Interpersonal knowledge transfer within the multinational enterprise: Incorporating identity based quasi-formal knowledge governance mechanisms

Abstract:

Purpose: The paper aims to incorporate the social identity theory perspectives to the knowledge-based view in order to suggest how certain organizational characteristics can be leveraged as knowledge governance mechanisms for interpersonal knowledge transfer within the multinational enterprise (MNE).

Design/methodology: This paper is a conceptual discussion on interpersonal knowledge governance mechanisms.

Findings: The paper proposes a new set of governance mechanisms which may be leveraged to govern interpersonal knowledge transfer. These mechanisms utilize organizational identity of individuals to govern individual level knowledge transfer behavior with the MNE. The paper also illustrates how subsidiary power, one of such mechanisms, influence interpersonal knowledge transfer within the MNE though organizational identification.

Research limitations / implications: As the paper is conceptual, the proposed mechanisms have not been substantiated empirically. It calls for empirically testing the suggested mechanisms across countries.

Practical implications: The paper provides insights to managers for leveraging on organizational identity to manage interpersonal level knowledge transfer within the MNE.

Originality / value: The paper adds organizational identity-based knowledge governance mechanisms to the knowledge governance approach. It highlights how certain organizational characteristics (e.g. subsidiary power), even though these are not knowledge governance mechanisms per say, can be utilized to govern interpersonal knowledge transfer with the MNE.

Keywords: Cross border knowledge transfer, knowledge governance approach, subsidiary power, knowledge-based view, social identity theory

Paper type: Conceptual paper

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1 Introduction

Cross border knowledge transfer is of crucial importance to multinational enterprises (MNEs) because effective internal transfer of knowledge allows multinationals to gain competitive advantage (Argote and Ingram, 2000). Internalization of firms and creation of MNEs is attributed to their ability to transfer their idiosyncratic knowledge across national borders. (Kogut and Zander, 1993). Thus, intra-MNE knowledge transfer is not only a major activity of MNEs, but also believed to be the very reason for their existence. Given the significance of intra-MNE knowledge transfer, we focus on how this knowledge transfer at the individual level can be managed through identity-based governance mechanisms.

Knowledge transfer or knowledge flow, which is referred to the process by which knowledge is moved across the firm in order to leverage on the firm's knowledge base (Argote, 1999, Patriotta et al., 2013), happens at two levels: organizational level and individual level. The knowledge governance approach (KGA) propounded by Foss (2007) is a multi-level approach that explains how the deployment of governance mechanisms at the organizational level influences knowledge processes, such as creating, sharing and retaining knowledge in the organization. The key argument is that organizational knowledge governance mechanisms lead to organizational (macro) level knowledge transfer directly as well as by creating conditions of individual action leading to interpersonal (micro) knowledge flows which lead to organizational level knowledge transfers.

These organization level knowledge governance mechanisms can be formal or informal in nature (Foss et al., 2010, Foss et al., 2009). Formal aspects are the organizational structure, goal setting, directives, rules and regulations (Foss et al., 2010, Grandori, 2001). HRM practices are the key formal mechanisms used to influence employees' knowledge transfer behavior. These practices such as job design, rewards and incentives, training and development impact individual's ability and motivation to share knowledge (Minbaeva, 2013, Morris et al.,

2015). Practices like performance appraisal, incentive etc. can impact individual's motivation to engage in knowledge sharing (Foss et al., 2015, Gagné, 2009). Some practices like collaborative work design increase interaction between individuals which aid knowledge transfers (Kaše et al., 2009).

The informal aspects relate to trust, networks, social ties, culture, identity and identification (Argote and Kane, 2009, Michailova and Husted, 2003). Organizational values and a work climate that promotes a collaborative culture of trust and social relationships create a positive attitude and enhance motivation of employees towards knowledge sharing which positively impact their knowledge transfer behavior (Cabrera and Cabrera, 2005, Foss et al., 2015, Llopis and Foss, 2016, Michailova and Minbaeva, 2012). Informal mechanisms like deploying social governance mechanisms help in establishing psychological contracts with the employees which create trust, commitment and goodwill for the organization and motivate employees to engage in knowledge transfer (Gooderham et al., 2011).

We put forward another set of organizational identity-based mechanisms that influence interpersonal knowledge transfer within the MNE. Interpersonal knowledge transfer can be formal (e.g. completion of a task) under the directives of the organization or informal (e.g. informal advice, relational contacts) which is personal, ad hoc, voluntary and outside the directives. The proposed mechanisms that can govern both the formal and informal knowledge transfer are certain organizational characteristics (e.g. subsidiary power) that are not direct interventions to individual knowledge transfer behavior but these can be utilized for the same purpose because of the organizational identification of individuals which is in line with the social identity theory (Turner, 1975). Subsidiary employees are likely to categories themselves as in-group, draw identification from their subsidiary characteristics, which influence their behavior towards the other subsidiary individuals being out-group members. The role of subsidiary power at organizational level knowledge transfer is well known (Wong et al., 2008).

However, it can also influence individual level knowledge flows. This explains how 'organizational identification' becomes a mechanism that creates conditions for interpersonal knowledge transfer.

We contribute to the MNE knowledge transfer literature by incorporating social identity theory insights to the knowledge-based view and thus enhance KGA by explaining conditions that facilitate the influence of identity-based knowledge governance mechanism on interpersonal knowledge transfer. We also illustrate how one of such mechanisms, subsidiary power, influences interpersonal knowledge transfer with the multinational enterprise. We respond to a recent call on incorporating social identity theory perspectives to understand MNEs and their activities (Raskovic and Takacs-Haynes, 2020). Finally, we present some future research opportunities in this area.

The rest of the paper is organized as follows. The next section presents the literature on intra-MNE cross border knowledge transfer at organizational and individual level. The following section adds social identity perspective to the existing KGA to add quasi-formal mechanisms to the existing stock of organizational interventions in this approach. The final section provides implications and concludes the paper.

2. Literature Syntheses

The knowledge governance approach is a multi-level approach including knowledge transfer outcomes and antecedents at organizational and individual levels. Accordingly, we present the representative literature on cross-border knowledge transfer in the form of a 2x2 matrix (Table 1). The table categorizes the related literature into four quadrants. Quads 1 and 2 include the impact of organizational level and individual level factors respectively on organizational level knowledge transfer. Quads 3 and 4 present their impact on individual level knowledge flows.

Insert Table 1 about here

Davenport and Prusak (1998) define knowledge as "a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information" (p. 5). Characteristics of the transferred knowledge (base line, figure 1) affect the transfer process at both the organizational and individual levels. The degree of complexity, teachability, and tacitness of knowledge affect the transfer of knowledge – higher the degree, harder and slower the knowledge transfer. As "we know more than we can tell" (Polanyi, 1966, p.4) tacit knowledge is hard to be articulated, codified, stored and transferred (Li and Gao, 2003). However, tacit knowledge can be converted to explicit knowledge by the spiral SECI (socialization, externalization, combination and internalization) conversion model (Nonaka and Takeuchi, 1995). SECI originates at the level of the individual and then transcends to the collective group level, organizational level and eventually to the inter-organizational level.

Explicit knowledge is highly codified, easy to transmit, whereas tacit is more abstract, harder to articulate and transfer. Crespo et al. (2014) found that explicit knowledge is positively related to knowledge outflows from the subsidiary to the HQ. While transfer of tacit knowledge primarily requires rich communication media, explicit knowledge can be transferred through written media (Pedersen et al., 2003). The more easily knowledge can be communicated due to easy articulability, codifiability and teachability, the faster is the speed of knowledge transfer in the organization (Zander and Kogut, 1995). Morover, a synergic combination of the exploratory and exploitative nature of knowledge also determine the outcomes positively while imbalanced commbination hurt the outcomes (Dodourova et al., 2021, Lee Jeoung et al., 2020).

2.1 Organizational Level Knowledge Transfer and Organizational Level Antecedents (Quad 1)

Characteristics of the actors participating in the transfer influence effectiveness and efficiency of the process. A receivers' absorptive capacity and sender's dissemination capacity are the key characteristics of the actors engaged in knowledge transfer (Gupta and Govindarajan, 2000,

Minbaeva, 2007, Noorderhaven and Harzing, 2009, Tseng, 2015). They determine the effectiveness and efficiency of the knowledge transfer process. Both the absorptive capacity and dissemination capacity depend on the ability and willingness/motivation of the actors (e.g. headquarters, subsidiary) engaged in knowledge transfer. Higher the ability and motivation to recognize, assimilate and apply external knowledge, more knowledge will be transferred to the organization (Cohen and Levinthal, 1990). The ability of a sender is determined by the knowledge base and skills of the employees involved in the transfer (Grant, 1996); and willingness is contingent on the benefits the sender will obtain from the transfer.

The good quality close relationships between the sender and receiver units reduce motivational and cognitive problems and thus ease the process of knowledge transfer (Szulanski, 1996). Close relationship which is conditioned by the extent and nature of trust in the relationship between the exchange partners influence knowledge transfers between them (Argote et al., 2003, Szulanski, 1996, Welch and Welch, 2008). Szulanski (1996) suggested that one of the primary reasons of internal stickiness of knowledge transfer is when the level of trust on the source is less, in other words, the source is not perceived as reliable. Similarly, knowledge receiver's resistance towards knowledge created elsewhere, which is termed "Not-invented-here" (NIH) Syndrome (Gupta and Govindarajan, 2000, Katz and Allen, 1982, Michailova and Husted, 2003, Szulanski, 1996) can pose a serious threat to inflow of knowledge to a receiver unit. NIH may be due to not perceiving the source as reliable, or its knowledge as valuable, or due to avoiding knowledge of the other unit to undermine competency or power from knowledge of the other unit.

Organizations also use formal mechanisms with an aim to facilitate knowledge transfers between the units. These mechanisms include giving more autonomy to the subsidiary (Ciabuschi et al., 2010), setting subsidiary performance evaluation criteria (Björkman et al., 2004), HQ incentives and monitoring (Andersson et al., 2015) or HRM practices (Minbaeva et

al., 2003). Delegating decision-making right to the subsidiary increases its perception of freedom and motivation to transfer knowledge (Ciabuschi et al., 2010, Foss and Pedersen, 2002). Moreover, formal organizational mechanisms can be used by the HQ as control mechanisms to impact ability and motivation of employees to transfer knowledge leading to transfers between organizations (Zhou et al., 2020).

Homophily or similarity between the organizational context is another important antecedent of knowledge transfer. Context encompasses knowledge, values, assumptions and beliefs held by the exchange partners. Contextual similarity provides a common ground for understanding and knowledge transfer. It increases interaction between the actors resulting in more knowledge transfers. Further, cultural similarity or low cultural difference (Schlegelmilch and Chini, 2003), language similarity (Ambos and Ambos, 2009, Reiche et al., 2015) positively influence knowledge transfers between units. The characteristics of the context of the unit may influence a unit's perception about another unit and thus knowledge transfer between units. Knowledge transfer from units located in an advanced developed country is higher to a unit located in a less developed country as the knowledge held by the developed country unit is perceived as more valuable than that of the other (Frenkel, 2008, Gupta and Govindarajan, 2000). However, recent evidence shows such a distinction based on the location of knowledge is diluting as MNEs are having research and development also in developing countries (Dodourova et al., 2021).

The relationships between headquarters (HQ) and subsidiaries and between subsidiaries also involve competitive tension and the existence of a relationship of power and politics. A relationship based on power due to resource dependency can also aid knowledge transfer between the units. Wong et al. (2008) found that knowledge transfer will be higher to a high-power unit from a low power. This is because, when a high-power unit seeks knowledge from a low power, the low power would comply with the demands due to fear of the high power unit

withdrawing resources that the low power is dependent on. But this finding is conditional upon high power subsidiary seeking knowledge from the low power. More recently Whittle et al. (2016) found that due to a relationship of power and politics between the HQ and the subsidiary, knowledge transfer between them is affected. Subsidiary managers may hesitate to share important information due to sensemaking of HQ's power over the subsidiary. This may affect flow of subsidiary knowledge to the HQ. In view of the tension that may exist between the units, units are susceptible to trust issues or issues that feed a unit's perception of the other which can make the knowledge sticky or create barrier to knowledge transfers.

2.2 Organizational Level Knowledge Transfer and Individual Level Antecedents (Quad 2)

The knowledge based view (Grant, 1996) suggests that the locus of knowledge is in the individual and the primary role of the firm is coordination and integration of this knowledge embedded in the individuals dispersed across different subsidiaries. People are identified as important conduits of organizational level knowledge transfer. Argote and Ingram (2000) suggests that individuals being important reservoirs of knowledge, knowledge transfer between units takes place through interactions between individuals.

However, most of the studies have examined intra-MNE knowledge transfer at the unit level (Minbaeva et al., 2003). This lacks complete understanding as the micro analysis view argues that knowledge flows at the individual level are important for knowledge transfer within the MNE (Argote and Ingram, 2000, Felin and Hesterly, 2007, Kostova, 1999). Examining the impact of individual factors on organizational knowledge transfer formed the basis of the micro-foundations approach to studying knowledge transfers between units in multinationals (Felin and Foss, 2005, Felin et al., 2015, Foss, 2007, Foss and Pedersen, 2004).

Studies on individual knowledge networks form an integral part of this classification. For transfer of inter-unit knowledge, Zhao and Anand (2013) proposed network structures between individuals located in different units which they called boundary spanner and

collective bridge. According to them, knowledge with different degrees of complexity require different types of network structures for transfer. Individuals participating in these networks transfer knowledge through interactions and aid transfer between units. Corporate socialization mechanisms can facilitate interpersonal networks between members of different units (Björkman et al., 2004). These interpersonal networks increase interpersonal ties and lead to inter-unit knowledge transfers (Hansen, 1999, Tsai, 2001).

Whittle et al. (2016) found that individual actions of managers in subsidiaries may influence knowledge transfers at the organizational level. HQ and subsidiaries have their unique capacities and capabilities due to differences in the resources and knowledge possessed by them. Based on these resources and capabilities, managers in subsidiaries make sense of the power of their subsidiary vis a vis the power of the HQ over them. This sensemaking guides their reasoning and decision-making and leads them to censor important information from the HQ resulting in lesser flow of subsidiary knowledge to the HQ.

Additionally, although the concept of "Absorptive Capacity" (Cohen and Levinthal, 1990), is a firm level concept, it resides with organization's employees as it is the interaction between employees' ability and motivation to acquire information (Minbaeva et al., 2003). Furthermore, sometimes organizational level knowledge transfers occur due to movement of individuals between units. International assignees - expatriates, repatriates, and global managers can act as informational boundary spanners and carriers of important organizational knowledge between units leading to intra-MNE knowledge transfers (Björkman et al., 2004, Chang et al., 2012, Furuya et al., 2009, Lazarova and Tarique, 2005, Patriotta et al., 2013, Tsang, 1999, Wang et al., 2009).

2.3 Individual Level Knowledge Transfer and Individual Level Antecedents (Quad 3)

Individuals' intentions to share knowledge depend on their positive attitude and motivation towards knowledge sharing (Cabrera and Cabrera, 2005). Dasí et al. (2017) found that extrinsic

motivation more than intrinsic is an important driver of inter-unit knowledge sharing by an individual. Organizational separation and differences in contexts of separate units demands more time and effort in knowledge sharing against knowledge sharing within a unit. Political friction and competition between units may reduce intrinsic motivation of individuals to share knowledge across units.

Motivation of an individual to seek or share knowledge also depends upon the individual's personality characteristics. Self-efficacy, openness to experience, and commitment to the organization have a positive psychological effect on intentions to seek/share knowledge, due to which they engage more in knowledge seeking/sharing (Cabrera et al., 2006). Matzler et al. (2008) found that individuals who have personality traits such as agreeableness, conscientiousness and openness are more likely to share knowledge. Likewise, optimism and pessimism are the stable traits that determine individual's knowledge shrining behavior (Chou-Kang et al., 2018). Further, knowledge governance practices like evaluation and reward for knowledge sharing work best with employees having higher level of neuroticism and lower levels of conscientiousness and openness to experience in a study on knowledge sharing in a knowledge management system (Wang et al., 2014). Also, pro-social individuals as against pro-self or selfish are more likely to share information in group decision-making (Steinel et al., 2010).

Cross-border knowledge flows also depend on individual's personal relationship with the contact. Personal networks of the individuals, characterized by strong ties and trust, expectation of reciprocity, which extend across different subsidiaries are important conduits of knowledge transfer between the subsidiaries (Mäkelä and Brewster, 2009, Tortoriello et al., 2012). Interpersonal trust between individuals is one of the most crucial factors that aid more effective knowledge sharing (Mäkelä and Brewster, 2009, Raab et al., 2014). Demographic characteristics of the recipient and the source, such as age, education, tenure of the individuals

in the organization also impact their motivation and willingness to interact with possible knowledge sources or seekers from other subsidiaries (Haas and Cummings, 2015).

Further, the need for status can drive an individual to share knowledge and expertise. By sharing knowledge proactively, individuals try to differentiate him/herself from others and show-off their unique expertise. This helps them obtain social recognition and higher status (Park et al., 2017). However, a higher perceived power of oneself and higher self-confidence can deter willingness to seek advice from others, both experts and novices (Morrison et al., 2008, Tost et al., 2012). The task of advice taking is a crucial element of individual knowledge sharing in the organization. Organizational employees refrain from seeking help/advice from colleagues as help seeking implies dependence and incompetence which can lead to loss of power (Lee, 1997).

2.4 Individual Level Knowledge Transfer and Organizational Level Antecedents (Quad 4)

Among organizational antecedents, human resource management practices have been researched most extensively. Particularly because these are direct governance mechanisms which can be deployed to influence individual knowledge sharing behavior. HRM practices such as job/work design, incentives and rewards, training and development can impact individual knowledge sharing behavior. HRM practices have an influence on three antecedents of individual knowledge sharing behavior-ability, motivation and opportunity (Minbaeva, 2013).

Collaborative work design such as job rotation, cross-functional teamwork increases social interaction and increase knowledge flows through improving interpersonal relationships (Kaše et al., 2009). Job characteristics such as autonomy, task identity and feedback can foster different types of individual motivation-intrinsic, introjected, and external respectively (Foss et al., 2009). When employees are intrinsically motivated, they find the job interesting, enjoying and stimulating. They become proactive and constantly strive to promote their

personal growth through learning and such other positive activities like knowledge sharing. Likewise, introjected motivation leads employees to engage in knowledge sharing behavior that puts them in a positive light due to meeting organization's expectations. Also, feedback in the form of performance evaluations and recognition increase an employee's external motivation leading to knowledge sharing behavior by sending signals to the employee that knowledge sharing is important and valued by the organization (Foss et al., 2010). As found by Foss et al. (2015), employees have a higher autonomous motivation to engage in knowledge sharing when they have autonomy and variety in their job.

Similarly, HR practices like performance appraisal, rewards, incentives, training and development, work climate, and managerial styles can promote an individual's autonomous motivation to engage in knowledge sharing by satisfying psychological needs of attitude, need satisfaction, and sharing norms (Foss et al., 2015, Gagné, 2009). Morris et al. (2015) found that when outcome-based incentives are used, employees are more motivated to search for and reach out to distant knowledge in the organization. Likewise, training and development satisfy psychological need of sharing norm and enhance relationship among individuals (Gagné, 2009, Kaše et al., 2009).

Organizational values, a key component of organizational culture, helps an organization frame the standards and criteria to establish the organizational objectives and choose the course of actions to achieve those set goals. Michailova and Minbaeva (2012) found that espousing, enacting and internalizing the value of dialogue as a core organizational value facilitates knowledge sharing among organizational members (p. 67). They posit that organizational values affect employees at both cognitive and behavioral levels. At the cognitive level, a pro knowledge sharing value can positively influence an individual's attitude and basic assumptions towards knowledge sharing, which then shapes individual knowledge sharing behavior. Likewise, a cooperative climate can foster knowledge sharing in the organization as

it is conceived of as a descriptive norm requiring members to behave in a cooperative manner (Quigley et al., 2007). Cooperative climate along with Job autonomy can serve as a supplementary source of motivation for employees who lack any intrinsic motivation towards engaging in knowledge sharing (Llopis and Foss, 2016).

Social capital also plays an important role in knowledge transfer behavior (Bouty, 2000, Gooderham et al., 2011, Tsai, 2002). Networks crossing organizational boundaries and ties between individuals facilitate individual information search across the organization leading to increased knowledge sharing (Cross and Cummings, 2004). However, to facilitate increased knowledge transfer among individuals, it is important that in addition to creating networks, individuals occupy a central position in the network and possess both autonomous motivation and ability to acquire and provide knowledge (Reinholt et al., 2011).

Moreover, not only the organizational culture, but also national culture can impact individual knowledge sharing behavior in the organization. In a comparative study of individual knowledge sharing behavior in Chinese and Russian organizations, Michailova and Hutchings (2006) found that a vertical collectivist culture (in-group oriented) and particularism (personal relationship oriented) can lead to intensive social relations among organizational members which then facilitates more knowledge sharing between the in-group members.

Our summary of literature (Table 1) indicates that rich literature exists when knowledge transfer and its antecedents are at single level: organizational factors to organizational knowledge transfer (Quad 1) and individual level factors to individual level knowledge flows (Quad 3). Recent research is emerging for examining multi-level knowledge transfer processes (Quad 2 and Quad 4) - Individual antecedents impacting organizational transfers (Quad 2) and organizational antecedents impacting individual transfers (Quad 4). Quad 4 provides an opportunity to examine individual behavior in the larger context of an organization. Much of the examination is under KGA, which explores factors or mechanisms deployed to govern

individual knowledge transfer behavior. Through a focus on Quad 4, we aim to bring in an additional set of organizational level factors, unique to an MNE, to the KGA.

3. Knowledge Governance Approach

The KGA takes a micro behavioral view and posits that the organizational level governance mechanisms exert their influence on the organizational knowledge processes through their impact on actions and behavior of individual actors (Foss, 2007). It explores the underlying mechanisms at the individual level through which the organizational level processes operate. Doing so, it makes explicit behavioral and cognitive assumptions about an individual actor's/agent's perceptions, beliefs, motivations and preferences in a knowledge transfer context (Foss et al., 2010). The objective of KGA is minimizing the cost and maximizing the net benefits from the knowledge processes, more specifically, knowledge flows through deploying the governance mechanisms (Heiman and Nickerson, 2002).

KGA draws on Coleman's bathtub model (Coleman, 1990, Foss, 2007, Minbaeva et al., 2012) to explicate how the organizational level antecedents affect organizational level outcomes of knowledge transfer through impacting the conditions of individual action of knowledge transfer (Figure 1). According to Coleman (1990), organizational antecedents (macro) influence the "conditions of individual behavior" (micro) (Arrow 1), which along with other individual factors affect change in individual behavior (micro) (Arrow 2). The conditions of individual actions are, an individual's perceptions, attitudes, desires, assessments and such other cognitive effects which lead them to engage in knowledge transfer behavior. Consequently, the integration of these individual knowledge transfer behavior would lead to organizational level macro knowledge transfers. These individual actions aggregate and lead to favorable organizational level outcomes (macro) (Arrow 3). Arrow 4 depicts the macro to macro relationship when organizational level outcomes are explained by organizational/macro-level phenomenon.

** Insert Figure 1 about here **

Foss et al. (2009) and Foss et al. (2010) posit that the organizational level antecedents of knowledge sharing involve both formal and informal factors. KGA is the choice, combination, and deployment of formal and informal organizational mechanisms to influence individual knowledge sharing behavior in organizations so that organizational knowledge-based goals (knowledge transfer, building absorptive capacity, capabilities and obtaining competitive advantage) can be achieved (Foss et al., 2010, p.459). Both formal and informal mechanisms are crucial to the understanding of knowledge transfer behavior (Foss et al., 2010, p.470). We propose organizational identity based another set of quasi-formal knowledge governance mechanism.

3.1 Organizational Identity Based Quasi-Formal Mechanisms

According to the social identity theory people tend to categorize themselves and others into various social groups (Turner, 1975). Such groups are defined by certain prototypical characteristics. Social identification involves two important processes: self-categorization and self-enhancement (Terry and Hogg, 1996). Self-categorization enables individuals to perceptually differentiate between in-group, the group he/she belongs, and out-group, any other group outside the in-group. Self-enhancement leads to in-group favoritism over the out-group. One important form of social/group identification is organizational identification (OI), because organizations such as MNEs/subsidiaries are entities that can be identified as a social group. "OI is defined as the degree to which a member defines himself/herself by the same attributes he/she believes define the organization" (Dutton et al., 1994, p.1). Thus, an individual who is part of an organization like an MNE subsidiary, builds perception about his/her identity based on the characteristics of the organization.

An employee's organizational identification in a foreign subsidiary of an MNE is of crucial importance to the MNE due to the ambiguity and tension that is likely to exist between

the foreign subsidiary and the corporate headquarters or between subsidiaries located in different countries (Birkinshaw et al., 2000). Gregersen and Black (1992) found that managerial employees were affected by separate group identification at the subsidiary and global organizational levels and based on their group identification distinguished between themselves and employees in other subsidiaries/headquarters.

However, subsidiary employees may have dual organizational identification: various degrees of identification with both the MNE and the local subsidiary unit (Reade, 2001b, Smale et al., 2015, Vora and Kostova, 2007). Being part of one group does not involve exclusion from other groups. Employees in an organization may simultaneously belong to different departments, groups, and therefore may identify with various entities at different organizational levels at the same time (Reade, 2001a). It is commonly found that individuals identify more with lower-level entities which are smaller and proximate (Smale et al., 2015), or the work group than the organization (Bartels et al., 2007). In case of the MNE, it was found that subsidiary managers are more likely to identify with the subsidiary than the MNE (Reade, 2001b, Vora et al., 2007). Vora and Kostova (2007) also reinforced the view that subsidiary employees are more likely to identify strongly with the local subsidiary. Thus, self-categorization regarding the subsidiary as a group in the multinational leads to more identification with the in-group, that is, the subsidiary, separating the subsidiary from the out-groups, the other subsidiaries and the headquarters.

Subsidiaries are semi-autonomous units with independent objectives, and they differ in terms of their mandates, responsibilities, and functions (Ambos et al., 2010, Birkinshaw and Hood, 1998). Depending on their roles, resources, and activities, subsidiaries occupy different positions of importance in the development of the multinational and its performance (Wernerfelt, 1984). Based on their strengths and weaknesses, they can exert considerable influence on the strategic decisions of the multinational. The different socio-cultural, political,

and economic environments that MNE subsidiaries are in, contribute to their distinctiveness. These distinct subsidiary characteristics which differentiate and make the subsidiary unique, can drive organizational identification and lead their employees to distinguish themselves from the parent as well as other subsidiaries. These characteristics include *subsidiary power*, *intra-MNE competition* between the subsidiaries or with the parent, *status of the subsidiary*, *importance of the subsidiary* to the multinational and such other characteristics which drive organizational identification and lead employees to distinguish between in-group and out-group.

These distinct subsidiary characteristics are not governance mechanisms per se, but characteristics of the organization and context of knowledge sharing. The extent of organizational identity of individuals acts as a mechanism for explaining the impact of such subsidiary characterizes on knowledge transfer (Turner, 1975). We argue that these knowledge governance mechanisms (subsidiary characteristics and the context) are not specifically created to govern knowledge, so these are not formal or direct mechanisms. Neither these are indirect or informal mechanisms such as organizational cultures or values or trust. We call these mechanisms quasi-formal (or quasi informal) as they are semi-permanent traits of the organization which are less easy to change compared to formal arrangements like organizational structure, work design or reward systems (Foss, 2007). These organizational factors are drivers of individual employee's identification with the subsidiary when the employee engages in interpersonal cross-border knowledge transfer with members of other subsidiaries within the MNE.

3.2 Subsidiary Power as an Illustrative Quasi-Formal Mechanism

Power of a subsidiary about its influence on the strategic decisions of the headquarters (Dörrenbächer and Gammelgaard, 2006), and its autonomy (Ambos et al., 2010) contributes to its distinctiveness and can also become a key driver of social categorization and organizational

identification (Hornsey et al., 2003). Power contributes to the distinctiveness and prestige of the subsidiary in the multinational which confer an employee affiliated to that subsidiary with enhanced organizational identification in his/her interactions with the out-groups or other subsidiaries/parent. The more attractive is the construed external image or the perceived external prestige with a more powerful subsidiary, the greater will be the organizational identification of the employees (Bartels et al., 2007, Dutton et al., 1994, Smidts et al., 2001).

Power affects generation of individual perception or mental models about the power of own as well as that of others (Fiol et al., 2001). These mental models or a set of beliefs are generated based on cues such as organizational position, control of resources and other power sources. This leads to them engaging in categorization and stereotyping in the MNE and promotes behavior that is consistent with their concept of power (Fiol et al., 2001). This individual perception of power is non-attitudinal. Rather, it is the perception of a supposed reality (Hinings et al., 1974).

Self-categorization and inter-group comparisons influence individual behavior, where, behavior is regulated by the perceived norms and standards associated with the salient group membership (Rabinovich et al., 2012). This salient group identity and self-categorization leads people to construct a context specific group norm. This group norm promotes optimum maximization of intergroup differences and minimization of in-group differences by defining and setting beliefs and behaviors (Terry and Hogg, 1996). Thus, when individuals identify with the organization, they will display behavior that is conducive to the organization that enhances performance and benefits the organization (Ashforth et al., 2008, Bartels et al., 2007, Reade, 2001a). Higher power of a subsidiary relative to other subsidiaries confers employees affiliated to the subsidiary with enhanced organizational identification during interactions with the out-group or other subsidiary/parent members. They would then try to protect and maintain their status quo of high power. On the other hand, low power subsidiary members will

constantly try to enhance and develop their power. In the process, they would strive to hold on to their unique resources and capabilities or acquire new ones that can confer them power. This is likely to reflect in their knowledge transfer behavior with members of other subsidiaries.

Knowledge, a resource, is of strategic importance to the subsidiary as it is a source of a subsidiary's competitive advantage (Argote and Ingram, 2000) and possession of knowledge and capabilities is a source of power to the subsidiary within the MNE (Mudambi and Navarra, 2004). If they belong to a relatively powerful subsidiary, they would not only protect themselves from losing the resources that confer them power, but also refrain from engaging in any kind of behavior which may question their power status, or create a gap or discrepancy between the desired and perceived image about their power, or create a perceived/construed image that is inconsistent with this image of a powerful subsidiary. This is like what Roberts (2005) asserted about employing defensive social identity-based impression management strategies to protect or maintain one's image as powerful and avoid situations that puts one at a powerless position. Thus, individual's decision to seek knowledge from a particular source and share knowledge with a particular seeker will be influenced by the relative power of his/her subsidiary in relation to the subsidiary to which the source or the seeker belongs. Therefore, subsidiary power due to organizational identification of an employee, will influence individual knowledge transfer behavior with members of other subsidiaries in the MNE.

Subsidiary power influences interpersonal knowledge seeking and sharing through three social identity theory based processes: self-enhancement, opportunity focused personal identification and status protection (Pfeffer and Fong, 2005). As per the Self-enhancement logic individuals prefer to associate themselves with winners, with successful people or more powerful ones, to feel positive about themselves and enhance their self-image (Pfeffer and Fong, 2005). Self-enhancement is the desire to see oneself or one's actions, attitudes, traits positively. This is due to their desire to "bask in reflected glory", which Cialdini et al. (1976)

demonstrated in their classic study where a higher number of football fans were found wearing university-insignia apparels after the university football team won. Through association and building relationships with the more powerful, individuals enhance their status (Pfeffer and Fong, 2005).

A similar effect was observed in a study on information flow in R&D laboratories (Allen and Cohen, 1969). They found that PhD scientists rarely socialized and discussed technical problems with the non-PhDs. In contrast, non-PhDs directed most of their socialization and technical discussion to PhDs rather than to non-PhDs. In laboratories, recognition, publication and other forms of status representations are mostly restricted to the PhDs. Therefore, through association with the higher status PhDs, the non-PhDs attempt to enhance their status. Thus, as per the self-enhancement motive process people prefer to associate themselves with winners, with successful people, or more powerful ones, to feel positive about themselves and enhance their self-image (Pfeffer and Fong, 2005, Terry and Hogg, 1996). This leads to more knowledge seeking by individuals of low power subsidiary from higher power subsidiary individuals.

The opportunity focused personal identification motive implies that an individual tries to identify with another person if he/she sees a chance to uphold his/her current valued identity or enhance or acquire new valued identity. Identifying and building relationship with someone powerful is likely to enhance individual power and status. Whereas, it is perceived that associating with the unsuccessful or the negative demeans an individual's image and status (Ashforth et al., 2016). Thus, while individuals will choose to seek knowledge from a high-power subsidiary member, they will avoid seeking from a low-power one.

As per the status protection motive, group members will strive to maintain the status quo of their existing positive social identity (Tajfel and Turner, 1979). By seeking help, help seekers acknowledge incompetency or knowledge gap (Karabenick and Knapp, 1988), which

infuse them with fear of losing power, as knowledge/expertise is one of the primary sources of power (French and Raven, 1968, Karabenick and Knapp, 1988). This acts against a knowledge seeker's need for self-enhancement and creating a positive impression about himself/herself (Leary and Kowalski, 1990; Lee, 1997; Schlenker and Weigold, 1992) and maintenance of positive self-image (Cialdini and Nicholas, 1989). Thus, high-power subsidiary employees are not likely to seek knowledge from low power subsidiary employees to maintain their powerful image.

Individuals are willing to subdue their interests and emotions in order to associate with the powerful as it is favorable for self-enhancement (Pfeffer and Fong, 2005). Also, knowledge sharing provides an opportunity to the knowledge holders to show-off their knowledge and capabilities and differentiate themselves from others, which can bring power and status. Need for status can drive sharing of knowledge and expertise (Park et al., 2017). This would lead to lesser inflow and more outflow of interpersonal knowledge to and from a high-power subsidiary due to the subsidiary members engaging in less knowledge seeking and more knowledge sharing.

Power leads people to experience an inflated perception of personal control, which causes a broad range of psychological effects of power such as high self-esteem and optimism (Fast et al., 2009). They become less receptive to advice. Tost et al. (2012) found that people with subjective experience of neutral or less power are likely to feel a greater need of advice from others and therefore will be more willing to take advice. But, those with subjective experience of high power feel more competitive and confident when paired with an expert advisor. This leads them to discount not only the advice of novices, but also of experts.

Based on the above social identity theory-based arguments, we propose that:

Proposition 1: Because of their organizational identity, employees from relatively high-power subsidiary will seek less (and share more) knowledge from relatively lower power subsidiary employees

Proposition 2: Because of their organizational identity, employees from relatively low-power subsidiary will seek more (and share less) knowledge from relatively higher power subsidiary employees.

4 Discussion and Conclusions

KGA involves making specific explicit assumptions about individual actor's perceptions, beliefs, and preferences that affect his/her knowledge transfer behavior. Organizational antecedents impact the conditions of actions of individual members partly through these members' perceptions. These antecedents are placed in and cannot be separated from organizational members' interpretive frames (Foss et al., 2010,p.471). This cognitive framing, the process of interpretation and perception, impacts an individual's intrinsic motivation to engage in knowledge transfer. Thus, perception and motivation are intertwined (Foss et al., 2010). We put forward that MNEs can use employees' perception about subsidiary power or their identification with the subsidiary/MNE as a mechanism to govern their knowledge transfer behavior.

KGA drawn on Coleman's bathtub model of knowledge transfer (Coleman, 1990, Foss, 2007, Minbaeva et al., 2012) presents knowledge transfer process at two levels: organizational and individual levels. Primarily, it argues that macro level factors create micro level conditions which results in micro level knowledge transfer through change in the individual behavior which leads to macro level knowledge transfer. Most of the literature on knowledge transfer is at single level (Quad 1 and Quad 3: Table 1) while multilevel studies (Quad 2 and Quad 4: Table 1) are emerging. We have specifically zoomed on Quad 4 to propose a new set of organizational level factors that influence interpersonal knowledge transfer within the MNE

which in turn influence organizational level knowledge transfer in line with the micro foundations approach (Felin and Foss, 2005).

Along with formal and informal mechanisms of knowledge governance, our proposed new set of quasi-formal organizational antecedents are shown in Figure 2. Formal mechanism such as HRM practices, knowledge management tools and direct award of more subsidiary autonomy are under the direct control of the MNE and thus influenced mainly by internal resources and requirements. Being direct control mechanism, less perception management is required as rewards and other outcomes are directly associated with such mechanism, and thus can be considered as transaction-based mechanism (Husted et al., 2012). On the other hand, informal mechanisms such as organizational culture and values are aimed to enhance commitment and thus more need for perception management. Organizations use these as indirect control mechanisms. In additional to internal requirements and resources, some external factors such as individual's personality traits are likely to influence their impact.

Quasi-formal mechanisms are based on the premises of Social Identity Theory. These antecedents, like other formal antecedents, are not entirely determined or influenced by the focal subsidiary but depend on other external actors as well. Examples include power of the subsidiaries involved, and the extent of competition between the subsidiaries. We call these factors *identity-based quasi-formal knowledge governance mechanisms*. Subsidiary power can also emerge as a formal organizational mechanism. Sometimes it is possible that the MNE may conspicuously grant more power, autonomy or decision-making rights to a particular subsidiary by providing mandates or appointing it as center of excellence and endow it with formal responsibilities of knowledge creation and organizational level knowledge transfers (Ciabuschi et al., 2010). However, we cannot label subsidiary power as fully formal. Similar to an informal factor but unlike a formal factor, it is semi-permanent in nature and much harder to change for a particular subsidiary (Foss et al., 2010). Generally, to influence knowledge sharing behavior,

managers can use changes in formal factors or mechanisms as signals to organizational members. But it is not directly possible for a subsidiary to manage or change its power to influence individual knowledge transfer behavior. Therefore, we call subsidiary power quasi-formal.

We see these quasi-formal 'identity-based mechanisms' as in-between the transaction-based and commitment-based knowledge governance mechanisms (Husted et al., 2012). Transaction-based mechanisms use tangible and explicit incentives to influence knowledge sharing behavior, and commitment-based mechanisms use encouragement and cognitive stimulation. Whereas, 'identity-based mechanisms can use employees' organizational identification or perception of these identity-based factors to influence knowledge sharing behavior. Such mechanisms require higher level of perception management.

Organizations can manipulate or use these factors or use organizational identification to effect change in individual behavior. MNEs can plan and adjust these organizational characteristic factors in order to encourage or discourage individual level informal knowledge transfers within the organization across subsidiaries. For example, we argued that high power subsidiary employees are less likely to seek and (more likely to share knowledge) with employees of other subsidiaries. Primarily, it depends on their organizational identification with the subsidiary. As they would identify strongly with a high-power subsidiary, they would engage in in-group out-group differentiation between their subsidiary and another subsidiary. If the organization aims to mitigate this effect and encourage inflows, it can take measures to dilute identification of the employees with the subsidiary and strengthen identification with the MNE. Likewise, if it wants to lessen inflows, it would strengthen identification with the subsidiary. Similarly, if a subsidiary wants to increase inflows of knowledge from a particular subsidiary, it can manipulate or project the other subsidiary as more powerful, resourceful or non-competitor so that members engage more in knowledge seeking from that particular

subsidiary. This would manipulate perception of its employees so that they perceive the other subsidiary as more powerful than theirs. Thus, subsidiary can influence either through mechanisms to control organizational identification of the employees or through manipulating employees' perception of their subsidiary vis a vis with another subsidiary or HQ depending on their knowledge transfer objectives.

Knowledge governance mechanisms have a psychological or cognitive influence on the individual which motivate them to engage in knowledge sharing. Individual's perceptions, attitudes, desires, and such other cognitive effects impact knowledge sharing behavior. Managers' and decision makers' awareness of appropriate governance mechanisms under different situations enables them to have the desired knowledge transfer behavior (Foss et al., 2010). We add to the KGA and identify and bring in a new set of organizational level antecedents which can be used to govern individual level knowledge flows in the organization. Additionally, we have used the Social Identity Theory to explain the underlying individual level micro-behavioral process. Organizational identification explains the micro-level psychological processes of self-categorization and self-enhancement that explain the impact of certain organizational level factors on individual knowledge transfer behavior.

It would be interesting to empirically examine the impact of the identity based quasi-formal organizational KGA mechanisms. For example, a potential research question is to examine how the perceived and actual subsidiary power or intra-MNE competition impacts individual level knowledge transfer behavior. This can be further extended to see its impact on organizational knowledge transfer, thus taking the examination to multi-level in line with the KGA approach. Further, different sources (e.g. hierarchical authority, resources control, network centrality) and types (e.g. expert, referent, legitimate, reward coercive) of power may have differential effects and even the interactive effects (Zhao et al., 2008).

Social identity-based factors may play bigger role in foreign subsidiaries in emerging collectivist and hierarchical economies say China or India. Identification with the organization is usually found to be high in collectivist cultures (Baker et al., 2009), therefore, employees in such countries are more likely to draw from power or such other organizational characteristics. Thus, examining the impact of quasi-formal knowledge governance mechanisms in the context of home-host location combinations being in advanced and emerging economies is another interesting area to explore. Moreover, in addition to the bottom-up approach (e.g. knowledge flows because of individuals' perceptions and attributes), knowledge flows can happen because of the top down (e.g. organizational directives) or the horizontal (e.g. inter-personal relationships, tradeoff between value of knowledge and power protection) approaches. Thus, exploring the impact of incorporating these additional dimensions and undertaking multiple level of analysis would help teasing out the level specific impacts on knowledge transfer within the MNE.

Table 1: Cross border knowledge transfer representative literature

Antecedents	Outcome Variable: Knowledge Transfer	
	Organizational Level	*Individual Level*
Organizational Level	*Quad 1: Single level – rich literature* Ability, willingness of organization, absorptive capacity, disseminating capacity, close relationships, trust, subsidiary power and autonomy, ambidexterity, performance evaluation criteria, HRM practices, knowledge management tools, contextual similarity and differences.	*Quad 4: Multi-level – emerging literature* Knowledge governance approach, organizational culture and values, HRM practices, social governance mechanisms, commitment-based mechanisms, national culture, language, functions.
Individual Level	*Quad 2: Multi-level – emerging literature* Individual knowledge networks, informational boundary spanners, managerial sense making, absorptive capacity, micro foundations approach.	*Quad 3: Single level – rich literature* Personality characteristics, optimism and pessimism, attitude and motivation, personal relations and networks, demographic characteristics, individuals' power, status, boundary spanning.
Base Line	Characteristics of the knowledge transferred	

Source: Authors' compilation based on review of the representative literature

Figure 1: Knowledge governance approach

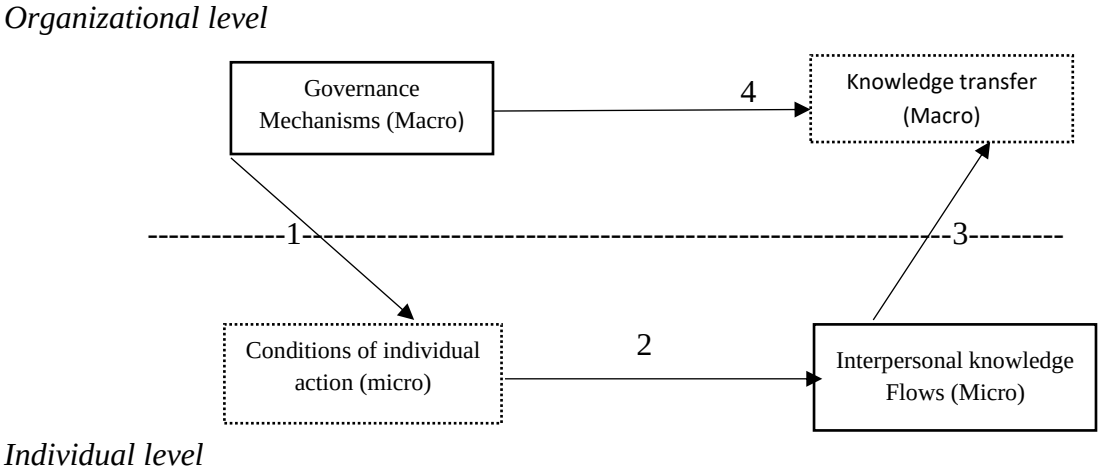
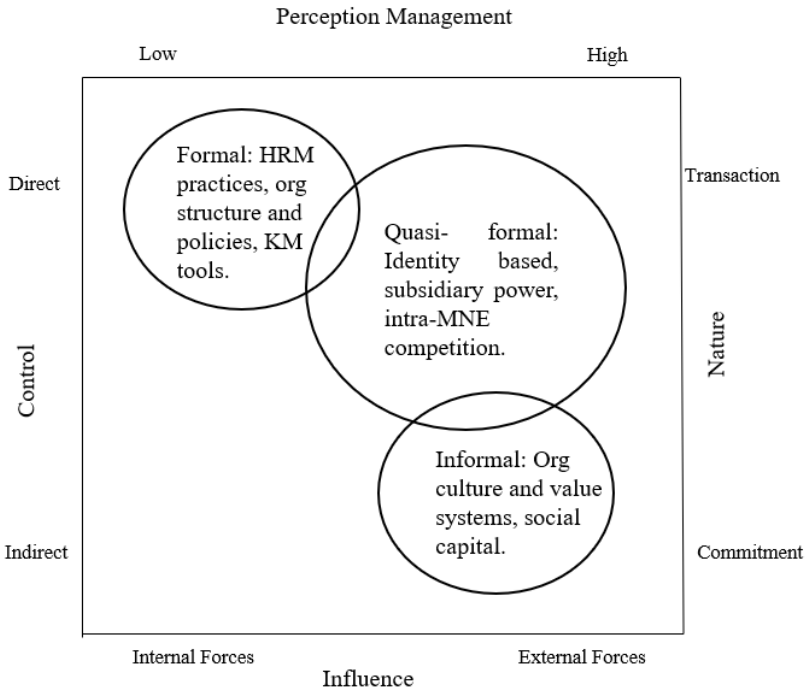


Fig 1. Adopted from Foss, 2007; Minbaeva, Makela and Rabiossi, 2012; Coleman (1990).

Figure 2: Formal, informal and quasi-formal governance mechanisms



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