

# Knowledge Transfer Processes in Romanian Multinational Companies

**Constantin BRĂTIANU**

The Bucharest Academy of Economic Studies, Romania

E-mail: cbratianu@yahoo.com

Phone: +4 021 3191901, ext. 568

**Simona VASILACHE**

The Bucharest Academy of Economic Studies, Romania

E-mail: simona.vasilache@gmail.com:

Phone: +4 021 3191901, ext. 568

**Vitalie STANCOV**

E-mail: vitalie.stancov@gmail.com

## *Abstract*

*The aim of this study is to investigate the knowledge transfers taking place between multinational companies and their locally dispersed subsidiaries. Focusing on the Romanian market it will shed some light on the way multinational companies - which have opened their subsidiaries rather recently in Romania - exploit the organizational knowledge stock and know-how in order to train their new employees. The Romanian economy and market characteristics have changed dramatically along the last decade, partly due to the penetration on the market of a series of multinational companies. For supporting knowledge creation in the Romanian subsidiaries, the headquarters should share and transfer knowledge to the newly created organizational entities characterized by separation through time, space, culture and language. It is also important to be aware of the specific cultural setting of the Romanian market. The case study performed on a multinational company, Nobel Romania, will analyze the way knowledge transfer was performed between headquarters and subsidiaries' sales departments. Arguments will be drawn upon theory in knowledge management and related fields and an insider view of the process will be provided, along with in-depth interviews with people directly involved in transferring the know-how from headquarters to subsidiaries and people who have absorbed, combined and internalized the knowledge in the work process.*

**Keywords:** *knowledge management, knowledge transfer processes, multinational companies in Romania*

## **1 Main Concepts**

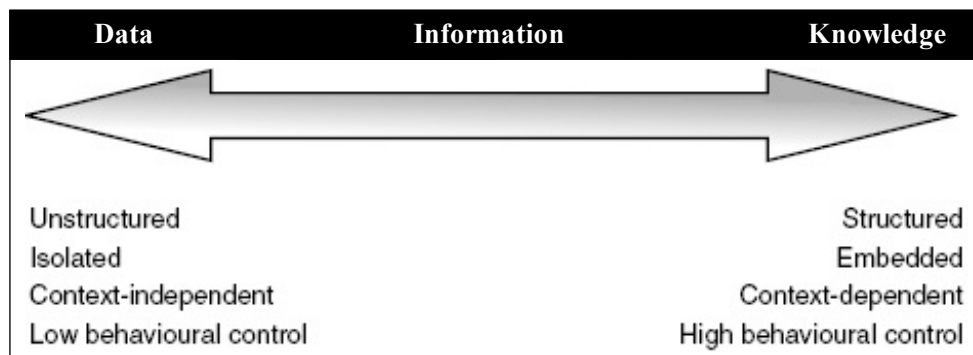
Knowledge and its application are widely recognized as a key source of growth. The importance of knowledge has created challenges and opportunities for both developing and developed countries (Shibata, 2006). There are many perspectives on how knowledge should be defined and what aspects of these definitions should be incorporated in the concept of knowledge management. Some of these perspectives will be presented, in order to allow researchers understand the directions of knowledge management research and the approach used in this study.

*Data* are a set of discrete signs or symbols used to express pure facts about certain events. However, the data alone tell nothing about why or how events did happen (Bratianu, et al, 2006; Bratianu, 2008a; Bratianu, 2008b). *Information* can be defined as data with significance. Hence, the data which a user considers as valuable constitute information. Data in one context may be relevant information in another. (Kriwet, 1997; Chini, 2004). In order to exemplify this, let's consider the following scenario. Financial statements of an insurance company may constitute data for a researcher who performs an analysis of the insurance market on a macro level and needs a database of certain financial ratios for all insurance companies activating in a certain country. At the same time, the same financial statements may constitute valuable information for the shareholders of that insurance company, who want to evaluate the performance of their investment.

Various pieces of information which are assigned a meaning and an interpretation constitute knowledge (Bratianu, 2008b; Kriwet, 1997; Chini 2004). Using the same example mentioned above, based on the information each shareholder gets from the financial statements, he/she will analyze and make decisions regarding his/her investment. The information is interpreted in a certain way and is embedded into the knowledge of the shareholder. Knowledge is created by the target-oriented combination of information and includes a component of subjectivity, insecurities and paradoxes. It is subject to ambiguity (Bratianu, 2007; Bratianu and Andriessen, 2008; Wagner 2000).

In organizations data can be found in records, and information in messages, whereas knowledge is embedded in documents, manuals or databases, in organizational processes, routines, norms and is obtained from individuals, groups, or organizational routines either through structured media or by person-to-person contact (Davenport, De Long et al 1998).

The main characteristics of data, information and knowledge are presented in figure 1.



**Figure 1 The characteristics of data, information and knowledge**

Source: Adapted from Probst, Raub et al (1999)

There are voices in the scientific community who incorporate knowledge into another even broader category, named wisdom. Wisdom calls upon all the previous levels of consciousness, and specifically upon special types of human programming (moral, ethical codes etc.). In the example used, wisdom would represent the way a certain shareholder will conceive his/her actions after interpreting the information available and based, for instance, on the type this shareholder is: whether he/she is a risk-taking or risk-averse investor.

***Tacit Knowledge and Explicit Knowledge***

*Explicit knowledge* consists of some form of systematic language and is codified through words, numbers and codes (Hedlund, 1994). This codification makes it amenable to transfer (Riesenberger, 1998). An example of explicit knowledge may be the piece/s of knowledge a reader of this subchapter gets by understanding why knowledge can be classified as tacit and explicit.

*Tacit knowledge* is non-verbalized, intuitive and unarticulated (Hedlund, 1994), depends on the experience of the individual, includes beliefs and emotions (Riesenberger, 1998), personal skills and acquired knowledge (Bennett and Gabriel, 1999).

Nonaka and Takeuchi (1995) present the following model, presented in Table 1, based on the dichotomy of tacit and explicit knowledge:

**Tacit and explicit types of knowledge**

**Table 1**

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

Source: Nonaka and Takeuchi (1995, p. 36)

***Individual and Organizational Types of Knowledge***

In any organization can be identified two distinct levels of knowledge. The individual level of knowledge, which belongs to each member of the organization, can be released only by the individual. Individual knowledge may be also of tacit, explicit or combination of the two type of knowledge. Due to its nature, explicit individual knowledge can be detached from its owner and processed at the group or organizational level (Bratianu, et al, 2006), because it is systemized in a certain form and can be transferred to and perceived by others.

Organizational knowledge means all the knowledge which can be integrated at the organization level from individual knowledge of its members and from incoming knowledge fluxes from the external environment. Organizational knowledge is embedded knowledge and comprises belief systems, collective

memories, references and values. It resides in the relations between individuals, and is therefore more than the sum of individual knowledge bases. The tension between individual and organizational knowledge is especially critical to the company as a knowledge integrating institution. Knowledge has to be managed as a resource (Chini, 2004). A company's competitive advantages are not only dependent on its distinctive intangible resources but also on its capability to exploit those resources effectively (Nelson and Winter, 1982; Riege, 2007).

### *Knowledge Management*

The active discussion on knowledge management has led to a multitude of theories and models in the business and academic literature. Most such studies reflect on the question of how organizations can and should manage knowledge. Some of these are summarized in Table 2 below.

### **Sample definitions of knowledge management**

**Table 2**

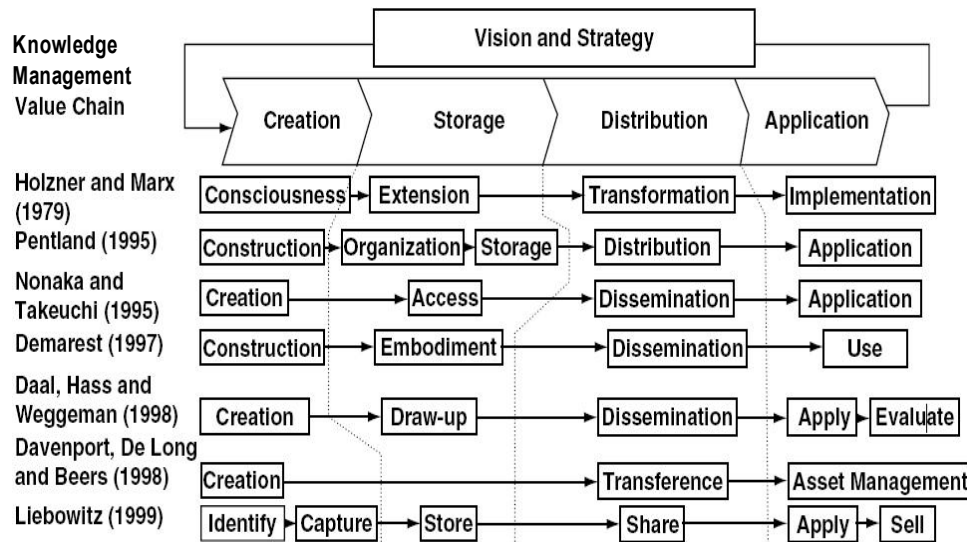
Tsoukas and Vladimirov (1996, p. 973)	Knowledge management "is the dynamic process of turning an unreflective practice into a reflective one by elucidating the rules guiding the activity of the practice, by helping give a particular shape to collective understandings, and by facilitating the emergence of heuristic knowledge".
Davenport et al (2001, p. 117)	Knowledge management is "the capability to aggregate, analyze, and use data to make informed decisions that lead to action and generate real business value".
Watson (2003, p.5)	"Knowledge management involves the acquisition, storage, retrieval, application, generation, and review of the knowledge assets of an organization in a controlled way".
Jennex (2005, p. VIII)	KM is "the process of selectively applying knowledge from previous experiences of decision-making to current and future decision making activities with the express purpose of improving the organization's effectiveness".

This study adapts a similar approach to Tsoukas and Vladimirov (1996, p.973) and Jennex (2005, p.VIII), as their definitions cover the role of knowledge management in both articulating the tacit knowledge and in the decision-making process.

### ***Knowledge Management Value Chain***

Knowledge management is conceptualized by most researchers as a process, rather than an object. The knowledge life cycle is about knowledge acquisition and creation, knowledge storage, knowledge distribution and

knowledge use and re-use. Knowledge acquisition refers to the act of internalizing existing information. Knowledge creation describes the act of creating new knowledge (Wickramasinghe and Lubitz, 2007). Knowledge storage is the process of knowledge embodiment, organization and retention. Knowledge distribution is achieved by disseminating knowledge throughout the organization. The last knowledge activity is knowledge application, i.e. utilizing the knowledge once it is possessed. Shin, Holden et al (2001, p.341) consolidate different contributions of researchers regarding the building of a value chain for knowledge management, as illustrated in Figure 2.



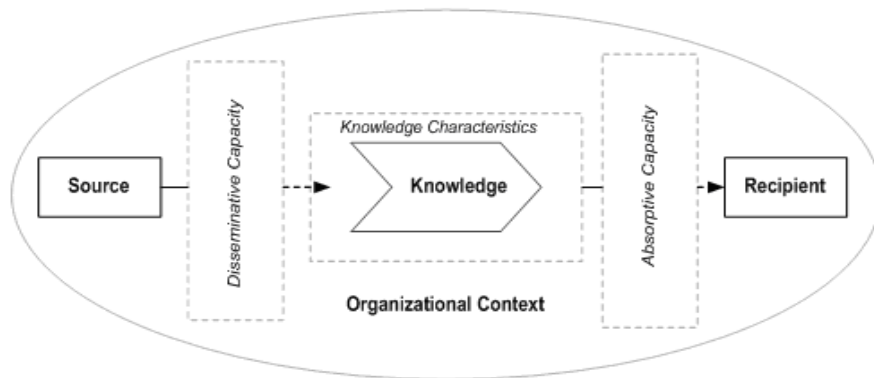
**Figure 2 Knowledge management value chain**

Source: Shin, Holden et al (2001, p.341)

### ***Knowledge Transfer Processes***

A relevant working definition of knowledge transfer is provided by William R. King: knowledge transfer is “the focused, unidirectional communication of knowledge between individuals, groups, or organizations such that the recipient of knowledge has a cognitive understanding, has the ability to apply the knowledge, or applies the knowledge” (Schwartz, 2006). Two general theoretical approaches can be mentioned related to the knowledge transfer processes: the communication model and the knowledge spiral model (Inkpen and Dinur, 1998). According to the Szulanski’s (1996) theory of knowledge transfer as **a communication model**, the process of knowledge transfer can be viewed as a message transmission from a source to a recipient in a given context. In this respect, the basic elements of a transfer should be: source, message, recipient and context.

Inkpen and Dinur extended this model and mention four groups of related factors, depicted in Figure 3.



**Figure 3 Schematic diagram of knowledge transfer processes**

Source: Adapted from Minbaeva (2007, p.569)

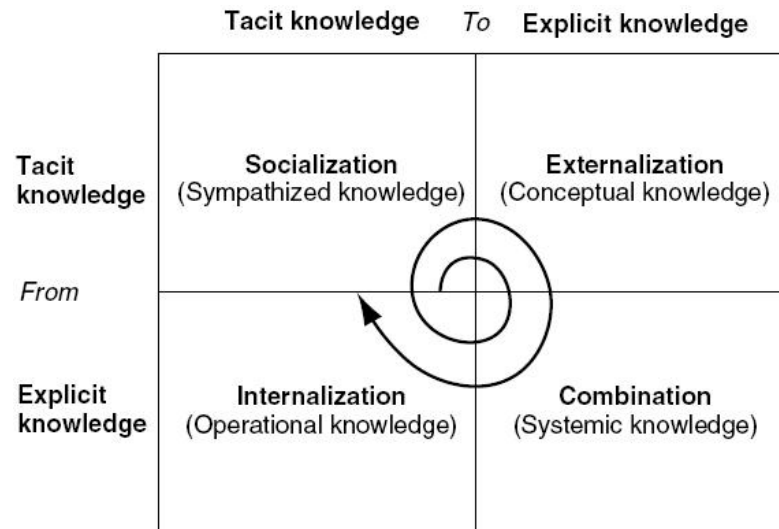
Also, Szulanski (2003) defines knowledge transfer as a process of dyadic exchanges of knowledge just between the sender and the receiver, where the effectiveness of transfer depends to some extent on the disposition and ability of the source and recipient, on the strength of the tie between them, and on the characteristics of the object that is being created. It is worth mentioning here that a critical feature of modern knowledge management is the time-lag between sender and recipient. Thus, the knowledge transfer process may be interrupted, postponed and restored.

The other main model of knowledge transfer is the so called *spiral of knowledge*, proposed by Nonaka and Takeuchi (1995), who attribute the success of Japanese companies to their effectiveness in creating knowledge. This model is built on the dimension of explicit and tacit types of knowledge. The core assumption of this model is that tacit knowledge has to be mobilized and converted. This means that the model does not only explain knowledge creation, but also describes processes of transferring knowledge, specifically the so-called conversion process. Nonaka and Takeuchi (1995) identify four specific conversion processes:

- *Socialization* (tacit to tacit) occurs when individuals exchange tacit knowledge without codifying it during the transfer phase, e.g. shared mental models, technical skills.
- *Externalization* (tacit to explicit) happens when tacit knowledge is made explicit by codifying it in the form of metaphors, analogies, hypotheses, models etc. In this way individual knowledge can be made available on a corporate-wide level. Externalization is thus the most important process for knowledge creation.

- Through *Combination* (explicit to explicit) concepts are systematized within a knowledge system. Existing elements of knowledge are combined in order to create new explicit knowledge. Several media, e.g. documents, meetings, phone calls, support combination.
- *Internalization* (explicit to tacit) means that incoming knowledge is integrated into an individual's knowledge base.

The relation between these conversion processes is presented in Figure 4.



**Figure 4 The knowledge spiral**

Source: Nonaka and Takeuchi (1995, p.62)

This knowledge spiral is double-looped and may indicate the type of learning which the conversion processes imply. Argyris and Schön (1978) distinguish between single-loop and double-loop learning. In single-loop learning the entities (individuals or organizations) modify their actions just according to the difference between expected and obtained outcomes. In double-loop learning, they question the values, assumptions and policies that led to the actions in the first place. Double loop learning implies a profound retroactive analysis of the outcomes. It is not just an adaptation in the process to the unforeseen changes, like in the case with single loop learning. The double-looped knowledge spiral is used in this representation, because the process of transforming tacit knowledge into explicit one supposes a deep analysis and high understanding of the roots of tacit knowledge, covert in routines, skills, knowing-how of the individuals or organizations. At the same time, there is a continuum of the transformation process and a direction of the spiral arrow, as tacit knowledge once converted into explicit one is internalized further into an individual's knowledge base.

## 2 Methodology

The purpose of this study is to analyze the knowledge transfer processes which take place between the headquarters of a multinational company and their subsidiaries abroad. For the case study we chose a company which opened subsidiaries in Romania in 2001-2002 and which went through a complex process of transferring the knowledge assets from headquarters to subsidiaries.

We chose to conduct the research in Nobel Romania based on convenience sampling and on its representativeness as a Romania-based multinational. The direct investment of this company to Romania exceeds 5 million euro and the Romanian subsidiary is actively managed by the headquarters. It should be noticed here that we use the definition proposed by Barlett and Ghoshal, because it is less restrictive than other definitions which establish the grounds for companies to be considered multinational, and at the same time the conditions of this definition were sufficient and allowed us to conduct the scientific investigation on knowledge transfer processes. The findings of our research may be tested and applied on a larger scale as well.

In order to maintain the coherence and resemblance of the processes studied, we focused this research on the knowledge transfer processes having occurred in the sales department of Nobel subsidiary. At this level, we could analyze the whole chain of processes: knowledge transfer from headquarters to the subsidiary's middle management, knowledge externalization, combination and transfer from middle management to the specialist level and knowledge internalization and application in the work process.

The field research has been performed by one of co-authors, while being employed there. He work on part-time basis in Nobel's sales department since November, 2006, first in the position of Distribution Specialist and from August 2007 as Online Account Manager. The position occupied and duration of this employment provided conclusive inside knowledge of diverse processes.

All interviews were held off business hours. The average duration of each interview was about 60 minutes. The interviews were conducted in English, in-person and individually, in order to minimize the possibility of biased answers. The interview format was semi-structured and followed a particular sequence of ideas, but provided sufficient flexibility to alter the sequence so that to maintain a conversation. Most of the questions remained open-ended, in order not to predetermine the answers and to help motivate respondents to share their knowledge. The information gathered during the interviews confirmed my ascertainment about the directions of knowledge transfers and the key players.

Knowledge transfer in organizations appears through changes in the knowledge or performance of the recipient units. We also analyzed the quantitative results and the visible effects which the knowledge, accumulated at the sales department level, had on the performance indicators. As indicators of efficiency of knowledge transfer processes we considered the change in the sales level compared with the beginning of the process, at the Distribution Department level of Nobel Romania.



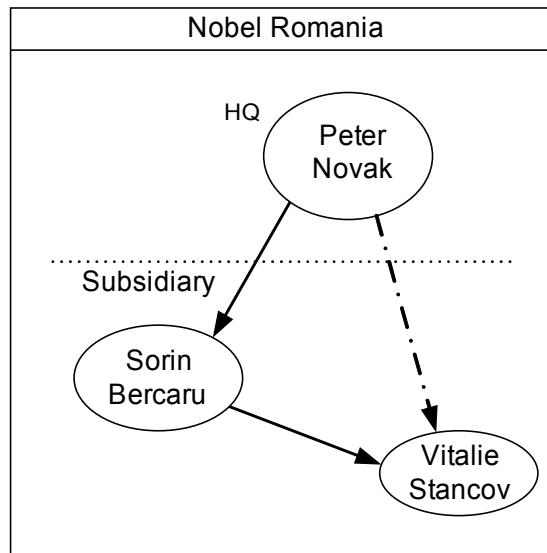


Figure 5 Key players and the direction of knowledge transfer

The company profile

Table 3

<i>Details</i> \ Companies	<b>Nobel Romania</b>	<b>Grawe Romania</b>
<b>Business Sector</b>	Telecommunications	Insurance
<b>MNC Headquarters</b>	Nobel Ltd.	Grazer Wechselseitige Versicherung AG
<b>Origin</b>	United States of America	Austria
<b>CEO</b>	Michael Knobel	Peter Kasyk
<b>Year of Entering the Romanian Market</b>	2002	2001
<b>Number of Employees</b>	200+	200+
<b>Other Subsidiaries</b>	Nobel Bermuda Nobel Egypt	Grawe Montenegro Grawe Moldova Grawe Banja Luka Grawe Bulgaria Grawe Ukraine Grawe Bosnia Grawe Serbia Grawe Hungary Grawe Croatia Grawe Slovenia

### 3 Results and Discussions

The knowledge transfer process analyzed in Nobel Romania started in November 2006 and ended in August 2007, at the level of the Distribution Department. Peter Novak, Vice President of Distribution at that time, stated that in order to found the Romanian Distribution Department a knowledge transfer process was needed, so that the new department would be capable to take over some of the distribution and sales functions and to manage the online market. It was part of the trend in Nobel to supplement or outsource some of the functions performed by the headquarters to the subsidiaries.

The Romanian subsidiary was chosen to take over the online part of the distribution due to some favorable characteristics of the Romanian economy in general, the Romanian labor market in particular and due to specific particularities of the online business in general. The Romanian emerging economy and the soon EU accession were mentioned by Peter Novak as the two key reasons which impelled the shareholders to further grow the Romanian subsidiary in 2006. The determinant characteristics of the Romanian labor market, which positioned the Romanian subsidiary ahead of the others in overtaking the online distribution business, were: the multilingualism and the basic economic background of many Romanian graduates, their Latin accent when speaking English, their good knowledge in Europe's geography and their cultural awareness related to many European countries, the lower wages etc. When referring to the particularities of the online distribution of telecommunication services (like phone cards, calling plans, travel phone cards etc.) Peter Novak mentioned that unlike the US physical distribution and sales, the online part can be managed from anywhere, as internet is a virtual market and can be accessed and monitored worldwide. Although most of the retail websites which distribute telecommunication services are based and managed from the United States, nevertheless, according to Peter Novak, with sufficient knowledge and expertise employees from Romania can manage those accounts, too. Exactly this knowledge and expertise were to be transferred by him to the employed people in the Romanian subsidiary.

Before proceeding to a thorough analysis of the knowledge transfer processes which took place between Nobel Ltd. and its Romanian subsidiary, we should define the knowledge transfers in the specific organizational context. The knowledge transfers took place in the Distribution department of Nobel with the objective of offering Peter Novak's prior knowledge in managing the online distribution and performing certain other distribution and sales functions to the employees from the Romanian Distribution department. So, according to the communication model of knowledge transfer, the source of knowledge is represented by Peter Novak, the recipients are Sorin Bercaru and Vitalie Stancov, message is sent from Peter Novak to Sorin Bercaru and from both Sorin Bercaru and Peter Novak to Vitalie Stancov (see Figure 6) in a given organizational context. Next, the phases of the knowledge transfer process will be presented

in a chronological order, with short descriptions and multiple inferences to relevant theoretical concepts.

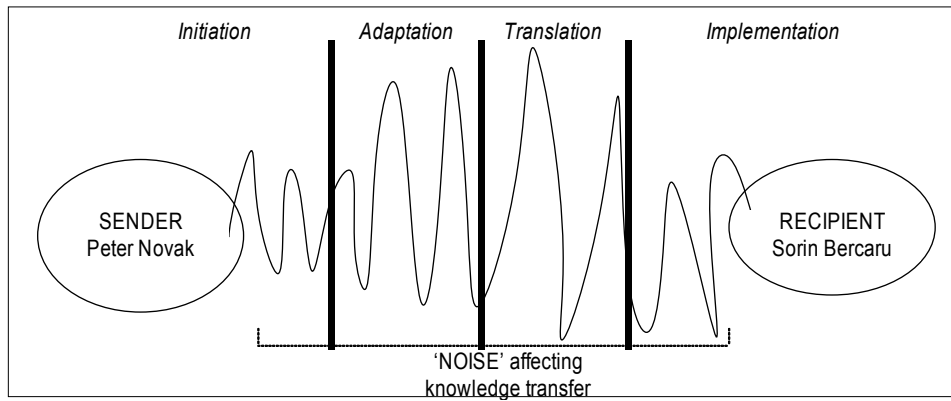
Figure 6 summarizes the knowledge transfer main phases taking place between the Nobel headquarters representative and the employees of the Romanian Distribution department and also introduces new connections with the knowledge spiral model.

<p style="text-align: center;"><b>Phase I Socialization</b></p> <ul style="list-style-type: none"> <li>- Sorin Bercaru moves to Nobel Ltd. for 40 days and gets the big picture of how the Distribution department operates</li> </ul>	<p style="text-align: center;"><b>Phase II Externalization</b></p> <ul style="list-style-type: none"> <li>- Sorin Bercaru conceptualizes the knowledge gained</li> <li>- Peter Novak transfers his individual knowledge, making it explicit</li> <li>- Vitalie Stancov is trained by Sorin Bercaru and Peter Novak</li> </ul>
<p style="text-align: center;"><b>Phase IV Internalization</b></p> <ul style="list-style-type: none"> <li>- The acquired knowledge is applied and integrated into the employees' knowledge base.</li> </ul>	<p style="text-align: center;"><b>Phase III Combination</b></p> <ul style="list-style-type: none"> <li>- Peter Novak comes to Romania for 3 months</li> <li>- Procedures are defined, manuals and other written documentation are created.</li> </ul>

**Figure 6 The main phases of knowledge transfer. Case study: Nobel**

Source: Adapted from Nonaka and Takeuchi (1995, p.62)

According to the knowledge spiral model adapted to the Nobel case study, the knowledge transfer process between the headquarters Distribution department and the Romanian Distribution department followed all the knowledge spiral phases in the order and direction defined by Nonaka and Takeuchi (1995, p.62). So, the first phase of the knowledge transfer, called socialization phase, was achieved in tacit to tacit manner and consisted in direct transfers of certain pieces of experience and skills of the people involved in the sales and distribution activities at the level of headquarters, without making this knowledge explicit. This phase of transfer gave Sorin Bercaru a big picture of how sales and distribution activities are performed.



**Figure 7 A simplified communication model. Case study: Nobel**

Source: Adapted from Shannon and Weaver (1957)

The next externalization phase of tacit to explicit transfer comprised of the fact that Sorin Bercaru comprehended the experience gained during the trip to the USA headquarters and based on his existent knowledge base he could make connections and transform the tacit character of his experience into explicit knowledge. It is a necessary step outlined also in the first chapter, as only explicit knowledge is eligible for effective transfer *a fortiori* if the receiver of the knowledge cannot gain the necessary tacit knowledge by witnessing himself/herself the object of the knowledge transfer.

The combination phase which comes next consisted in systematizing the explicit knowledge to further develop and store it and, also, in order to make sure that the tacit knowledge was accurately interpreted and made explicit by the recipient. Here comes into discussion the absorptive capacity of the knowledge recipient, in this case Sorin Bercaru. Peter Novak came to Romania in order to first evaluate the accurateness of the knowledge transferred during the first phase of the knowledge spiral and the second stage in the communication model (Figure 7), after which he worked consistently on elaborating a series of written procedures, manuals and other written documentation, in which he incorporated much of his knowledge. The last phase of the first knowledge spiral cycle is internalization and in the case study it consisted in applying the explicit knowledge made available at the department's level and transforming it into organizational routines. At this point, only the first cycle of the knowledge transfer process was finished. The same model continued to be applied in order to train the new hired employees and to adapt the existing knowledge to new challenges in the work process.

As barriers to knowledge transfer, which usually narrow both the disseminative capacity of the knowledge source and the absorptive capacity of the recipient, we may recall some objective and subjective factors. Referring to the Nobel case study, some objective factors, mentioned by Peter Novak and Sorin Bercaru, were the distance, the difference in time zones, the language and the cultural differences. Even though there were periods when either Sorin Bercaru

went to the USA or Peter Novak came to Romania, most of the knowledge transfer process was affected by the distance and the overlapping of only few working hours, due to the difference in the time zones. Both allowed only limited direct interaction between the agents of the knowledge transfer. The language and the cultural differences weren't serious barriers to knowledge transfer in the case of Nobel, because in the Romanian subsidiary the employees speak only English during the working hours and also most of them are quite culturally aware in relation to the American culture.

In order to evaluate or measure the effectiveness of the knowledge transfer process, which took place in Nobel Romania, Peter Novak and the other interested parties at the level of top management chose several indicators, both qualitative and quantitative ones. During the interview Peter Novak disclosed the following indicants: how the client accounts were impacted after they were transferred to be managed by the Romanian subsidiary, to what degree the Romanian team members were confident in their ability after capturing the knowledge transferred and last but not least the financial results at the level of the Distribution department, after the knowledge transfer process happened. Due to certain confidentiality agreements, we cannot disclose the exact results of the process. Nevertheless, we may say that after about 6 months from finalizing the knowledge transfer process the Distribution department not only maintained the customer base, but also increased significantly the portfolio of products with them and brought some new clients on board, which led to an over 35% increase in sales. These results confirmed that the new team members of cross-border Distribution department assimilated efficiently the knowledge transferred and applied it effectively in work process, which had as a result an increase in qualified resources at the level of Distribution department and facilitated the growth.

During the interview Peter Novak recognized that until the need for knowledge transfer appeared there was almost no actions taken in the Distribution department to codify the tacit knowledge into some written documentation, so that to facilitate knowledge transfer in the future. So, the entire departmental knowledge consisted almost only from individual pieces of knowledge. The company's management wasn't aware of the critical importance to develop the organizational knowledge by encouraging the employees to share knowledge and make it explicit and stored in a proper manner, like manuals or written procedures. After the experience of knowledge transfer process performed in the Distribution department, the attitude has changed and now there are several initiatives which promote knowledge sharing and externalization. The trainings offered by some departments to any interested employees would be an example of knowledge sharing. In order to promote the knowledge externalization, when calculating the amount of performance bonus the managers evaluate also if the employees contributed to the organizational written knowledge base with their own knowledge of certain operations performed or if they came up with improvements to the existing procedures. In this context the importance of middle managers should be pointed out, as facilitators and mediators of knowledge externalization at

the organizational level. Ahmed, Kok et al (2002) mentioned that one of the core functions of middle managers is to identify, recruit, encourage and acknowledge the knowledge champions throughout the company. So, the middle managers have not only the role of improving the work operations through providing the best practices available at the industrial level, but also of facilitating the externalization of tacit or explicit knowledge available at their subordinates' level. In the case of Nobel, even more attention should be paid to detaching the individual knowledge from the employees and making it comprehensible at the organizational level. It is even more critical in the case of Nobel Romania, as one characteristic of the Romanian market is the high workforce mobility.

With some more efforts focused on increasing the efficiency and effectiveness of the knowledge transfer processes, Nobel Romania can achieve a high degree of knowledge retention and dissemination throughout the company, which may lead to a proper assessment of the current organizational know-how and also to innovation, as with a profound understanding of how current operations are performed employees can realize how the same operations may be performed better.

#### **4 Conclusions**

This study had as an objective to examine the way multinational companies transfer their organizational knowledge from headquarters to Romanian subsidiaries, in the light of existing literature on knowledge management. Nobel's Romanian subsidiary was field researched and valuable primary information was collected and analysed from the people involved in the processes of knowledge transfer. The research findings were combined and they providing multiple connections to the synthesized theoretical base on knowledge transfer processes and to Romanian market characteristics.

This research concluded that while the source of knowledge should be involved mainly in the socialization and externalization phases, middle managers should have considerable contribution in promoting and motivating the externalization of knowledge and should combine it with other explicit knowledge available at organizational knowledge. The recipient of the explicit knowledge internalizes it into the work process.

This research can be a source of valuable information to other multinational companies also, which either are already present on the Romanian market, or plan to open their subsidiaries in Romania in the near future. The analyzed theoretical base presents a relevant excerpt of definitions, findings and models on the subject of knowledge transfer processes within multinational organizations. It may be useful for companies in structuring and modelling their own processes at the level of Romanian subsidiaries, so that to create a proper context for efficient knowledge dynamics. The importance to acknowledge why, when and how individual knowledge should be detached and made available at organizational level is also remarked in the study.

There are certain limitations of this project which also represent future paths to follow with the objective of enriching the explicit knowledge available in this sphere of analysis. Future research should cover also the knowledge transfer processes from subsidiaries to headquarters as a feedback and a source of combined explicit knowledge. The importance of such transfers is unquestionable, as such knowledge can add value to the whole company by providing locally adapted solutions to general challenges of the company. It is a valuable source of innovation. More attention should be also paid to the methods of preserving and storing the explicated organizational knowledge, so that it is made available only to people who need it in the work process and in a easily accessible way.

In conclusion, multinational organizations should be aware of the significant importance of knowledge transfer processes for boosting efficiency and innovation both at the level of headquarters and at subsidiary level. Viewing knowledge as a valuable asset and resource, these organizations should consider the academic literature available on this subject and initiate, promote and control knowledge transfers as processes of detaching individual knowledge and transforming it into explicated organizational knowledge.

### References

1. Ahmed, P. K., Kok, L., Loh, A. (2002) *Learning Through Knowledge Management*, Oxford: Butterworth-Heinemann
2. Allen, T. J. (1977) *Managing the flow of technology: Technology transfer and the dissemination of technological information within the R&D organization*, Cambridge: MIT Press
3. Argote, L., Ingram, P. (2000) „Knowledge Transfer: A Basis for Competitive Advantage in Firms”, *Organizational Behavior and Human Decision Processes*, 82(1):150-169
4. Argyris, C., Schon, D. (1978) *Organizational Learning: A theory of action perspective*, Reading: Addison-Wesley
5. Bartlett, C. A., Ghoshal, S. (1989) *Managing Across Borders: The Transnational Solution*, Boston: Harvard Business School Press
6. Bennett, R., H. Gabriel (1999) „Organizational factors and knowledge management within large marketing departments: an empirical study”, *Journal of Knowledge Management*, 3(3):212–225
7. Brătianu, C. (2008a) „Knowledge dynamics”, *Review of Management and Economical Engineering, Special issue*, Vol. 7, No.5, pp. 103-107
8. Brătianu, C. (2008b) „Strategies for lifelong learning and organizational knowledge”, *Review of international comparative management*, Vol. 9, No.2, pp. 5-15
9. Brătianu, C. (2007) „An integrative perspective on the organizational intellectual capital”, *Review of Management and Economical Engineering*, Vol. 6, No.5, pp. 107-113

10. Brătianu, C., Andriessen, D. (2008) „Knowledge as energy: a metaphorical analysis”, in: *Proceedings of the 9<sup>th</sup> European Conference on Knowledge Management*, Southampton Solent University, UK, 4-5 September 2008, pp.75-82. Reading: Academic Publishing
11. Brătianu, C., Jianu, I., Vasilache, S. (2006) *Business Management*, Bucharest: ASE
12. Chini T. C. (2004) *Effective Knowledge Transfer in Multinational Corporations*, New York: Palgrave Macmillan
13. Daal, B. V., Hass, M., Weggeman, M. (1998) „The knowledge matrix: a participatory method for individual knowledge gap determination”, *Knowledge and Process Management*, 5(4):255–63
14. Davenport, T. H., De Long, D. W., Beers, M. C., (1998) „Successful knowledge management projects”, *Sloan Management Review*, Winter: 43–57
15. Davenport, T. H., Harris, J. G., De Long D. W., Jacobson, A. L. (2001) „Data to knowledge to results: building analytic capability”, *California Management Review*, 43(2): 117–38
16. Davenport, T. H., Prusak, L. (1998) *Working Knowledge*, Cambridge, MA: Harvard Business School Press
17. Demarest, M. (1997) *Understanding knowledge management*, Long Range Planning, 30(3):374–84
18. Galbraith, C. S. (1990) „Transferring core manufacturing technologies in high technology firms”, *California Management Review*, 32(4):56–70
19. Hedlund, G. (1994) „A model of knowledge management and the N-form corporation”, *Strategic Management Journal*, 15:73–90
20. Husted, K., Michailova, S. (2002) „Diagnosing and Fighting Knowledge Sharing Hostility”, *Organizational Dynamics*, 31(1):60–73
21. Inkpen, A. C., Dinur, A. (1998) *The transfer and management of knowledge in the multinational corporation: considering context*, Carnegie Bosch Institute Working Paper
22. Jennex, M. E. (2005) *Case Studies in Knowledge Management*, London: Idea Group Publishing
23. Kriwet, C. K. (1997) *Inter- and Intra-organizational Knowledge Transfer*, Bamberg: Universität St. Gallen
24. Liebowitz, J. (1999) „Key ingredients to the success of an organization’s knowledge management strategy”, *Knowledge and Process Management*, 6(1):37–40
25. McKeough, A. (1995) *Teaching for Transfer: Fostering Generalization in Learning*, Mahwah: Lawrence Erlbaum
26. Minbaeva, D. B. (2007) „Knowledge Transfer in Multinational Corporations”, *Management International Review*, 47(4):567-593
27. Nelson, R.R., Winter, S.G. (1982) *An Evolutionary Theory of Economic Change*, Boston: Harvard Business School Press



28. Nieminen, H., Nummela, N. (2003) „Developing core competencies through knowledge transfer in interfirm co-operation”, *Proceedings of the 29th conference of the European International Business Academy*, 10-13 December, Denmark: Copenhagen Business School
29. Nonaka, I., Takeuchi, H. (1995) *The Knowledge Creating Company: How Japanese Companies Create the Dynamics of Innovation*, New York: Oxford University Press
30. Pentland, B. T. (1995) „Information systems and organizational learning: the social epistemology of organizational knowledge systems”, *Accounting Management and Information Technologies*, 5(1):1–21
31. Probst, G., Raub, S., Romhardt, K. (1999) *Wissen managen–wie Unternehmen ihre wertvollste Ressource optimal nutzen*, Wiesbaden: Gabler
32. Riege, A., (2007) „Actions to overcome knowledge transfer barriers in MNCs”, *Journal of Knowledge Management*, 11(1):48-67
33. Riege, A., Zulpo, M. (2007) „Knowledge Transfer Process Cycle: Between Factory Floor and Middle Management”, *Australian Journal of Management*, 32(2):293-314
34. Riesenberger, J. R. (1998) „Knowledge – the source of sustainable competitive advantage”, *Journal of International Marketing*, 6(3):94–107
35. Schwartz, D. G. (2006) *Encyclopedia of Knowledge Management*, London: Idea Group Reference
36. Shibata T. (2006) *Introduction*. In Shibata T. (Ed.) *Japan, Moving Toward a More Advanced Knowledge Economy. Volume 1: Assessment and Lessons: 1-9*, Washington: The World Bank
37. Shin, M., Holden, T., Schmidt, R. A. (2001) „From knowledge theory to management practice: towards an integrated approach”, *Information Processing & Management*, 37(2):335–55
38. Szulanski, G. (1996) „Exploring internal stickiness: impediments to the transfer of best practice within the firm”, *Strategic Management Journal*, 17:27–43
39. Szulanski, G. (2003) *Sticky Knowledge: Barriers to Knowing in the Firm*, London: SAGE Publications
40. Tsoukas, H., Vladimirou, E. (1996) „The firm as a distributed knowledge system: a constructionist approach”, *Strategic Management Journal*, 17: 11–25
41. Wagner, P. (2000) *Die unsichtbare Ressource: Wissen, Voraussetzungen fürs Gelingen*, Unternehmensentwicklung, 6
42. Watson, I. (2003) *Applying Knowledge Management: Techniques for Building Corporate Memories*, San Francisco: Morgan Kaufmann Publishers
43. Wickramasinghe, N., Lubitz, D. (2007) *Knowledge-based enterprise: theories and fundamentals*, London: Idea Group Publishing