative data analysis: Explorations with NVivo*. Buckingham: Open University Press.
- Giddens, A. (1984). *The constitution of society: Outline of the theory of structuration*. Berkeley, CA: University of California Press.
- Gielens, K., & Dekimpe, M.G. (2001). Do international entry decisions of retail chains matter in the long run? *International Journal of Research in Marketing*, 18(3), 235-259.
- Gilad, B., & Gilad, T. (1988). The business intelligence success. *Journal of Business Strategy*, 12(1), 12-17.
- Gioia, D.A. (1986). Symbols, scripts, and sense making. In H. P. Sims, & D. A. Gioia (Eds.), *The thinking organization*. San Francisco, CA: Jossey Bass Publishers.
- Glaister, K.W., Husan, R., & Buckley, P. (2003). Learning to manage international joint ventures. *International Business Review*, 12(1), 83-108.
- Godley, A., & Fletcher, S. (2000). Foreign entry into British retailing, 1850-1994. *International Marketing Review*, 17(4/5), 392-400.
- Gold, A. H., Malhotra, A., & Segars, A. H. (2001). Knowledge management: An organizational capabilities perspective. *Journal of Management Information Systems*, 18(1), 185-214.
- Gong, Y., Shenkar, O., Luo, Y., & Nyaw, M.K. (2007). Do multiple partners help or hinder international joint venture performance? The mediating roles of contract completeness and partner cooperation. *Strategic Management Journal*, 28(10), 1021-1034.
- Gottschalg, O., & Zollo, M. (2007). Interest alignment and competitive advantage. *Academy of Management Review*, 32(2), 418-437.
- GPN Working Paper 8 (July 2003), The internationalisation/globalisation of retailing: towards a geographical research agenda? ESRC Research Project, Making the Connections.
- Grandori, A. (1997). Governance structures, coordination mechanisms and cognitive models. *Journal of Management and Governance*, 1(1), 29-42.
- Grant, R.M. (1996). Toward a knowledge-based theory of the firm. *Strategic Management Journal*, 17(Special Issue), 109-122.
- Gripsrud, G., & Benito, G.R.G. (2005). Internationalization in retailing: Modelling the pattern of foreign market entry. *Journal of Business Research*, 58(12), 1672-1680.

- Groysberg, B., & Lee, L.E. (2009). Hiring stars and their colleagues: Exploration and exploitation in professional service firms. *Organization Science*, 20(4), 1155-1178.
- Guion, L.A. (2002). Triangulation: Establishing the validity of qualitative studies. University of Florida, Extension, *Institute of Food and Agricultural Sciences*, September, 1-3.
- Gupta, A.K., & Govindarajan, V. (1991). Knowledge flows and the structure of control within multinational corporations. *Academy of Management Review*, 16(4), 768–792.
- Gupta, A.K., & Govindarajan, V. (2000). Knowledge flows within MNC's. *Strategic Management Journal*, 21(4), 473-496.
- Hallsworth, A. (1992). Retail internationalisation: Contingency and context?. *European Journal of Marketing*, 26(819), 25–34.
- Hambrick, D.C., Davison, S.C., Snell, S.A., & Snow, C.C. (1998). When groups consist of multiple nationalities: Towards a new understanding of the implications. *Organization Studies*, 19(2), 181-205.
- Hambrick, D.C., & Mason, P.A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206.
- Hamel, G. (1991). Competition for competence and interpartner learning within international strategic alliances. *Strategic Management Journal*, 12(S1), 83-103.
- Hammersley, M., & Atkinson, P. (1983). *Ethnography: Principles in practice*, London: Tavistock.
- Hansen, M.T. (2002). Knowledge networks: Explaining effective knowledge sharing in multiunit companies. *Organization Sciences*, 13(3), 232-248.
- Harlow, H.F. (1959). Learning set and error factor theory. In S. Koch (Ed.), *Psychology: A study of science*. Volume II (pp. 492-537). New York: McGraw-Hill.
- Harris, S. (2000). Reconciling positive and interpretative international management research: A native category approach. *International Business Review*, 9(6), 755-770.
- Hayek, F.A. (1945). The use of knowledge in society. *The American Economic Review*, 35(4), 519-530.
- Healey, M., & Rawlinson, M. (1993). Interviewing business owners and managers: A review of methods and techniques. *Geoforum*, 24, 339-355.
- Heath, A.W. (1997). The proposal in qualitative research, *The Qualitative Report*, 3(1), 1.
- Hedberg, B., Nystrom, P.C., & Starbuck, W.H. (1976). Camping on seesaws: Prescriptions for a self-designing organization. *Administrative Science Quarterly*, 21(1), 41-65.
- Helfat, C.E., & Peteraf, M. (2003). The dynamic resource-based view: Capability Lifecycles. *Strategic Management Journal*, 24, 997-1010.
- Henderson, R., & Cockburn, I. M. (1994). Measuring competence? Exploring firm effects in pharmaceutical research. *Strategic Management Journal*, 15, 63-84.
- Hendry, D.F. (1996). Typologies of linear dynamic systems and models. *Journal of Statistical Planning and Inference*, 49, 177-201.

- Hennart, J.F. (1988). A transaction costs theory of equity joint ventures. *Strategic Management Journal*, 9(4), 361-374.
- Hennart, J.F., & Park, Y. (1994). Location, governance, and strategic determinants of Japanese manufacturing investment in the United States. *Strategic Management Journal*, 15(6), 419-436.
- Hennart, J.F., & Zeng, M. (2002). Structural determinants of joint venture performance. *European Management Review*, 2(2), 105-115.
- Hildebrand, T. (1989). An investigation of retailers entering and adopting to the US market, PhD. Thesis, University of Western Ontario, London.
- Hildreth, P.M., & Kimble, C. (2002). The duality of knowledge. *Information Research*, 8(1), 142.
- Hinchcliffe, T.F. (1999). A study of how one company uses organizational learning to implement its strategy. Dissertation – Abstracts – International: Section B. *The Sciences and Engineering*, 60(3), 1336.
- Hitt, M.A., Ahlstrom, D., Dacin, M.T., Levitas, E., & Svobodina, L. (2004). The institutional effects on strategic alliance partner selection in transition economies: China vs. Russia. *Organization Science*, 15(2), 173-185.
- Hitt, M.A., Dacin, M.T., Tyler, B.B., & Park, D. (1997). Understanding the differences in Korean and U.S. executives' strategic orientations. *Strategic Management Journal*, 18(2), 159-167.
- Hofstede, G. (1980). *Culture's consequences: International differences in work-related values*. Beverly Hills, CA: Sage.
- Hofstede, G. (1991). *Cultures and organizations: Software of the mind*. London: McGraw-Hill.
- Hofstede, G. (1994). Management scientists are human. *Management Science*, 40(1), 4-13.
- Howard, E., & Dragun, D. (2002). Retailer internationalisation and the VIP project. *Full Proceedings of the Asia Pacific Retail Conference 2002, Chinese Academy of Social Sciences, Beijing, 30 October – 2November, 22–35*.
- Howells, J., & Roberts, J. (2000). From innovation systems to knowledge systems, *Prometheus*, 19(1), 17-31.
- Huber, G.P. (1984). The nature and design of post-industrial organizations. *Management Science*, 30(8), 928-951.
- Huber, G.P. (1991). Organizational learning: The contributing processes and the literatures. *Organizational Science*, 2(1), 88-115.
- Hutzschenreuter, T., Pedersen, T., & Volberda, H.W. (2007). The role of path dependency and managerial intentionality: A perspective on international business research. *Journal of International Business Studies*, 38(7), 1055-1068.
- Hyder, A.S., & Ghauri, P.N. (2000). Managing international joint venture relationships: A longitudinal perspective. *Industrial Marketing Management*, 29(3), 205–218.
- Hymer, S. (1976). *The international operation of national firms: A study of direct foreign investment*. Cambridge, MA: MIT Press.
- Ingram, P., & Clay, K. (2000). The choice-within-constraints new institutionalism and implications for sociology. *Annual Review of Sociology*, 26(1), 526-546.

- Ingram, P., & Simons, T. (2002). The transfer of experience in groups of organizations: implications for performance and competition. *Management Science*, 48(12), 1517-1534.
- Inkpen, A.C., & Beamish, P.W. (1997). Knowledge, bargaining power, and the instability of international joint ventures. *The Academy of Management Review*, 22(1), 177-202.
- Inkpen, A.C., & Crossan, M. (1995). Believing is seeing: Joint ventures and organizational learning. *Journal of Management Studies*, 32(5), 595-618.
- Inkpen, A.C., & Dinur, A. (1998). Knowledge management processes and international joint ventures. *Organization Science*, 9(4), 454-468.
- Inkpen, A.C., & Pien, W. (2006). An examination of collaboration and knowledge transfer: China-Singapore Suzhou industrial park. *Journal of Management Studies*, 43(4), 779-811.
- Itami, H., & Roehl, T.W. (1987). *Mobilizing invisible assets*. Cambridge, MA: Harvard University Press.
- Jackson, G.I. (1976). British retailer expansion into Europe, PhD. Thesis, UMIST, Manchester.
- Jansen, J.J.P., Van Den Bosch, F.A.J., & Volberda, H.W. (2005). Managing potential and realized absorptive capacity: How do organizational antecedents matter? *Academy of Management Journal*, 48(6), 999-1015.
- Jarvis, P. (1987). *Adult learning in the social context*. London: Croom Helm.
- Jarzabkowski, P. (2008). Strategy as practice: Recursiveness, adaptation, and practices-in-use. *Organization Studies*, 25(4), 529-560.
- Johanson, J., & Vahlne, J.E. (1977). The Internationalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Market Commitments. *Journal of International Business Studies*, 8(1), 23-32.
- Johanson, J., & Vahlne, J.E. (1990). The Mechanism of Internationalization. *International Marketing Review*, 7(4), 11-24.
- Johanson, J., & Vahlne, J.E. (2006). Commitment and opportunity development- A note on the internationalization process (IP) model. *Management International Review*, 46(2), 165-178.
- Johanson, J., & Vahlne, J.E. (2009). The Uppsala internationalisation process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40, 1411-1431.
- Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm – Four Swedish cases. *Journal of Management Studies*, 12(3), 305-322.
- Johnson, G., Scholes, K., & Whittington, R. (2006). *Exploring corporate strategy*. Seventh edition. Essex: Pearson Education Limited.
- Jolly, V.K., Alahuhta, M., & Jheannet, J.P. (1992). Challenging the incumbents: How high technology start-ups compete globally. *Journal of Strategic Change*, 1, 71-82.
- Jonsson, A., & Elg, U. (2006). Knowledge and knowledge sharing in retail internationalization: IKEAs entry into Russia. *The International Review of Retail, Distribution and Consumer research*, 16 (2), 239-256.
- Kacker, M. (1988). International flow of retailing know-how: Bridging the technology gap in distribution. *Journal of Retailing*, 64(1), 41-67.

- Kandemir, D., & Hult, G.T.M. (2005). A conceptualization of an organizational learning culture in international joint ventures. *Industrial Marketing Management*, 34(5), 430-439.
- Kayes, A.B., Kayes, D.C., & Yamazaki, Y. (2005). Transferring knowledge across cultures: A learning competencies approach. *Performance Improvement Quarterly*, 18(4), 87-100.
- KCCI. (2009). *Perspectives from multinational companies in Korea Workshop*. InterChamber (Foreign Chambers of Commerce Korea & Korea Chamber of Commerce & Industry) Global Career Forum.
- Kedia, B.L., & Bhagat, R.S. (1988). Cultural constraints on transfer of technology across nations: Implications for research in international and comparative management. *Academy of Management Review*, 13(4), 459-571.
- Kemp, R., & Ghauri, P.N. (1998). The dynamics of joint venture relationships: A longitudinal perspective of two case-studies. *Research in Marketing*, 14, 123-150.
- Kim, D.H. (1993). The link between individual and organizational learning. *Sloan Management Review*, 35(4): 37-50.
- Kim, L. (1998). Crisis Construction and organizational learning: capability building in catching-up at Hyundai Motor. *Organization Science*, 9(4), 506-521.
- Kim, T.G. (2006). Global Top-Tier companies in uphill battle in Korea. *The Korea Times*, 02/05/2006.
- Kim, W.C., & Hwang, P. (1992). Global strategy and multinationals entry mode choice. *Journal of International Business Studies*, 23(1), 29-54.
- Kim, L., & Nelson, R.R. (2000). *Technology, learning, and innovation: Experiences of newly industrializing economies*. Cambridge, MA, Cambridge University Press.
- Kipchillat, C. (2002). Building long-term marketing relationships through the control of international joint ventures. In G. Nakos, & J. Rushing (Eds.), *Proceedings: 2002 AIB-SE Annual Meeting*. p. 95-99.
- Knight, G.A., & Cavusgil, S.T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, 35(2), 124-141.
- Kogut, B. (1983). Foreign direct investment as a sequential process. In C.P. Kindleberger, & D. Audretsch (Eds.), *The multinational corporation in the 1980s* (pp.38-56). Cambridge, Mass.: MIT press.
- Kogut, B. (1988). Joint ventures: Theoretical and empirical perspectives. *Strategic Management Journal*, 9(4), 319-332.
- Kogut, B. (1989). A note on global strategies. *Strategic Management Journal*, 10, 383-389.
- Kogut, B., & Zander, U. (1992). Knowledge of the firm, combinative capabilities, and the replication of technology. *Organization Science*, 3(3), 383-397.
- Kogut, B., & Zander, U. (1993). Knowledge of the firm and the evolutionary theory of the multinational corporation. *Journal of International Business Studies*, 24(4), 625-645.
- Kogut, B., & Zander, U. (1995). Knowledge, market failure and the multinational enterprise: A reply. *Journal of International Business Studies*, 26(2), 417-426.

- Kogut, B., & Zander, U. (1996). What firms do? Coordination, identity and learning. *Organisation Science*, 7(5), 502-518.
- Kolb, D.A. (1984). *Experiential learning: Experience as the source of learning and development*. Englewood Cliffs, N.J.: Prentice-Hall.
- Kolb, A.Y., & Kolb, D.A. (2009). Experiential learning theory: A dynamic, holistic approach to management learning, education and development. In S. Armstrong, & C. Fukami, (Eds.), *The SAGE handbook of management learning, education and development* (pp.42-68). London: SAGE.
- Kolb, D.A., & Wolfe, D.M. (1981). *Professional education and career development: A cross sectional study of adaptive competencies in experiential learning*. Lifelong Learning and Adult Development Project, Final Report, ERIC Document Reproduction Service No. ED209493.
- Korhonen, H., Luostarinen, R., & Welch, L.S. (1996). Internationalization of SMEs: Inward – outward patterns and government policy. *Management International Review*, 36(4), 315-329.
- Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review*, 24(2), 308-324.
- Kwon, Y.C. (2008). Antecedents and consequences of international joint venture partnerships: A social exchange perspective. *International Business Review*, 17(5), 559-573.
- Kvale, S. (1996). *Interviews: An introduction to qualitative research interviewing*. Thousand Oaks, CA: Sage.
- Laanti, R., Gabrielsson, M., & Gabrielsson, P. (2007). The globalization strategies of business-to business born global firms in wireless technology. *Industrial Marketing Management*, 36(8), 1104-1117.
- Lagerstrom, K., & Andersson, M. (2003). Creating and sharing knowledge within a transnational team- The development of a global business system. *Journal of World Business*, 38(2), 84-95.
- Lane, H.W., & Hildebrand, T. (1990). How to survive in the US retail markets. *Business Quarterly*, 54(Winter), 60-66.
- Lane, P.J., & Lubatkin, M. (1998). Relative absorptive capacity and interorganizational learning. *Strategic Management Journal*, 19(5), 461-477.
- Lane, P.J., Salk, J.E., & Lyles, M.A. (2001). Absorptive capacity, learning and performance in international joint ventures. *Strategic Management Journal*, 22(12), 1139-1161.
- Lau, C., Tse, D.K., & Zhou, N. (2002). Institutional forces and organizational culture in China: Effects on change schemas, organizational commitment and job satisfaction. *Journal of International Business Studies*, 33(3), 533-550.
- Law, M., Stewart, D., Letts, L., Pollock, N., Bosch, J., & Westmorland, M. (1998). *Guidelines for critical review form- Qualitative studies*. McMaster University.
- Lazaric, N., & Lorenz, E. (1998). Introduction: The learning dynamics of trust, reputation and confidence. In N. Lazaric, & E. Lorenz, (Eds.), *Trust and Economic Learning* (pp.1-20). Cheltenham, UK: Edward Elgar.
- Lee, J., & MacMillan, I.C. (2008). Managerial knowledge-sharing in chaebols and its impact on the performance of their foreign subsidiaries. *International Business Review*, 17(5), 533-545.

- Lee, S.M., & You, S. (1987). The K-type management: A driving force of Korean prosperity. *Management International Review*, 27, 68-77.
- Lenox, M., & King, A. (2004). Prospects for developing absorptive capacity through internal information provision. *Strategic Management Journal*, 25(4), 331-345.
- Leonard-Barton, D. (1992). Core capabilities and core rigidities: A paradox in managing new product development. *Strategic Management Journal*, 13(S1), 111-126.
- Levinson, N.S. & Asahi, M. (1996). Cross-national alliances and interorganisational learning. *Organizational Dynamics*, 24(2), 51-63.
- Levinthal, D.A., & March, J.G. (1993). The Myopia of Learning. *Strategic Management Journal*, 14, 95-112
- Levinthal, D., & Myaas, J. (1994). Co-evolution of capabilities and industry: The evolution of mutual fund processing. *Strategic Management Journal*, 15(S1), 45-62.
- Lewin, K. (1951). *Field theory in social science*. Harper Row, London.
- Li, L., Li, D., & Dalgic, T. (2004). Internationalization Process of Small and Medium-sized Enterprises: Towards a Hybrid Model of Experiential Learning and Planning, *Management International Review*, 44(1), 93-116.
- Linyanage, S., & Barnard, R. (2003). Valuing of firm's prior knowledge: A measure of knowledge distance. *Knowledge and Process Management*, 10(2), 85-98.
- Liu, C.-L., Ghauri, P.N., & Sinkovics, R.R. (2010). Understanding the impact of relational capital and organizational learning on alliance outcomes. *Journal of World Business*, 45(3), 237-249.
- Lofland, J., & Lofland, L.H. (1995). *Analysing social settings*. Third edition. Belmont, Cal.: Wadsworth.
- Loo, R. (1999). Confirmatory factor analyses of Kolb's learning style inventory (LSI-1985). *British Journal of Educational Psychology*, 69(2), 213-219.
- Lopez, L.E., Kundu, S.K., & Ciravegna, L. (2009). Born global or born regional? Evidence from an exploratory study in the Costa Rican software industry. *Journal of International Business Studies*, 40(7), 1228-1238.
- Lord, M.D., & Ranft, A.L. (2000). Organizational learning about new international markets: Exploring the internal transfer of local market knowledge. *Journal of International Business Studies*, 31(4), 1-17.
- Lucas, L.M., (2005). The impact of trust and reputation on the transfer of best practices. *Journal of Knowledge Management*, 9 (4), 87-101.
- Luo, Y. (1998). Joint venture success in China: How should we select a good partner? *Journal of World Business*, 33(2), 145-166.
- Luo, Y. (2002). Stimulating exchange in international joint ventures: An attachment-based view. *Journal of International Business Studies*, 33(1), 169-181.
- Luo, Y. (2009). Are we on the same page? Justice agreement in international joint ventures. *Journal of World Business*, 44(4), 383-396.
- Luo, Y., & Peng, M.W. (1999). Learning to compete in a transition economy: experience, environment, and performance. *Journal of International Business Studies*, 30(2), 269-295.



- Luo, Y., Shenkar, O., & Nyaw, M.K. (1998). A dual partner perspective on control and performance in international joint ventures: Lessons from a developing economy. *Journal of International Business Studies*, 32(1), 41-58.
- Lyles, M.A. (1988). Learning among joint venture sophisticated firms. *Management International Review*, 28(4), 85-98.
- Lyles, M.A. (1994). The impact of organizational learning on joint venture formations. *International Business Review*, 3(4), 459-467.
- Lyles, M.A., & Salk, J.E. (1996). Knowledge acquisition from foreign partners in international joint ventures: An empirical examination in the Hungarian context. *Journal of International Business Studies*, 27(5), 877-903.
- Mackay, B.R., & Mckiernan, P. (2004). The role of hindsight in foresight: refining strategic reasoning. *Futures*, 36(2), 161-179.
- Mahnke, V. Pedersen, T., & Venzin, M. (2005). The impact of knowledge management on MNC subsidiary performance: The role of absorptive capacity. *Management International Review*, 45(2), 101-119.
- Maitland, E., Rose, E.L., & Nicholas, S. (2005). How firms grow: Clustering as a dynamic model of internationalisation. *Journal of International Business Studies*, 36(4), 435-451.
- Makela, K. (2007). Knowledge sharing through expatriate relationships: A social capital perspective. *International Studies of Management and Organization*, 37(3), 108-125.
- Makino, S., & Beamish, P.W. (1998). Performance and survival of joint ventures with non-conventional ownership structures. *Journal of International Business Studies*, 29(4), 797-818.
- March, J.G., & Olsen, J.P. (1975). The uncertainty of the past: Organizational learning under ambiguity. *European Journal of Political Research*, 3, 147-171.
- Maritan, C.A. (2001). Capital investment as investing in organizational capabilities: an empirically grounded process model. *Academy of Management Journal*, 44, 513-531.
- Marschan-Piekkari, R., & Welch, C. (2004). Qualitative research methods in international business: The state of the art, In R. Marschan-Piekkari, & C. Welch, (Eds.), *Handbook of qualitative research methods for international business* (pp. 5-24). Edward Elgar: Cheltenham.
- Marschan-Piekkari, R., Welch, D., & Welch, L. (1999). In the shadow: The impact of language on structure, power and communication in the multinational. *International Business Review*, 8(4), 421-440.
- Marwell, G., & Oliver, P. (1993). *The critical mass in collective action. A micro-social theory*. Cambridge, UK: Cambridge University Press.
- Mavondo, F. (2004). Learning orientation and market orientation: Relationship with innovation, human resource practices and performance. *European Journal of Marketing*, 39, 1235-1263.
- McCann, P., & Mudambi, R. (2005). Analytical differences in the economics of geography: The case of the multinational firm. *Environment and Planning*, 37(10), 1857-1876.
- McGoldrick, P.J. (1998). Spatial and temporal shifts in the development of international retail images. *Journal of Business Research*, 42(2), 189-196.

- McGoldrick, P.J., & Blair, D. (1995). International market appraisal and positioning. In P. J. McGoldrick, & G. Davies (Eds.), *International Retailing: Trends and Strategies*. London: Pitman.
- McGoldrick, P.J., & Fryer, E. (1993). Organizational culture and the internationalization of retailing, Seventh International Conference on Research in the Distributive Trades, University of Stirling, 6-8 September.
- McGoldrick, P.J., & Ho, S. (1992). International positioning: Japanese department stores in Hong Kong. *European Journal of Marketing*, 26(8/9), 61–73.
- McGuinness, T., & Morgan, R.E. (2005). The effect of market and learning orientation on strategy dynamics: The contributing effect of organisational change capability. *European Journal of Marketing*, 39(11/12), 1306 – 1326.
- Mellahi, K., Jackson, T.P., & Sparks, L. (2002). An exploratory study into failure in successful organizations: The case of Marks and Spencer. *British Journal of Management*, 13(1), 15–29.
- Meschi, P.X., & Riccio, E.L. (2008). Country risk, national cultural differences between partners and survival of international joint ventures in Brazil. *International Business Review*, 17(3), 250-266.
- Meyer, J.W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340-363.
- Michailova, S., & Foss, N. J. (2009). Knowledge governance: themes and questions, In N. J. Foss, & S. Michailova (Eds.), *Knowledge governance: Processes and perspective* (pp.1-24). Oxford: Oxford University Press.
- Miles, M.B. (1979). Qualitative data as an attractive nuisance: The problem of analysis. *Administrative Science Quarterly*, 24(4), 590-601.
- Miles, M.B., & Huberman, A.M. (1994). *Qualitative Data Analysis*, Thousand Oaks: Sage.
- Huberman, A.M., & Miles, M.B. (2002). *The qualitative researcher's companion: classic and contemporary readings*. Thousand Oaks: SAGE Publications.
- Miller, D., & Friesen, P.H. (1980). Momentum and revolution in organizational adaptation. *Academy of Management Journal*, 23(4), 591-614.
- Mintzberg, H. (1987). Crafting strategy. *Harvard Business Review*, July-August, 66–75.
- Mintzberg, H. (1975). The manager's job: folklore and fact. *Harvard Business Review*, 53, 49-61.
- Minbaeva, D.B. (2005). HRM practices and MNC knowledge transfer. *Personnel Review*, 34(1), 125-144.
- Miozzo, M. & Yamin, M. (2012). Institutional and sectoral determinants of headquarters-subsidiary relationships: A study of UK service multinationals in China, Korea, Brazil and Argentina. *Long Range Planning*, 45(1), 16-40.
- Mody, A. (1993). Learning through alliances. *Journal of Economic Behaviour and Organization*, 20(2), 151-170.
- Monbiot, G. (2003). *The age of consent: A manifesto for a new world order*. London, Harper Collins.
- Monteiro, L.F., Arvidsson, N., & Birkinshaw, J. (2008). Knowledge flows within multinational corporations: Explaining subsidiary isolation and its performance implications. *Organization Science*, 19(1), 90-107.

- Moore, C.M., Fernie, J., & Burt, S., (2000). Brands without boundaries: The internationalization of the designer retailer's brand. *European Journal of Marketing*, 34(8), 919-937.
- Morgan, G., & Kristensen, P.H. (2006). The contested space of multinationals: Varieties of institutionalism, varieties of capitalism. *Human Relations*, 59(11), 1467-1490.
- Morgan, R.E., & Katsikeas, C.S. (1997). Theories of international trade, foreign direct investment and firm internationalization: A critique. *Management Decision*, 35(1), 68-78.
- Morris, T., & Wood, S. (1991). Testing the Survey Method: Continuity and Change in British Industrial Relations. *Work Employment and Society*, 5(2), 259-82.
- Mowery, D.C., Oxley, J.E., & Silverman, B.S. (1996). Strategic alliances and inter-firm knowledge transfer. *Strategic Management Journal*, 17(Winter special issue), 77-92.
- Myers, H., & Alexander, N. (1996). European food retailers, evaluation of global markets. *International Journal of Retail and Distribution Management*, 24(6), 34-43.
- Nachimias, C., & Nachimias, D. (1992). *Research methods in the social sciences*. St. Martin's Press, New York.
- Nag, R. (2006). From common to uncommon knowledge: An investigation into the socio-cognitive foundations of inter-firm heterogeneity in the use of knowledge as resource, PhD thesis, The Pennsylvania State University, Pennsylvania.
- Nelson, R. (1991). Why do firms differ, and how does it matter. *Strategic Management Journal*, 12, 61-74.
- Nelson, R. (1993). *National innovation systems: A comparative analysis*. Oxford: Oxford University Press.
- Nelson, R., & Rosenberg, N. (1993). Technical innovation and national systems. In: R. Nelson (Ed.), *National innovation systems*. Oxford: Oxford University Press.
- Nelson, R.R., & Winter, S.G. (1982). *An evolutionary theory of economic change*. Belknap Press/Harvard University Press: Cambridge.
- Newbury, W., Zeira, Y., & Yeheskel, O. (2003). Autonomy and effectiveness of equity international joint ventures (IJVs) in China. *International Business Review*, 12(4), 395-419.
- Nonaka, I. (1994). A dynamic theory of organizational knowledge creation. *Organization Science*, 5(1), 14-37.
- Nonaka, I., & Takeuchi, H. (1995). *The knowledge creating company: How Japanese companies create the dynamics of innovation*. New York: Oxford University Press.
- Nonaka, I., & Toyama, R. (2003). The knowledge-creating theory revisited: Knowledge creation as a synthesizing process. *Knowledge Management Research and Practice*, 1(1), 2-10.
- Nonaka, I., & von Krogh, G. (2009). Tacit knowledge and knowledge conversion: Controversy and advancement in organizational knowledge creation theory. *Organization Science*, 20(3), 635-52.
- Nonaka, I., Toyama, R., & Konno, N. (2000). SECI, Ba and leadership: A unified model of dynamic knowledge creation. *Long Range Planning*, 33, 5-34.

- Noorderhaven, N., & Harzing, A.W. (2009). Knowledge-sharing and social interaction within MNEs. *Journal of International Business Studies*, 40(5), 719-741.
- Nti, K.O., & Kumar, R. (2000). Differential learning in alliances. In D. Faulkner, & M. de Rond (Eds.), *Co-operative strategy: Economic, business and organizational issues* (pp. 119-134). Oxford: Oxford University Press.
- O'Grady, S., & Lane, H. W. (1996). The psychic distance paradox. *Journal of International Business Studies*, 27(2), 309-334.
- Österberg, P. (2004). Generative learning management: a hypothetical model. *The Learning Organization*, 11(2), 145-158.
- Oviatt, B.M., & McDougall, P.P. (2005). Defining international entrepreneurship and modelling the speed of internationalization. *Entrepreneurship: Theory and Practice*, 29(5), 537-553.
- Oviatt, B.M., & McDougall, P.P. (1994). Towards a theory of international new ventures. *Journal of International Business Studies*, 25(1), 45-64.
- Pache, G. (1998). A transactional approach to global sourcing application to French food retailers. *International Journal of Retail and Distribution Management*, 26(2), 88-96.
- Pak, Y.S., Ra, W., & Park, Y.R. (2009). Understanding IJV performance in a learning and conflict mediated. *International Business Review*, 18(5), 470-480.
- Palmer, M. (2002). Corporate interaction and learning during the retail internationalization process: A study of multinational retailer expansion. Unpublished PhD, Faculty of Business and Management, University of Ulster.
- Palmer, M. (2004). International retail restructuring and divestment: The experience of Tesco. *Journal of Marketing Management*, 20(9/10), 1075-1105.
- Palmer, M. (2005). Retail multinational learning: a case study of Tesco. *International Journal of Retail & Distribution Management*, 33(1), 23-48.
- Palmer, M. (2006). *International retail joint venture learning*. *Service Industries Journal*, 26(2), 165-187.
- Palmer, M., & Owens, M. (2006). New directions for international joint venture research. *International Review of Retail, Distribution and Consumer Research*, 16(2), 159-179.
- Palmer, M., Owens, M., & De Kervenoael, R. (2010). Paths of the least resistance: Understanding how motives form in international retail joint venturing. *The Service Industries Journal*, 30(6), 234-257.
- Palmer, M., & Quinn, B. (2003). The strategic role of investment banks in the retail internationalization process: Is this venture marketing?, *The European Journal of Marketing*, 37(10), 1391-1408.
- Palmer, M., & Quinn, B. (2005). An exploratory framework for analysing international retail learning. *International Review of Retail, Distribution and consumer Research*, 15(1), 27-52.
- Pan, Y. (1996). Influences on foreign equity ownership level in joint ventures in China. *Journal of International Business Studies*, 27(1), 1-26.
- Park, B.I. (2011). Knowledge transfer capacity of multinational enterprises and technology acquisition in international joint ventures. *International Business Review*, 20(1), 75-87.

- Park, B.I., & Ghauri, P. (2011). Key factors affecting acquisition of technological capabilities from foreign acquiring firms by small and medium sized local firms. *Journal of World Business*, 46(1), 116-125.
- Park, S.H., & Russo, M.V. (1996). When competition eclipses cooperation: An event history analysis of joint venture failure. *Management Science*, 42(6), 875-890.
- Parkhe, A. (1993). "Messy" research, methodological predispositions, and theory development in international joint ventures. *Academy of Management Review*, 18(2), 227-268.
- Patton, J.R. (2008). Russian federation energy policies and risks to international joint ventures in the oil and gas industry. *International Business Research Teaching and Practice*, 2(1), 65-84.
- Patton, M.Q. (2002). *Qualitative research and evaluation methods*. Thousand Oaks, CA:Sage.
- Pedersen, T., & Petersen, B. (1998). Explaining gradually increasing resource commitment to a foreign market. *International Business Review*, 7, 483-501.
- Pellegrini, L. (1991). The internationalization of retailing and 1992 Europe. *Journal of Marketing Channels*, 1(2), 3-27.
- Pellegrini, L. (2003). Retail internationalization: an organizing framework. *ECR Journal*, 3(1), 30-41.
- Pellow, M. (1990). Physical distribution in international retailing. *International Journal of Retail and Distribution Management*, 18(2), 12-15.
- Peng, M.W. (2001). The resource-based view and international business. *Journal of Management*, 27(6), 803-829.
- Peng, M.W., & Heath, P.S. (1996). The growth of the firm in planned economies in transition: Institutions, organizations, and strategic choice. *Academy of Management Review*, 21(2), 492-528.
- Peng, M.W., & York, A.S. (2001). Behind intermediary performance in export trade: Transactions, agents and resources. *Journal of International Business Studies*, 32(2), 327-346.
- Penrose, E.T. (1959). *The theory of the growth of the firm*. New York: John Wiley.
- Pentland, B.T., Feldman, M.S., Becker, M.C., & Liu, P. (2012). Dynamics of organizational routines: a generative model. *Journal of Management Studies*, 49(8), 1484-1508.
- Perry, C. (1998). Processes of a case study methodology for postgraduate research in marketing. *European Journal of Marketing*, 32(9/10), 785-802.
- Persson, M. (2006). The impact of operational structure, lateral integrative mechanisms and control mechanisms on intra-MNE knowledge transfer. *International Business Review* 15(5), 547-569.
- Pettigrew, A.M. (1979). On studying organizational cultures. *Administrative Science Quarterly*, 24,570-81.
- Pettigrew, A.M. (1992). The character and significance of strategy process research. *Strategic Management Journal*, 13(winter special issue), 5-16.
- Piaget, J. (1952). *The origins of intelligence in children*. Trans M. Cook, New York: International Universities Press.
- Polanyi, M. (1962). *Personal knowledge*. London, Routledge and Kegan Paul.

- Porter, M.E. (1980). *Competitive strategy*. New York, NY: Free Press.
- Powell, W.W., Koput, K., & Smith-Doerr, L. (1996). Interorganizational collaboration and the locus of innovation: Networks of learning in biotechnology. *Administrative Science Quarterly*, 41(1), 116–145.
- Prahalad, C.K., & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review*, May-June, 79-91.
- Prahalad, C.K., & Lieberthal, K. (2003). The end of corporate imperialism. *Harvard Business Review*, 81(8), 109-117.
- Prange, C. (1999). *Organizational learning - desperately seeking theory?* Sage.
- Pudelko, M., & Harzing, A.W. (2007). Country-of-origin, localization, or dominance effect? An empirical investigation of HRM practices in foreign subsidiaries. *Human Resource Management*, 46(4), 535-559.
- Quinn, B. (1999). The temporal context of UK retailers' motives for international expansion. *The Service Industries Journal*, 19(2), 102–117.
- Quinn, B., & Doherty, A.M. (2000). Power and control in international retail franchising – evidence from theory and practice. *International Marketing Review*, 17(4), 354–372.
- Randolph, W.A., & Sashkin, M. (2002). Can organizational empowerment work in multinational settings? *Academy of Management Executive*, 16, 102-115.
- Reid, M.W. (1984). Information acquisition and export entry decisions in small firms. *Journal of Business Research*, 12(2), 141-157.
- Remenyi, D., Williams, B., Money, A. & Swartz, E. (1998). *Doing research in business and management: An introduction to process and method*. London: Sage Publications.
- Rhee, J.H. (2005). The internet era and the international expansion process: The moderating role of absorptive capacity. *Management International Review*, 45(3), 277-306.
- Rowley, J. (2002). Using case studies in research. *Management Research News*, 25(1), 16-27.
- Rugman, A.M. (1979). *International diversification and the multinational enterprise*. Mass: D.C. Heath: Lexington.
- Rugman, A.M. (1981). *Inside the multinationals: The economics of internal markets*. New York: Columbia University Press.
- Rugman, A.M., & Girod, S. (2003). Retail multinationals and globalization: The evidence is regional. *European Management Journal*, 21(1), 24-37.
- Sahal, D. (1982). *The transfer and utilization of technical knowledge*. Lexington, Mass.: D.C. Heath and Co.
- Salmon, W., & Tordjman, A. (1989). The internationalization of retailing. *International Journal of Retailing*, 4(2), 3-16.
- Salomon, G., & Perkins, D.N. (1998). Individual and social aspects of learning. *Review of Research in Education*, 23, 1-24.
- Sanchez, R. (2004). “Tacit knowledge” versus “explicit knowledge”; Approaches to knowledge management practice, Department of Industrial Economics and Strategy, Copenhagen Business School, IVS/CBS Working papers, 01.

- Sanchez, J., Spector, P., & Cooper, C. (2000). Adapting to a boundaryless world: A developmental expatriate model. *Academy of Management Executive*, 14(2), 96-106.
- Saunders, M.N.K., Lewis, P., & Thornhill, A. (2003). *Research methods for business students*. 3rd edition, Harlow, Financial Times Prentice Hall.
- Saunders, M.N.K., Lewis, P., & Thornhill, A. (2009). *Research methods for business students*. 5th edition. Harlow: Pearson Education.
- Schmekel, V. (2005). The strategic importance of retail investment in Asia and its implications for the Metro Group in Asia. *Journal of Global Marketing*, 18(1&2), 133-150.
- Schreyögg, G., & Kliesch-Eberl, M. (2007). How dynamic can organizational capabilities be? Towards a dual-process model of capability dynamization. *Strategic Management Journal*, 28(9), 913–933
- Schulz, M. (2003). Pathways of relevance: Exploring inflows of knowledge into subunits of multinational corporations. *Organization Science*, 14(4), 440-459.
- Schumpeter, J.A. (1950). *Capitalism socialism and democracy*. Harper and Row, New York.
- Shackleton, R. (1996). Retailer internationalization: a culturally constructed phenomenon, In N. Wrigley, & M. Lowe (Eds.), *Retailing, consumption and capital: Towards the retail geography*. London: Longman Group Limited.
- Shrivastava, P., & Schneider, S. (1984). Organizational Frames of Reference. *Human Relations*, 37, 795-809.
- Scott, W.R. (2001). *Institutions and organizations*. Second edition. Thousand Oaks, CA: Sage.
- Scott, W.R. (2002). Organizations and the natural environment: Evolving models. In A. J. Hoffman, & M. J. Ventresca (Eds.), *Organizations, Policy, and the Natural Environment: Institutional and Strategic Perspectives* (pp.453-464). Stanford, CA: Stanford University Press.
- Senge, P.M. (1990). *The fifth discipline : The art and practice of the learning organization*. New York, NY: Random House Business.
- Shankar, O., & Luo, Y. (2008). *International Business*, Second edition. Sage: Los Angeles, CA.
- Shannon, C.E., & Weaver, W. (1949). *The mathematical theory of communication*. University Illinois Press, Urbana.
- Sharpe, D.R. (2004). The relevance of ethnography for international business research. In R. Marschan-Piekkari, & C. Welch (Eds.), *Handbook of qualitative research methods for international business* (pp. 306–323). Cheltenham: Edward Elgar.
- Siggelkow, N. (2007). Persuasion with case studies. *Academy of Management*, 50(1), 20-24.
- Simon, H.A. (1991). Bounded rationality and organizational learning. *Organizational Science*, 2(1), 125-134.
- Simonin, B.L. (1999). Transfer of marketing know-how in international strategic alliances: An empirical investigation of the role and antecedents of knowledge ambiguity. *Journal of International Business Studies*, 30(3), 463-490.

- Simonin, B.L. (2004). An empirical investigation of the process of knowledge transfer in international strategic alliances. *Journal of International Business Studies*, 35(5), 407-427.
- Sinkovics, R.R., Penz, E., & Ghauri, P.N. (2005). Analysing textual data in international marketing research, *Qualitative Market Research: An International Journal*, 8(1), 9-38.
- Sinkovics, R.R., Penz, E., & Ghauri, P.N. (2008). Enhancing trustworthiness of qualitative research in international business. *Management International Review*, 48(6), 689-714.
- Sinkula, J.M., Baker, W.E., & Noordeweir, T. (1997). A framework for market-based organisational learning: Linking values, knowledge and behaviour. *Journal of the Academy of Marketing Science*, 25, 305-318.
- Slater, S.F., & Narver, J.C. (1995). Market orientation and the learning organization, *Journal of Marketing*, 59(3), 63-74.
- Sowell, T. (1980). *Knowledge and decisions*. New York: Basic Books.
- Sparks, L. (1992). Restructuring retail employment. *International Journal of Retail & Distribution Management*, 20(3), 12-19.
- Sparks, L. (1995). Reciprocal retail internationalisation: The southland corporation, Ito-Yokado and 7-Eleven convenience stores. *The Service Industries Journal*, 15(4), 57-96.
- Spender, J. (1989). *Industry recipes, the nature and sources of managerial judgement*, Oxford: Basil Blackwell.
- Spender, J.C. (1994). Organizational knowledge, collective practice and Penrose rents. *International Business Review*, 3(4), 353-367.
- Spencer, J.W. (2000). Knowledge flows in the global innovation system: Do U.S. firms share more scientific knowledge than their Japanese rivals?. *Journal of International Business Studies*, 31(3), 521-530.
- Spender, J.C., & Grant, R.M. (1996). Knowledge of the firm: Overview. *Strategic Management Journal*, 17(Winter Special Issue), 5-9.
- Spreitzer, G., Kizilos, M.A., & Nason, S.W. (1997). A dimensional analysis of the relationship between psychological empowerment and effectiveness, satisfaction, and strain. *Journal of Management*, 23(5), 679-704.
- Starbuck, W.H. (1983). Organizations as action generators. *American Sociological Review*, 48, 91-102.
- Steen, J., & Liesch, P.W. (2007). A note on Penrosean growth, resource bundles and the Uppsala model of internationalisation. *Management International Review*, 47(2), 193-206.
- Sternquist, B. (1998). *International retailing*. New York: Fairchild Publications
- Sternquist, B. & Jin, B. (1998). South Korean retail industry: government's role in retail liberalization. *International Journal of Retail & Distribution Management*, 26(9), 345 – 353.
- Stinchcombe, A. (1991). The conditions of fruitfulness of theorizing about mechanisms in social science. *Philosophy of Social Science*, 21(3), 367-388.
- Stock, G.N., Greis, N.P., & Fischer, W.A. (2001). Absorptive capacity and new product development. *The Journal of High Technology Management Research*, 12(1), 77-91.



- Strauss, A., & Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory*. Second edition. London: Sage Publications.
- Suh, Y.-G., & Howard, E. (2009). Restructuring retailing in Korea: The case of Samsung-Tesco. *Asia Pacific Business Review*, 15(1), 29-40.
- Sutton, R.I. (1997). The virtues of closet qualitative research. *Organization Science*, 8, 97-106.
- Szulanski, G. (1996). Exploring internal stickiness: impediments to the transfer of best practices within the firm. *Strategic Management Journal*, 17(1), 27-44.
- Szulanski, G. (2000). The process of knowledge transfer: A diachronic analysis of stickiness. *Organizational Behaviour and Human Decision Processes*, 82(1), 9-27.
- Tayeb, M.H. (1988). *Organizations and national culture*. London: Sage Publications.
- Teece, D.J. (1982). Towards an economic theory of the multiproduct firm. *Journal of Economic Behaviour and Organisation*, 3, 39-63.
- Teece, D.J. (1985). Multinational enterprise, internal governance, and industrial organization. *American Economic Review*, 75, 233-238.
- Teece, D.J. (1988). Technological change and the nature of the firm. In G. Dosi, C. Freeman, R. Nelson, G. Silverberg & L. Soete (eds.), *Technical change and economic theory* (pp. 256-281). Pinter Publishers, New York.
- Teece, D.J., & Pisano, G. (1994). The dynamic capabilities of firms: An introduction. *Industrial and Corporate Change*, 3(3), 537-556.
- Teece, D.J., Pisano, G., & Shuen, A. (1990). Firm capabilities, resources, and the concept of strategy. Centre for Research in Management. University of California, Berkeley, CCC Working Paper, 90-98.
- Teece, D.J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509-533.
- Tennant, M. (1997). *Psychology and Adult Learning*. London: Routledge.
- Tesco PLC (2011). *Annual review and summary financial statement*. Tesco: London.
- Tesco PLC (2012). *Annual review and summary financial statement*. Tesco: London.
- Tiemessen, I., Lane, H.W., Crossan, M.M., & Inkpen, A.C. (1997). Knowledge management in joint-ventures. In *Cooperative Strategies, North American Perspectives*. San Francisco: New Lexington Press.
- Tushman, M.L., & Katz, R. (1980). External communication and project performance: An investigation into the role of gatekeepers. *Management Science*, 26(11), 1071-1085.
- Tsai, W. (2001). Knowledge transfer in intra-organizational networks: Effects of network position and absorptive capacity on business unit innovation and performance. *Academy of Management Journal*, 44(5), 996-1004.
- Tsai, W., & Ghoshal, S. (1998). Social capital and value creation: The role of intrafirm networks. *Academy of Management Journal*, 41(4), 464-476.
- Tsang, A.H.C. (2002). Strategic dimensions of maintenance management. *Journal of Quality in Maintenance Engineering*, 8(1), 7-39.
- Tsang, E.W.K. (2005). Influences on foreign ownership level and entry mode choice in Vietnam. *International Business Review*, 14(4), 441-463.

- Treadgold, A. (1988). Retailing without frontiers: The emergence of transnational retailers. *International Journal of Retail & Distribution Management*, 16(6), 8–12.
- Triandis, H.C. (1995). *Individualism and collectivism*. Boulder, CO: Westview.
- Triandis, H.C. (1998). Vertical and horizontal individualism and collectivism: Theory and research implications for international comparative management. *Advances in International Comparative Management*, 12, 7-35.
- Tyler, B.B., & Steensma, H.K. (1998). The effects of executives' experiences and perceptions on their assessment of potential technological alliances. *Strategic Management Journal* 19(10), 939-965.
- Usunier, J.C. (1998). *International and cross-cultural management research*. London: Sage.
- Van den Bosch, F.A.J., Volberda, H.W., & de Boer, M. (1999). Coevolution of firm absorptive capacity and knowledge environment: organizational forms and combinative capabilities. *Organization Science*, 10(5), 551-568.
- Vernon, R. (1966). International investment and international trade in the product cycle. *Quarterly Journal of Economics*, 80(2), 190-207.
- Vernon, R. (1971). *Sovereignty at bay: the multinational spread of US enterprises*. Basic Books, New York.
- Vernon, R. (1979). The product life cycle hypothesis in a new international environment. *Oxford Bulletin of Economics and Statistics*, 41(4), 255-267.
- Vida, I., & Fairhurst, A. (1998). International expansion of retail firms: A theoretical approach for future investigations. *Journal of Retailing and Consumer Services*, 5(3), 143-151.
- Von Hippel, E. (1994). Sticky information and iteration in the locus of problem solving: Implications for innovation, Paper presented at the Prince Bertil Symposium, Stockholm, June; 12-14
- Vygotsky, L. (1986). *Thought and Language*. Second edition. Boston, MA: MIT Press.
- Warnaby, G. (1994). Laura Ashley – an international retail brand. *Management Decision*, 32(3), 42–48.
- Wei, L-Q., Wu, L-Z., Cheung, Y.H.J., & Chiu, R.K.K. (2011). Knowledge resources, learning orientation and firm performance: The mediating effect of organisational capability. *Journal of General Management*, 37(2).
- Welch, L.S., & Luostarinen, R.K. (1988). Internationalization: Evolution of a concept. *Journal of General Management*, 14(2), 36-64.
- Welch, D.E., & Welch, L.S. (2008). The importance of language in international knowledge transfer. *Management International Review*, 48(3), 339-360.
- Westney, E. (2001). Multinational enterprises and cross-border knowledge creation. In I. Nonaka, & T. Nishiguchi (Eds.), *Knowledge emergence: Social, technical and evolutionary dimensions of knowledge creation* (pp. 147-175). Oxford: Oxford University Press.
- Whysall, P. (1997). Interwar retail internationalization: Boots under American ownership. *International Review of Retail, Distribution and Consumer Research*, 7(2), 157–169.

- Wiklund, J., & Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized business, *Strategic Management Journal*, 24, 1307-1314.
- Wilkins, M. (1989). *The history of foreign investment in the United States to 1914*. Cambridge, MA: Harvard Press.
- Williams, D.E. (1991a). Retailer internationalization, PhD thesis, University of Wales, Cardiff.
- Williams, D.E. (1991b). Differential firm advantages and retailer internationalization. *International Journal of Retail and Distribution Management*, 19(4), 3-12.
- Williams, D.E. (1992). Retailer internationalization: An empirical inquiry. *European Journal of Marketing*, 26 (8/9), 8–29.
- Winter, S.G. (1987). Knowledge and competence as strategic assets. In D.J. Teece (Ed), *The competitive challenge: Strategies for industrial innovation and renewal* (pp. 159-184). Ballinger, Cambridge, MA.
- Winter, S.G. (1995). Fours Rs of profitability: rents, resources, routines, and replication. In C. A. Montgomery (Ed), *Resource-based and evolutionary theories of the firm: Towards a synthesis* (pp. 147-178). Norwell, MA: Kluwer.
- Winter, S.G. (2000). The satisficing principle in capability learning. *Strategic Management Journal*, 21(10-11), 981-996.
- Winter, S.G. (2003). Understanding dynamic capabilities. *Strategic Management Journal*, 24(10), 991-995.
- Wright, M.C. (2000). Getting more out of less: The benefits of short-term experiential learning in undergraduate sociology courses. *Teaching Sociology*, 28(2), 116-126.
- Wright, P.M., McMahan, G.C., Snell, S.A., & Gerhart, B. (2001). Comparing line and HR executives' perceptions of HR effectiveness: Services, roles, and contributions. *Human Resource Management*, 40(2), 111-123.
- Wrigley, N. (1998). European retail giants and the post-LBO reconfiguration of US food retailing. *The International Review of Retail, Distribution and Consumer Research*, 8(2), 127–147.
- Wrigley, N. (2000a). Strategic market behaviour in the internationalization of food retailing: Interpreting the Third Wave of Sainsbury's US diversification, *European Journal of Marketing*, 34(8), 891–918.
- Wrigley, N. (2000b). The globalization of retail capital: Themes for economic geography. In G.I. Clarke, M.P. Feldman, & M.S. Gertler (Eds.), *Handbook of Economic geography* (pp.292-314). Oxford: Oxford University Press.
- Wrigley, N. (2002). The landscape of pan-European food retail consolidation. *International Journal of Retail and Distribution Management*, 30(2), 81–91.
- Wrigley, N., & Currah, A. (2003). The stresses of retail internationalization: lessons from Royal Ahold's experience in Latin America. *International Review of Retail Distribution and Consumer Research*, 13(3), 221–243.
- Wrigley, N., & Lowe, M.S. (2002). *Reading retail: A geographical perspective on retailing and consumption spaces*. London: Arnold. New York: Oxford University Press.

- Yamazaki, Y., & Kayes, D.C. (2004). An experiential approach to cross-cultural learning: A review and integration of success factors in expatriate adaptation. *Academy of Management Learning Education*, 3(4), 354-379.
- Yanow, D. (2004). Translating Local Knowledge at Organizational Peripheries. *British Journal of Management*, 15(S1), S9-S25.
- Yao, Z., Yang, Z., Fisher, G.J., Ma, C., & Fang, E. (2013). Knowledge complementarity, knowledge absorption effectiveness, and new product performance: The exploration of international joint ventures in China. *International Business Review*, 22(1), 216-227.
- Yin, R.K. (1984). *Case study research: Design and methods*. Beverly Hills, Calif: Sage Publications.
- Yin, R.K. (1993). Applications of case study research. *Applied Social Research Methods Series*, 34, Sage, Newbury Park, CA.
- Yin, R.K. (1994). *Case study research: Design and methods*. Second edition. Thousand Oaks, CA: Sage.
- Yin, R.K. (2003). *Case study research: Design and methods*. London: SAGE Publications.
- Yin, R.K. (2009). *Case study research: Design and methods*. Fourth Edition. Thousand Oaks, CA: Sage.
- Yli-Renko, H., Autio, E., & Tontti, V. (2002). Social capital, knowledge, and the international growth of technology-based new firms. *International Business Review*, 11(3), 279-304.
- Yu, C. (1991). The experience effect and foreign direct investment. *Weltwirtschaftliches Archiv*, 126(3), 560-79.
- Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal*, 38(2), 341-363.
- Zahra, S.A., & George, G. (2002). Absorptive capacity: A Review, reconceptualization, and extension. *Academy of Management Review*, 27(2), 185-203.
- Zalan, T., & Lewis, G. (2004). Writing about methods in qualitative research: towards a more transparent approach, In R. Marschan-Piekkari, & C. Welch (Eds). *Handbook of qualitative research methods for international business* (pp. 507-528). Cheltenham.
- Zander, U. (1991). Exploiting a technological edge- voluntary and involuntary dissemination of technology, Ph.D. thesis, Stockholm School of Economics, Stockholm.
- Zander, L. (2005). Communication and country clusters: A study of language and leadership preferences. *International Studies of Management and Organization*, 35(1), 83-108.
- Zander, U., & Kogut, B. (1995). Knowledge and the speed of the transfer and imitation of organizational capabilities: An empirical test. *Organization Science* 6(1), 76-92.
- Zhang, Y., Li, H., Hitt, M., & Cui, G. (2007). R&D intensity and international joint venture performance in an emerging market: Moderating effects of market focus and ownership structure. *Journal of International Business Studies*, 38, 944-960.

**APPENDIX A.1 Interview protocol for Groups 1and 2**

**KNOWLEDGE SHARING AND LEARNING WITHIN INTERNATIONAL  
JOINT VENTURES  
THE RETAIL INDUSTRY**

**Jeong-Yang Park  
University of Edinburgh**



**Interview Number:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Name of interviewee	
Position of interviewee	
Name of company	
Address	
Contact details	

**Preliminary Introduction of Interview:**

The interview is conducted as part of a research project and you have been invited to participate in this research. I would like to talk to you about your experiences working in an international joint venture partnership based firm. I will be recording the interview with your permission because I don't want to miss any of your comments. I will be very happy to send you the transcript.

The interview should take about an hour. You can remain completely anonymous if you prefer and you may decline to answer any of the questions and you may end the interview at any time. Your interview is treated with discretion and remains strictly confidential and you are appeared as a number in the report. Are there any questions you would like to ask before we begin?

**Preliminary Notes:**

---

---

---

The interview explores eight sections:

1. Dimensions of internationalisation learning between partners
2. The source of practical competence and conceptual ability within the IJV
3. Local learning from internal process and knowledge transfer and the competence-building learning within the IJV
4. New knowledge within the IJV
5. Practical competency and conceptual ability within the IJV
6. The IJV development,
7. The development of absorptive capacity
8. Feedback of new learning.

**SECTION 1: Dimensions of internalization learning between partners**

How long have you been involved with the retail industry?	
How long have you been in this job?	
What are your main roles and responsibilities in this job?	
What have you learned from [            ]?	
How did you learned [            ] from [            ] joint venture partner?	
What is the most valuable way of learning in your way from [            ]?	
How has this learning [            ] affected or changed what you did or your practice?	
Could you give me an example?	
Having learnt [            ] have you shared your [            ] learning with other colleagues or have you been discussed it with other colleagues?	
Could you give me an example?	
If yes, how did you share [            ] learning with other colleagues?	
Could you give me an example?	
If no, why did you not share [            ] learning with other colleagues?	
Where did you obtain or learn to do [            ]? Partners/ IJV/ Other	
How is this learning acquired?	

**SECTION 2.1: The source of practical competence within the IJV learning to increase new competence at the individual level**

Here, in order to clarify the terms before we begin, competence refers to practical opportunities of knowledge whereas knowledge means potential new competence.	
Now, I would like to discuss the competences used within the joint venture partnerships that you as an individual, have experienced. The first part, I will ask you about your practical competence and the next part, I will ask you about your conceptual ability in ways of thinking about business and ways of thinking about business problems solving or challenges.	
What can you do now having worked with [                    ] joint venture partner that you could not do before?	
How did you acquire this competence of [     ] ?	
How has working with [                    ] helped you to be able to do this now, which you could not do before?	

**SECTION 2.2: The source of conceptual ability within the joint venture partnerships learning to increase new competence at the individual level**

Now, I would like to discuss your conceptual ability in ways of thinking about business and ways of thinking about business problems solving or challenges that you have experienced within the joint venture partnerships.	
Have you changed your ability in ways of thinking about business and ways of thinking about business problems solving now having worked with [                    ] joint venture partner that you could not think about before?	
How did you acquire this ability in ways of thinking about business of [                    ]?	
How has working with [                    ] helped you to be able to change your ways of thinking about business now that you could not do before?	

**SECTION 3.1: Local learning from internal process and knowledge transfer**

With learning [     ], did you appreciate locality? Could you give me an example of this?	
Did you notice any local knowledge working with Korean people? e.g.	
Did you listen to or observe your colleagues? e.g.	
Did you come across any difficulties learning [     ]? e.g.	
What did you do with this learning [     ]? e.g.	
Have you experienced any challenges using this learning [     ]? e.g.	
What did you do with your learning [     ]? e.g.	

**SECTION 3.2: The competence-building learning within the IJV**

The purpose of these questions is to find out what is the competence-building learning within the joint venture which builds competence from knowledge.	
In order to find out this answer to this question, I need to ask you these questions.	
What has it helped you to develop your practical competence from your experiences with [ ] joint venture partnership?	
Could you give me an example of this?	

**SECTION 4: New knowledge within the IJV**

With learning [ ] have you made any strategic changes to your products or services?	
What were the reasons behind this decision?	
How did these changes take place?	

**SECTION 5.1: Practical competency within the IJV**

With new practical competency [ ], have you made any strategic changes to your products or services?	
What were the reasons behind this decision?	
Who in the firm has the competency for this now?	
How did these changes take place?	

**SECTION 5.2: Conceptual ability within the IJV**

With new conceptual ability [ ], have you made any strategic changes to your products or services?	
What were the reasons behind this decision?	
How did these changes take place?	

**SECTION 6: The international joint venture development**

Now, I will ask you how the joint venture development reports back to the headquarters and to Korean partner, (both informal or formal reports).	
Has there been any knowledge sent back to MNE's headquarter from Korean joint venture partner?	
Could you give me an example?	
Has there been any knowledge sent back to Korean partner's headquarter from Korean joint venture partner?	
Could you give me an example?	



**SECTION 7: The development of absorptive capacity**

Are you doing new things, where do they all come from?	
Can you tell me how all this that has developed came about?	
Could you give me an example of this?	
What has helped you to be able to do this now?	
Could you give me an example of this?	
Why is this area where you are developing yourself important?	

**SECTION 8: Feedback of new absorptive capacity building**

Do you share this new learning with the headquarters?	
If yes, how do you share this learning with the headquarters?	
If no, why do you not share this learning with the headquarters?	
Do you share this new learning with the Korean partner?	
If yes, how do you share this learning with the Korean partner?	
If no, why do you not share this learning with the Korean partner?	
Have you made any successive establishment of operations in new markets?	
If so, has there been any usage of your new learning in new operations in other countries?	
Why did you share this learning in other operations?	
How were you able to use this learning in other operations?	
Are new products/service developed in local subsidiary then sold internationally?	
Are there enhancements to product lines which are already sold internationally?	

This is the end of our interview, is there anything you would like to add more?

**Thank you very much for your participation.**

**APPENDIX A.2 Interview protocol for Groups 3 and 4**

**KNOWLEDGE SHARING AND LEARNING WITHIN INTERNATIONAL  
JOINT VENTURES  
THE RETAIL INDUSTRY**

**Jeong-Yang Park  
University of Edinburgh**



**Interview Number:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Name of interviewee	
Position of interviewee	
Name of company	
Address	
Contact details	

**Preliminary Introduction of Interview:**

The interview is conducted as part of a research project and you have been invited to participate in this research. I would like to talk to you about your experiences working in an international joint venture partnership based firm. I will be recording the interview with your permission because I don't want to miss any of your comments. I will be very happy to send you the transcript.

The interview should take about an hour. You can remain completely anonymous if you prefer and you may decline to answer any of the questions and you may end the interview at any time. Your interview is treated with discretion and remains strictly confidential and you are appeared as a number in the report. Are there any questions you would like to ask before we begin?

**Preliminary Notes:**

---

---

---

The interview explores eight sections:

1. Dimensions of internationalisation learning between partners
2. The source of practical competence and conceptual ability within the IJV
3. Local learning from internal process and knowledge transfer and the competence-building learning within the IJV
4. New knowledge within the IJV
5. Practical competency and conceptual ability within the IJV
6. The IJV development,
7. The development of absorptive capacity
8. Feedback of new learning.

**SECTION 1: Dimensions of internalization learning between partners**

How long have you been involved with the retail industry?	
How long have you been in this job?	
What are your main roles and responsibilities in this job?	
What have you learned from [ ]?	
How did you learned [ ] from [ ] joint venture partner?	
What is the most valuable way of learning in your way from [ ]?	
How has this learning [ ] affected or changed what you did or your practice?	
Could you give me an example?	
Having learnt [ ] have you shared your [ ] learning with other colleagues or have you been discussed it with other colleagues?	
Could you give me an example?	
If yes, how did you share [ ] learning with other colleagues?	
Could you give me an example?	
If no, why did you not share [ ] learning with other colleagues?	
Where did you obtain or learn to do [ ]?.? Partners/ IJV/ Other	
How is this learning acquired?	

**SECTION 2.1: The source of practical competence within the IJV learning to increase new competence at the individual level**

Here, in order to clarify the terms before we begin, competence refers to practical opportunities of knowledge whereas knowledge means potential new competence.

Now, I would like to discuss the competences used within the joint venture partnerships that you as an individual, have experienced. The first part, I will ask you about your practical competence and the next part, I will ask you about your conceptual ability in ways of thinking about business and ways of thinking about business problems solving or challenges.

What can you do now having worked with [                    ] joint venture partner that you could not do before?	
How did you acquire this competence of [     ] ?	
How has working with [                    ] helped you to be able to do this now, which you could not do before?	

**SECTION 2.2: The source of conceptual ability within the joint venture partnerships learning to increase new competence at the individual level**

Now, I would like to discuss your conceptual ability in ways of thinking about business and ways of thinking about business problems solving or challenges that you have experienced within the joint venture partnerships.

Have you changed your ability in ways of thinking about business and ways of thinking about business problems solving now having worked with [                    ] joint venture partner that you could not think about before?	
How did you acquire this ability in ways of thinking about business of [                    ]?	
How has working with [                    ] helped you to be able to change your ways of thinking about business now that you could not do before?	

**SECTION 3.1: Local learning from internal process and knowledge transfer**

With learning [     ], did you appreciate locality? Could you give me an example of this?	
Did you notice any local knowledge working with Korean people? e.g.	
Did you listen to or observe your colleagues? e.g.	
Did you come across any difficulties learning [     ]? e.g.	
What did you do with this learning [     ]? e.g.	
Have you experienced any challenges using this learning [     ]? e.g.	
What did you do with your learning [     ]? e.g.	

**SECTION 3.2: The competence-building learning within the IJV**

The purpose of these questions is to find out what is the competence-building learning within the joint venture which builds competence from knowledge.	
In order to find out this answer to this question, I need to ask you these questions.	
What has it helped you to develop your practical competence from your experiences with [ ] joint venture partnership?	
Could you give me an example of this?	

**SECTION 4: New knowledge within the IJV**

With learning [ ] have you made any strategic changes to your products or services?	
What were the reasons behind this decision?	
How did these changes take place?	

**SECTION 5.1: Practical competency within the IJV**

With new practical competency [ ], have you made any strategic changes to your products or services?	
What were the reasons behind this decision?	
Who in the firm has the competency for this now?	
How did these changes take place?	

**SECTION 5.2: Conceptual ability within the IJV**

With new conceptual ability [ ], have you made any strategic changes to your products or services?	
What were the reasons behind this decision?	
How did these changes take place?	

**SECTION 6: The international joint venture development**

Now, I will ask you how the joint venture development reports back to the headquarters and to Korean partner, (both informal or formal reports).	
Has there been any knowledge sent back to MNE's headquarter from Korean joint venture partner?	
Could you give me an example?	
Has there been any knowledge sent back to Korean partner's headquarter from Korean joint venture partner?	
Could you give me an example?	

**SECTION 7: The development of absorptive capacity**

Are you doing new things, where do they all come from?	
Can you tell me how all this that has developed came about?	
Could you give me an example of this?	
What has helped you to be able to do this now?	
Could you give me an example of this?	
Why is this area where you are developing yourself important?	

This is the end of our interview, is there anything you would like to add more?

**Thank you very much for your participation.**

**APPENDIX A.3 Interview protocol for Group 5**

**KNOWLEDGE SHARING AND LEARNING WITHIN INTERNATIONAL  
JOINT VENTURES  
THE RETAIL INDUSTRY**

**Jeong-Yang Park  
University of Edinburgh**



**Interview Number:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Name of interviewee	
Position of interviewee	
Name of company	
Address	
Contact details	

**Preliminary Introduction of Interview:**

The interview is conducted as part of a research project and you have been invited to participate in this research. I would like to talk to you about your experiences working in an international joint venture partnership based firm. I will be recording the interview with your permission because I don't want to miss any of your comments. I will be very happy to send you the transcript.

The interview should take about an hour. You can remain completely anonymous if you prefer and you may decline to answer any of the questions and you may end the interview at any time. Your interview is treated with discretion and remains strictly confidential and you are appeared as a number in the report. Are there any questions you would like to ask before we begin?

**Preliminary Notes:**

---

---

---

1. How would you describe Samsung Tesco Homeplus development?	
2. What in your opinion are the critical success factors for Homeplus?	
3. What in your opinion are the hindering factors for Homeplus?	
4. In your opinion what critical factors are important for retail firms?	
5. Why do you think the level of international joint ventures is increasing in the retail industry in Korea?	
6. Are retail firms at an advantage if they are operating in the form of an international joint venture in Korea?	
7. By forming international joint venture firms, has this changed anything for local firms or the industry?	
8. Do you think learning from partners is particularly important in the retail sector?	
9. In your opinion, what is the best method of knowledge sharing and learning for retail firms?	
10. Why do you think learning is important in the retail sector?	
11. In your opinion, what areas of knowledge and know how are important for success to occurs in retail industry?	
12. Can you elaborate on the recent governmental regulations on retail firms in Korea?	
13. Can you elaborate on the consolidation process in retail industry in Korea?	
14. In your opinion, how would you describe the current retail industry in Korea and internationally?	
14. What are the current trends in retail industry in Korea and internationally?	

This is the end of our interview, is there anything you would like to add more?

**Thank you very much for your participation.**