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MNEs Knowledge Types in Developed vs Emerging Markets: A Qualitative Study

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List of Abbreviations

FDI: Foreign Direct Investment

IB: International Business

KBV: Knowledge-based View

M&A: Mergers and acquisitions

MNE: Multinational Enterprise

MSCI: Morgan Stanley Capital International

RBV: Resource-based view

TCE Transaction Cost Economics

USA: United States of America

1 Introduction

In the first chapter the reader will be given a quick overview of the study. An introduction to the topic, the research gap and the research question of this paper will be presented.

The level of internationalization across all industries is increasing and has led to a growing interest in comprehending the many factors affecting firm's ability to obtain competitive advantage. Due to the crucial role of competitive advantages in the economy, various theories about this phenomenon have been published. In the literature focusing on the process of internationalization, knowledge plays a crucial role. Since firms do not aim for competitive advantage only in their domestic market, but also in foreign markets, the resource-based view is considered to discuss the matter in an international context. The resource-based view (RBV) (Wernerfelt, 1984; Barney, 1991) names firms' internal strengths as the source of competitive advantage, and in the international context the internal sources are transferred to subsidiaries abroad to enable an advantage over the local firms in the foreign market (Peng, 2001). The knowledge-based view (KBV) transformed from the RBV and highlights knowledge, with its unique characteristics, as the primary source of competitive advantage. Firms can gain advantages over other firms due to the nature of knowledge, and due to the ability to transfer the crucial knowledge to subsidiaries and partners (Grant, 1996).

Different types of knowledge an organization holds enables it to move from local to international. The digitalization of various industries has increased organizations access to knowledge and its possibilities of storing, accessing, utilizing, and transferring this knowledge (Grant, 2016).

The aim of this study is to ascertain the different knowledge types Multinational Enterprises (MNE) require for internationalizing. To gain a comprehensive understanding about the phenomenon and disclose a shared sense of the knowledge required by an MNE, multiple voices from an MNE will be considered in form of expert interviews. The MNE in question is a company in the online-food delivery industry with its headquarters in Berlin, Germany.

1.1 Research Gap

After reviewing relevant literature around the requirement of knowledge for MNEs, it shows that knowledge plays an essential role when firms are internationalizing.

Various studies have differed the existing types and dimensions of knowledge. They have demonstrated the importance of knowledge when internationalizing with an emphasis on knowledge for specific markets. But there is little research on the role of knowledge as well as the different types of knowledge for different stages of development of markets, such as emerging and developed markets. It can be assumed that the types of knowledge are different for developed and emerging markets, since literature shows that knowledge is very market specific (Jonsson & Elg, 2006; Stoian, Dimitratos, & Plakoyiannaki, 2018). But little is known about the requirement of knowledge in emerging economies (Bruton, Dess, & Janney, 2007), and therefore if the knowledge types required in emerging economies are different to those required in developed economies.

Jarvenpaa and Leidner found that knowledge management and especially the flow of knowledge occur differently in emerging markets (Jarvenpaa & Leidner, 1998). Therefore, there exists different strategies for firms in emerging markets than for firms in developed markets (Peng, 2000). Björkman, Barner-Rasmussen, and Li (2004) examined MNEs operating both in developed and emerging markets, and the authors called for further research related to the different types of knowledge and how it may impact the MNEs capabilities.

Existing literature mentions the importance of the interaction of the knowledge types, but how they are interacting is still to be researched. Herrmann a Data (2006) mention the need of future research in this field in the context of service firms, especially emphasizing market entries by non-US firms. Jonsson and Elg (2006) state that there is a need for more insight into the types of knowledge that are useful in the internationalization process and how knowledge is acquired. Meyer and Peng (2005) requested more studies about MNEs internationalizing process in the context of emerging markets. These requests for future research show that there is the need of studies examining knowledge types and their role in internationalization, furthermore there is lacking research in if there is a difference in the required knowledge types when internationalizing to different markets.

The primary purpose of this study is to fill those research gaps by identifying the types of knowledge an MNE requires when internationalizing while differentiating between emerging and developed markets. It is crucial for firms who are planning on internationalizing globally, since in helps preparing the launch and avoiding surprises in markets that are not familiar to the company.

1.2 Research Question

As mentioned, existing literature has not identified the types of knowledge required when MNEs enter different developed markets. This paper will consider the nature of knowledge and which role it plays in the in the internationalization process. Therefore, the research question of this study is as follows:

What types of knowledge are required for a MNE to internationalize? Do the required knowledge types differ between emerging markets and developed markets, and if yes, how?

2 Theoretical Background

This paper focuses on the knowledge a MNE requires for internationalizing. To understand the phenomenon underlying this study, this chapter will introduce the essential theories. The resource-based view (RBV) is the underlying theory of the present phenomenon, which classifies knowledge as one of the essential resources for a firm's competitive advantage. The knowledge-based view (KBV) of the firm is a resulting theory from the RBV of the firm. The foundations of the RBV of the firm are that the firm is an administrative organization with a collection of physical and human resources (Balogun & Jenkins, 2003).

2.1 Resource-based View of the firm

The RBV of the firm has become an essential theoretical perspective in international business research (Peng, 2001). As early as in the 1950s, Penrose researched emergence and preservation of competitive advantages of a firm and viewed the firm as an administrative organization and as a collection of both human and physical productive resources (Kor & Mahoney, 2000). Wernerfelt (1984) defines resources are a firm's strengths and weaknesses, such as employers, brand names, technology knowledge, etc. The RBV gained popularity in the 1980s when Barney and Wernerfelt (1984) published influential work with focus on firm-specific resources as competitive advantage. Companies can achieve sustainable competitive advantage by exploiting their strength and avoid their own weaknesses while responding to environmental opportunities and neutralize external threats (Barney, 1991).

Barney and Wernferfelt focused on internal strengths and weaknesses of a firm for achieving sustainable competitive advantage, while traditional neoclassical scholars concentrated on market-specifics. Neoclassical concepts such as Porter's five forces focus on environmental conditions, and these assumptions of environmental model theorists ignore the fact that firm resources are immobile and heterogenic (Barney, 1991; Wernerfelt, 1984). Peng (2001) argues firm-specific determinants to be responsible for key advantages of a firm. Barney, Wright, and Ketchen (2001) published a literature review on the RBV and depict the theory being the most influential framework for comprehending a firm's strategic management.

The RBV of the firm focuses on the inside of a firm, its resources, and capabilities, to be able to explain the value and profit of an organization (Kor & Mahoney, 2000). The theory explains the differences in performance when organizations possess valuable resources that other firms do not own, leading them to a position as a quasi-monopolist (Wernerfelt, 1984).

Exploitation of internal strength and the elimination of external threats and weaknesses is Barney's main argument for a firm's sustainable competitive advantage. One of Barney's two assumptions, on which he based the RBV, is that resources within one industry are heterogeneous between the firms and that the resources are not mobile (Barney, 1991). Barney referred to Draft (1983) and defined firm resources as "all assets, capabilities, organizational processes, firm attributes, information, knowledge etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness" (Barney, 1991, p. 101).
Wernerfelt (1984) breaks the definition down to a resource being anything which can be thought of as a strength or weakness of a firm. She describes firm's resources as tangible and intangible assets which are tied semi permanently to the firm, such as brand names, in-house knowledge, trade contacts, personnel, etc. Barney distinguishes between physical, - organizational, and human capital resources and argues that the sustainable competitive advantage derives from a firm's resources and capabilities if they are valuable, rare, not imitable, and not substitutable. It is not necessary for a firm to achieve all four attributes to gain *competitive advantage*, but all four must be matched to gain a *sustained competitive advantage* (Barney et al., 2001). A firm is said to have a *competitive advantage* when it is implementing a strategy which is not being simultaneously implemented by current of potential competing firms. A firm is said to have a *sustained competitive advantage* when it is implementing a strategy which is not being simultaneously implemented by competitors and when competitors are unable to duplicate the benefits of said strategy (Barney, 1991).

For a resource to be valuable it must exploit opportunities or neutralize threats and be rare among competitors. It should be imperfectly imitable to gain competitive advantage. Lastly, the resource in question may not be substitutable by similar or different resources. Barney (1991) describes the imitability of a resources as a combination of three factors. These are social complexity, unique historical conditions, and causal ambiguity. A firm reaches sustainable competitive advantage when a strategy is implemented which is creating value and when competing firms are unable imitate that strategy (Barney, 1991).

A basic assumption of the RBV is that resource bundles as well as the capabilities underlying production are heterogeneous across firms (Barney, 1991). The RBV explains the heterogeneous competition which is based on the fact that the way capabilities and resources of competing firms differ are long lasting and important (Helfat & Peteraf, 2003). This view recognizes magnitude and type of capabilities and resources are essential determinants to be able to generate profit (Amit & Schoemaker, 1993). Firms can accumulate resources with potential of yielding rent to increase to amount of total rent, and subsequently profit (Szulanski, 2003). The accumulation of resources reflect the innovative and entrepreneurial activities of the firm and profit from these activities emerges only if the costs for accumulating the resources are lower than the rents that the resources produce (Peteraf, 1993). Barney (1991) described a strategic perspective of the RBV as a firm being a collection of unique capabilities and competencies influencing the evolution and strategic growth options of the firm. Peteraf (1993) described productive factors of firms as having fundamentally different levels of efficiency. Firms which are endowed with resources more superior than others are able to produce more economically and therefore better satisfy customers. Heterogeneity suggests that firms with varying capabilities can compete in the market or at least achieve a point of break even, whereas firms with superior resources are able to make profit (Peteraf, 1993).

2.1.1 Resource-based view of the firm in IB

Peteraf (1993) shows that firms with broad resource bases tend to pursue diversification, by which firms tend to enter those markets where their resource capabilities match the resource requirements. The theory of diversification can be considered as resource based while the RBV of the firm is considered the only theory being able to explain the variety of a firm’s diversification.

Peng (2001) argues that one key insight of traditional international business research is that MNEs deal with a “liability of foreignness” (Peng, 2001, 809) which results in additional costs. To overcome these, transaction cost economics (TCE) perspectives emphasize that MNEs must prepare their foreign subsidiaries with specific firm specific

advantages (Buckley & Casson, 1976). These perspectives are extended by the RBV which specifies the nature of the resources and capabilities, which are considered to be organizational practices (Zaheer & Mosakowski, 1997), administrative heritage (Collis, 1991), and bargaining power (Moon & Lado, 2000).
Other scholars have focused on international diversification, where most studies measured product diversity of firms while ignoring the degree of international diversity (Dess, Gupta, Hennart, & Hill, 1995). Peng (2001) considers the RBV as a bridge between product diversification and international diversification while it leads scholars to focus their research on both. Hitt, Hoskisson and Kim (1997) specify this argument by considering experience in product diversification as being able to strengthen managerial capabilities which lead to more effective management for international diversification. Tallman and Li (1996) reported that international diversity has a positive impact on transnational performance. Both Hitt et al. (1997) and Tallman & Li (1996) used samples from the United States, raising questionability about the generalization of the findings.

One of the classic strategic problems in IB are market entries. Studies view each entry as a transaction while the major concern is if the expanding firm should rely on external market measures, as in exporting, or internalize their operations, as in FDI (Peng, 2001). RBV moves the level of analysis away from the transaction of the firm, suggesting that a market entry decision should not be viewed individually, but in relation to the strategic approach of the company (Hill, Hwang & Kim, 1990).

2.2 The Knowledge-Based View of the Firm

The KBV of the firm is an extension of the RBV and highlights knowledge as the source for competitive advantage of a firm. Nonaka (1994) defined knowledge “as a dynamic human process of justifying personal beliefs as part of an aspiration for the “truth” (Nonaka, 1994, p. 15). It has also been put as experience, values, insights, and contextual information which together result in a framework to evaluate experiences and information (Baskerville & Dulipovici, 2006).

Two main principles are named when talking about this theory: the first one states that the knowledge type which is hard to imitate is a crucial source of a firm’s competitive advantage. The second principle presumes that an organization utilize more productive tools by transferring knowledge between individuals (Hislop et al., 2013). Grant (2016) states that the KBV effects the process of knowledge management in organizations, and how those organizations should be structured to effectively create and apply knowledge.

The KBV describes the phenomenon that firms exist because of their results from transferring and sharing knowledge when comparing to other entities on the market (Zhang, Jiang, & Cantwell, 2019). Firms enter the global market and become MNEs by expanding their operations to various countries. In the context of KBV of the firm MNEs exist because of their capability to transfer their knowledge within their own walls as well as to their globally distributed subsidiaries in an efficient manner (Gaur et al., 2019).

Prior to the establishment of the RBV, theorists viewed environmental influences as the responsible factors for imitating monopoly rents, and the selection of industry was the crucial strategy of gaining rents (Grant, 1996). Representatives of various theories, such as the neoclassical or transaction cost theory, have mostly ignored the fact that there exists a heterogeneity across firms. The transaction cost theories claim that humans in a firm are static and isolated. With a growing interest and publication in the RBV field scholars argued that knowledge is the primary source of a firm's competitive advantage because it is difficult to imitate and has non-tradable characteristics (Grant 1996). Transaction cost theorists cannot include knowledge and its importance because of these characteristics. Since knowledge is tacit and therefore hard to be valued, it holds characteristics of a public good. If one would trade tacit knowledge on the market, the buyer would have to know the content of it to evaluate it. This leads to a dilemma, because as the buyer has insights and knows the content of the knowledge, its value disappears. The RBV incorporates knowledge with its tacit extent in organizational skills and routines (Nonaka, Toyama, & Nagata, 2000).

2.2.1 The Knowledge-based View of the Firm in IB

The KBV assumes that knowledge is the resource responsible for the sustainable competitive advantage of firms (Grant, 1996). In the context of international business, the result is the same, as Contractor, Yang, and Gaur (2016) argue. The authors state that if firms only had local inputs as sources of competitiveness, local firms would at all times dominate foreign firms. Firms need intangible assets which are stronger than those of the local firms to be able to overcome the obstacles of distance and foreignness. Claver and Quer (2005) support this and add that only with intangible and internally transferable assets foreign firms can compete with the local firms. Various theoretical perspectives put knowledge in the center of the internationalization process which shows the importance of the knowledge-based view in international business. This is further confirmed by Fletcher et al. (2013) who argue that the internationalization knowledge is crucial for companies in developing a competitive advantage over the local firms.

Various authors have suggested the dependency of knowledge and international operations, such as Eriksson et al. (1997) who called out the relevance of knowledge about internationalization (Eriksson, Johanson, & Majkgård, 1997). Casillas et al. (2009) stated that the internationalization knowledge is key for a firm to exploit opportunities in foreign markets. Knowledge is furthermore crucial for selecting the market the firm wants to enter as well as how and in what speed the market entry is being executed (Casillas, Moreno, Acedo, Gallego, & Ramos, 2009).

2.3 Knowledge from a sequential point of view

As mentioned above, according to the sequential approach, knowledge is along with commitment one of the main factors in the process of internationalization (Casillas et al. 2009). Johanson and Wiedersheim-Paul (1975) stated that the lack of knowledge and resources is the key obstacle for internationalization. From this perspective, the most crucial knowledge for making decisions abroad is the knowledge that a company acquires through experience which matches the company's behavioral policies (Johanson & Vahlne, 1977). Managers acquire knowledge mainly by retracing and understanding the decisions made. In this repetitive procedure the acquired knowledge leads increased commitment to operations abroad, which increases the available total knowledge, and so on (Johanson & Vahlne, 1990). According to Li, LI, and Dalgic (2004), the internationalization process contains the three phases' antecedents, planning, and implementation. Therefore, internationalization is a sequential process where experiential systematic learning is interacting components in the internationalization process of a company.

2.4 Knowledge as a concept

Since this paper investigates which types of knowledge are required and to what extent these are required when entering a new market, it is important to distinguish between the different types of knowledge. Thanks to the rich range of papers in this subject area, a lot of different definitions by various authors have been offered. This chapter tries to define a framework of the crucial types of knowledge which will be needed for answering the research question.

In their original internationalization process model, Johanson and Vahlne (1977) described *market knowledge* as the knowledge about the foreign market of interest. The authors differ between *objective* and *experiential* market knowledge. Objective market knowledge can be taught and is not tied to a specific group of individuals. For example, do all firms need objective knowledge when it comes to governmental requirements, market statistics, competition law, and technical standards in the foreign country of interest, as well as tastes, prices, etc. Experiential market knowledge on the other hand must be acquired through personal experience and is the crucial knowledge for the development of a firm's international operations. (Hutzschenreuter & Matt, 2017). Linked to this typology is the distinction between *explicit* and *tacit* knowledge. Explicit knowledge refers to the human knowledge which is transmittable in a formal language. Tacit knowledge on the other hand has a personal quality, which complicates it to communicate and formalize (Nonaka, 1994). Furthermore, *general knowledge* and *market-specific* knowledge must be distinguished. General knowledge describes certain kinds of customers and their common characteristics. Market-specific knowledge is the knowledge which describes a certain market and the characteristics of individual customers. Johanson and Vahlne (1977) assumed in their original model that market-knowledge is the determinant factor for the process of internationalizing. Eriksson, Johanson, and Majkgård (1997) extended the concept and differentiated between internationalization-, institutional, and business knowledge.

Internationalization knowledge describes the experiential knowledge firms possess about their own resources and capabilities to enter new markets. This type is part of the business knowledge, which is the specific knowledge about the market, competitors, and customers. Lastly, institutional knowledge describes the knowledge about the government in the market to be entered, the existing institutional framework, values, norms, and rules (Eriksson et al. 1997).

2.4.1 Explicit and Tacit knowledge

As mentioned, there are different dimensions of knowledge, and in the following two types of knowledge are discussed, tacit and explicit knowledge.

The characteristics of tacit and explicit knowledge are as follows:

Tacit knowledge	**Explicit knowledge**
Inexpressible / not codifiable	Codifiable
Subjective	Objective
Context-specific	Not context-specific
Personal	Impersonal
Complicated to share	Uncomplicated to share

Figure 1:Table 1: Tacit and explicit Knowledge (Hislop, Bosua, and Helms, 2013)

Tacit knowledge

Tacit knowledge is non-visible and subjective knowledge and is linked to a person's context-specific experiences and capabilities. It is furthermore linked to a person's values and norms, as well as its activities (Busch & Richards, 2004). In 2020 Ogulin, Guzman, and Nuwangi stated that there are three types of tacit knowledge: Somatic, relational, and collective. Somatic tacit knowledge is limited to a person's body's capabilities, as in a person has to practice acquiring this knowledge. Relational tacit knowledge is linked to the knowledge which is in the complex nature of people's relationships with one another. Collective tacit knowledge is embedded in a group of people and only accessible to its members (Ogulin, Guzman, and Nuwangi, 2020).

Explicit knowledge

Explicit knowledge is easier to transfer and share than tacit knowledge. Ogulin (et al., 2020) defined explicit knowledge as codifiable and objectifiable, which means it can be written down and transferred in form of documents. In can therefore be formalized in an organizations routine It is easy to handle and can be transferred to almost no costs (Grant, 2016).

2.4.2 Knowledge Types

Considering the many definitions of knowledge from internationalization research and the internationalization process model (Johanson and Vahlne, 1977), Jonsson & Elg (2006) presented a framework of the relevant types of knowledge.

- **Market knowledge**: Knowledge about the new market, with its competitors, suppliers, legal aspects, and customers.
- **Internationalization knowledge**: Experience acquired from earlier expansions into new markets.
- **Corporate knowledge**: Strategies and goals, organizational routines, and the know-how within the company.

Fletcher, Harris, and Richey (2013) further defined internationalization knowledge (IK) and developed three types of it. Market Entry IK is the knowledge a firm acquires to develop market entry strategies and to know how to implement market entry decisions. Localization IK is crucial competitive knowledge, which is necessary to evaluate available capabilities a firm must develop competitive strategies and implement these in new markets. International Enterprise IK is needed to evaluate international challenges, how international firms can be managed, and how to implement internal structures.

Taking these different definitions of the various types of knowledge, a framework has been developed to give an overview of the crucial knowledge types (Figure 2).

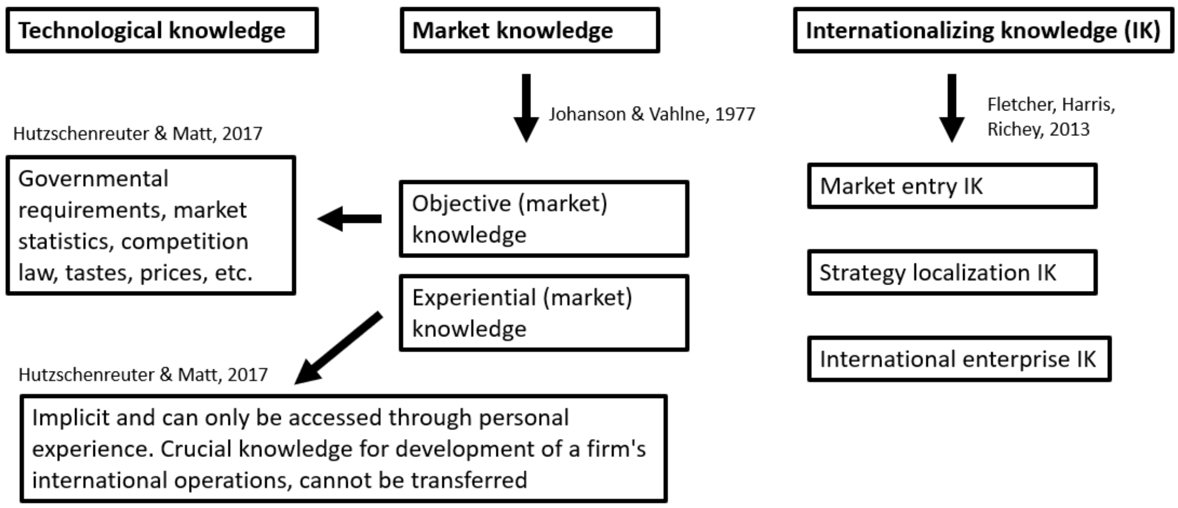

Figure 2 Types of Knowledge (own framework)

Considering these insights of knowledge types, it is possible to understand the different types of knowledge, but it is further crucial how they possibly interact and are shared. This paper will further investigate how the defined types of knowledge have varying impacts on the different levels of the internationalization process in different developed markets using the case of an MNE. This study furthermore aims to challenge and extend the named definitions of knowledge. As mentioned, it is possible that the definition by Johanson and Vahlne (1977) may be less fitting than those by other scholars, since the Uppsala Model cannot be applied in its entirety, rather than some components of it. This paper seeks to find out which components and definitions of it can be applied to a more modern view, such as that of born globals, while adapting it to the knowledge definitions of Fletcher (et al. 2013) and Hutzschenreuter and Matt (2017).

To be able to grasp the difference in the types of knowledge and their characteristics it is necessary to contemplate the mechanisms for knowledge sharing (Johsson & Elg, 2006). Therefore, the mechanisms of knowledge sharing and knowledge management in MNEs will be discussed in the following chapters.

2.5 The firm as a knowledge-creating entity

In the knowledge-based view of the firm the firm is an entity creating knowledge, and the capability to utilize that knowledge is the key source of a firm's sustainable competitive advantage. (Nonaka, 1990; Henderson & Cockburn, 1994; Nonaka & Takeuchi, 1994). As mentioned in the chapters before, the set of skills and knowledge give a firm the possibility to innovate new, or improve existing services, processes, and goods. Continuously creating knowledge is the reason to exist for a firm (Nonaka, Toyama, & Nagata, 2000).

Various scholars have tried to understand the firm and its activities, although that has not been enough to understand said firms in today's economy. It has still to be established an understanding of how the firm creates and manages knowledge (Nonaka, 2000). Since the complexity of knowledge and its transferability through the market, the firm can be defined as the tool to codify tacit knowledge and transfer it. Grant (1996) highlighted the role of firms as creating specialized individual knowledge. In the following, the firm's knowledge creation is being demonstrated.

Grant defines firms as organizations which apply knowledge, while furthermore stating that they also are involved in the creation of this knowledge (Grant, 1996b). Nonaka (et al, 2000) state that it is necessary to further look into the inside the firm and its boundaries, to be able to understand the knowledge-creating firm. In the KBV of the firm, the firm is defined as “a social community specializing in the speed and efficiency in the creation and transfer of knowledge” (Kogut & Zander, 1996, p. 503). Nonaka (et al., 2000) proposed the concept of “ba”, which is viewed as a shared context in motion and sees the firm as a knowledge-creating entity. This concept of “ba” has helped to broaden the way to look who can inherit knowledge, which is not only individuals, but also organizations inherit their own specific knowledge (Nonaka et al., 2000). The concept relies on Hayeks (1945) definition of knowledge being context-specific and dependent on space and time. Without this context, knowledge is mere information.

2.6 Knowledge management in MNEs

2.6.1 The Role of Knowledge transfer between headquarters and subsidiaries

Given The complexity of interactions between MNEs and their subsidiaries as well as between the subsidiaries themselves, creating a smooth flow of knowledge is crucial for conceiving a long-term competitiveness (Gaur, Ma, & Ge, 2019). The role of knowledge sharing in MNEs has gained increased interest of scholars and they define knowledge management as an essential competence fostering MNEs competitive advantage (Tallman and Phene, 2007). According to the RBV of the firm, MNEs can be defined as social communities which are specialized in knowledge management, where their sustained competitive advantage is achieved by an organizational capability to manage their knowledge resources internally (Kogut and Zander, 1992).

Already in 1984 Hedlund and Åman researched on the relationship between headquarters and their subsidiaries and noted that knowledge is not always exchanged evenly throughout companies’ processes (cf. Makela, Kalla, & Piekkari, 2007), but in some parts of the organization it appears to flow better than in other parts. This leads to entire subsidiaries being inclined to collaborate with other subsidiaries on different issues due to the language similarity and thus becoming isolated from crucial knowledge exchanges (Marschan-Piekkari, Welch, & Welch 1999). This assumption was agreed with by Arvidsson (1999) who established that subsidiaries tend to communicate with similar other subsidiaries which ends in an uneven flow of knowledge. This formation of subgroups in MNEs becomes more likely with the increasing diversity and size of the management (Makela et al. 2006).

Makela (et al. 2006) approached to close the research gap on the issue of how knowledge is exchanged internally in MNEs. The authors focused particularly on the informal points connecting individual managers of MNEs. The growing acknowledgement of the crucial role of knowledge sharing in MNEs has led to various studies on how knowledge flows in MNEs. Noorderhaven and Harzing (2009) defined social interaction as the factor which repeatedly comes out as helpful to intra-MNE knowledge sharing. Björkman et al. (2004) addressed the research gap of how organizational mechanisms have an impact on the flow of knowledge between MNEs and their subsidiaries. The authors found that teams and task forces, international committees, and training with teams from different units have a positive influence on knowledge outflows from focal subsidiaries. Minbaeva (2007) developed a model to analyze the effect of four elements of knowledge transfer in MNEs, which she defined as characteristics of knowledge, characteristics of sender and receiver, and the relationship between sender and receiver. The model is based on two metaphors which have guided the research on knowledge transfer. First, knowledge transfer is seen as a process of communication, and the second sees the transfer in terms of cost and benefit: high costs of transfer end in slow transfers. The findings imply that behavioral characteristics of individuals, such as their motivation and ability to acquire and share knowledge are crucial for effective knowledge transfer. Even when MNEs have motivated and skilled employees the knowledge transfer will not be effective if the company does not successfully build the necessary infrastructure for both support and learning. The knowledge transfer will increase when communication can be facilitated by bridges between individual employees and opportunities for discourse across hierarchy of the company. The amount of knowledge transfer to the focal subsidiary is therefore expected to be bigger if the subsidiary is networking with other units of the same MNE. The strength of the relationship with the MNE is positively related with the amount of knowledge transfer (Minbaeva, 2007).

Blomkvist (2012) studied the importance of knowledge transfer and stated that the knowledge transfer performance, which is defined as the completion and adoption of transferred knowledge, is crucial for MNEs to gain opportunities from their global network of subsidiaries. The result of her study shows that the willingness to engage in knowledge transfer of a subsidiary has a major impact on knowledge transfer performance. Therefore, the subsidiary willingness to be involved in knowledge transfer increases the outcome in terms of knowledge transfer completion and implementation by the subsidiary. Transfer performance and knowledge management are crucial for MNEs, since considering the KBV, MNEs main reason to exist is that they are capable of transferring and exploiting knowledge more efficiently within the firm boundaries than via the external market (Blomkvist, 2012; Gaur et al. 2019). Therefore, Lee, Gon Kim, and Kim (2012) claim that it is crucial for headquarters to be able to control their internal knowledge transfer so they can retrace failure and success of the organization's knowledge management.

Gaur (et al., 2019) presented a framework to comprehend knowledge flows in MNEs. While early scholars assumed that the most part of the innovation happened in the headquarters and was then transferred to the subsidiaries abroad, while Scalera Mukherjee, Perri, and Mudambi (2014) discovered that subsidiaries are active participants in the creation of knowledge rather than passive recipients. Managers in subsidiaries help establish linkages with stakeholders in the MNE network and the host market so that the subsidiaries can profit from the knowledge generated somewhere else in the MNE network (Dasi, Pedersen, Gooderham, Elter, Hildrum, 2017). With a dispersing source of knowledge creation, MNEs must deal with challenges regarding the distribution of this knowledge across the subsidiaries (Zeng, Grøgaard, Steel, 2018).

2.6.2 Knowledge transfer as a process

Knowledge transfer is the process of a systematic organized exchange of skills and information between entities (Wang, Tong, & Koh, 2004).

Knowledge and technology are a firm's key resources and sharing that knowledge internally is a fundamental process to gain competitive advantage for MNEs (Grant, 1996). To be able to share and utilize that knowledge across the units of an organization a crucial part for the firm to succeed (Cohendet & Steinmueller, 2000). Particularly for MNEs, since the organizational structure is suitable for transferring knowledge throughout various borders (Kogut & Zander, 1993).

According to Szulanski (2000) knowledge transfer is a process of exchange of knowledge between the source and recipient and involves of four stages: initiation, implementation, ramp-up and integration.

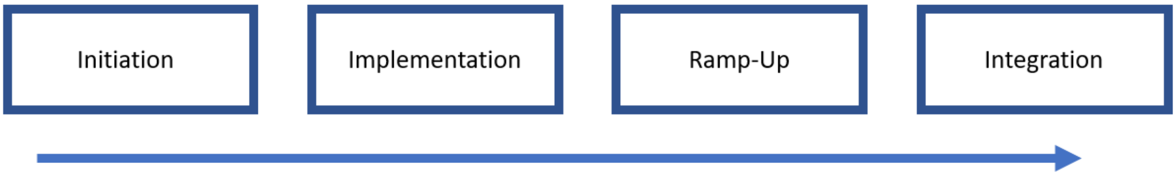

Figure 3:Knowledge transfer process (Szulanski, 2000, p.13)

Initiation: Initiation describes the difficulty in being able to recognize the opportunity to transfer and act upon it. How eventful this stage is, depends on the difficulty to find the opportunity to transfer and to pervade.

Implementation: Here the attention switches to the exchange of information. Through careful planning problems are preempted, especially problems experienced in previous, similar transfers.

Ramp-Up: Once the recipient begins to use the acquired knowledge, the main concern is to identify and resolve unexpected problems that may keep the recipient from reaching the performance expectations. During the early stages after implementation, where the recipient is likely to use the new knowledge ineffectively, the performance can be ramped-up to a satisfactory level, often with external help.

Integration: When satisfactory results are obtained in the ramp-up stage, the use of the new knowledge gradually becomes a routine. The success of this stage depends on the effort to deal with the obstacles and challenges of the routinization of the new procedure (Szulanski, 2000).

2.6.3 Factors affecting knowledge flows in MNEs

In this chapter the factors that have an influence on the flow of knowledge and its efficiency in MNEs are analyzed. Gaur et al. (2019) suggest that the nature of the knowledge being transferred as well as the context of the knowledge transfer affects the knowledge flow success. Furthermore, multi-level factors affect the knowledge flow in MNEs, on three different levels: *country, firm, and individual* level.

On the *country level* Gaur et al. (2019) identified 4 kinds of factors which affect the knowledge flow in MNEs: institutional conditions, institutional differences, cultural differences, and spatial geography. For knowledge transfer both formal and informal institutions are relevant. A host country with poor formal institutions, for example weak intellectual property protection, may detract the MNE from transferring proprietary knowledge since this confidential knowledge may be expropriated in the host market. If the overall knowledge in the host market is low, MNEs may have difficulties transferring knowledge and intangible assets since the host market may find it difficult to absorb knowledge. Further problems that can derive from differences in formal and informal institutions are that the knowledge which is acquired in one context does not necessarily apply and be useful in another context. Differences in electricity infrastructure for example can lead to performance issues of certain products if they must function in unstable settings. The recipient could need additional R&D to implement the knowledge which was not generated for the recipient's environment, though the recipient may lack motivation and resources to adapt the foreign knowledge to their local environment (Gaur et al. 2019).

Apart from the institutional differences, geographic and cultural differences have an impact on MNEs knowledge flows. Minbaeva et al. (2018) found that geographic separation and cultural differences influence the effectiveness of the communication channels, which are crucial for knowledge transfer. When R&D teams are located geographically close to each other, it is easier to form communication channels, both formal and informal, to facilitate knowledge transfer (Beugelsdijk, McCann, Mudambi 2010). When the teams are resident in places far from each other, it becomes difficult to coordinate and exchange and the knowledge flow gets interfered with. Therefore, geographic, and cultural differences hinder the flow of knowledge, both from the MNE to its subsidiaries as well as the other way around.

Gaur et al. (2019) identified two types of country differences which affect the flow of knowledge in MNEs. First, Gaur and Lu (2007) discovered that differences in institutional dimensions lead to uncertainties about the abroad market and fear of misuse of the acquired knowledge by local partners. Second, although there is only little fear of knowledge misuse, differences on country-level complicate effective knowledge transfer. Between countries with otherwise strong constitutional protection there may still exist cultural and language differences which affects a smooth flow of knowledge. Peltokorbi and Yamao (2017) stated that language differences are a major burden of knowledge flows in MNEs, even if the MNEs places a central focus on the knowledge transfer.

On the *firm level* a MNE is a complex organization with usually many subsidiaries around the globe. Gaur et al. (2019) claim that they face two types of pressures, the global inclusion, and local responsiveness. Since the degree of the pressures can differ in different host markets, it is challenging for MNEs to decide for a single strategy to imply on different countries. Therefore, many MNEs chose a hybrid strategy to be able to adapt their control and coordination to different host countries. MNEs tend to make decisions about the operations and objectives of subsidiaries, but that behavior needs to be balanced against the subsidiaries need for flexibility and autonomy.
MNEs are able to create knowledge in various locations globally because of their geographic dispersion (Meyer, Mudambi, & Narula, 2011). The knowledge can be created either by internal innovation or by external acquisition. Internal innovation often comes when firms have performance issues and increase their R&D to find solutions (problemistic search) or when the search is planned ahead and a long-term strategy (systematic search). Furthermore, firms gain access to innovations by external knowledge acquisition (Fuad and Gaur, 2018). External acquisition of knowledge however is complicated as in-depth understanding of the knowledge is necessary. When acquired, the knowledge then must be assessed for its potential of generating opportunities and lastly it must be integrated with the knowledge stock the firm already possesses (Sarala, Vaara, & Junni, 2019). Transferring knowledge to different divisions of a MNE network for an effective adaptation is challenging. External knowledge which is acquired by subsidiaries is not necessarily adaptable and therefore may not lead to increased performance for the focal MNE. Transferring knowledge efficiently depends on organizational factors, as the acquiring subsidiary may lack motivation to transfer the knowledge to other divisions of the MNE, or the receiving subsidiary may as well lack motivation or skills to receive the knowledge (Andersson, Gaur, Mudambi, & Persson, 2015).

The factors on the *individual level* include the individuals' attitude, their cultural familiarity, cognitive styles, and the willingness to engage in the transfer of knowledge (Andersson et al. 2015). Nuruzzaman, Singh, and Pattnaik (2018) linked the demographic characteristics of the managers of subsidiaries to the subsidiaries' innovation performance. Gaur (et al. 2019) state that it is difficult to study individual actors and their influence on knowledge transfer, since usually multiple actors are involved. Therefore, there is a lack of research in this area in IB literature (Gaur et a. 2019).

2.6.4 Challenges for Knowledge Transfer

The challenges associated with knowledge transfer and implementation in MNEs has attracted scholarly attention in various fields of research with a great acknowledgement about how crucial knowledge is for global organizations. Nonetheless, Gaur et al. (2019) noticed a gap in the literature, as they lacked an understanding of the factors which can lead to a successful knowledge flow between an MNEs subsidiaries and between the MNE and its environment. Furthermore, the existing literature did not examine the challenges that come for MNEs with knowledge transfer. To fill that gap, they provide a framework of five categories of sources for challenges when transferring knowledge:

- **Country-level challenges**: Due to the geographic allocation of a firm's economic operations, different informal and formal institutions, and the overall cultural differences it can be difficult to perform knowledge transfer across countries (Minbaeva, Park, Vertinksy, Cho, 2018).
- **Organizational boundaries within the firm**: MNEs have organizational restrictions within the firm, such as the boundaries between their subsidiaries, making it difficult to transfer knowledge from the headquarter to the subsidiaries as well as between the subsidiaries (Zeng, Grøgaard, & Steel, 2018).
- **Individual actors**: The process of transferring knowledge happens between individual actors. These individuals may have different levels of ability, motivation, and willingness to engage in the process (Dasí, Pedersen, Gooderman, Elter, & Hildrum, 2017).
- **Complexity of knowledge**: The transfer of knowledge itself can be a complex activity, complicating it for the recipients to use the acquired knowledge for an organizational benefit (Andersson, Gaur, Mudambi, Persson, 2015)
- **Varying MNE strategies**: The strategies of MNEs are crucial for the success of knowledge transfer, and not all MNEs give their subsidiaries an adequate

amount of autonomy when engaging in the transfer and creation of knowledge (Ambos, Kunisch, Leicht-Deobald, Steinberg, 2018).

As shown above, cross-border flow of knowledge comes with many challenges. Yet, the effective transfer of the knowledge is crucial for the performance and even survival of MNEs. This study will furthermore focus on what role the transfer of knowledge has on the different types of knowledge and how the types of knowledge differ in how they are affected of the above-mentioned challenges.

2.6.5 Knowledge Transfer in Mergers and Acquisitions

In an era, defined by globalization, rapid technological change, shorter product life cycles, shorter development times, and blurring industry boundaries, organization's competitive advantage is based primarily on broadening and renewing their capabilities through the development, obtainment, and application of new sources of knowledge (Argote and Ingram, 2000). A crucial part of a MNEs competitive advantage is their ability to utilize knowledge which is held in geographically dispersed elements of the organization. The KBV states that the individual stocks of knowledge in a firm's different subsidiaries and their ways of organizing the knowledge by the firm supports its competitive advantage (Nonaka, 1994; Grant, 1996).

Mergers and acquisitions (M&A) are a way of strengthening existing capabilities and obtaining new valuable capabilities, which are integrated in a non-visible part of another organization (Haspeslagh and Jemison, 1991; Karim & Mitchel, 2000).

The strategy of M&A is increasingly gaining popularity and have become a frequently used strategy for organizations (Schraeder & Self, 2003). Traditionally, organizations performed M&As to gain competitive advantages and market expansion. Studies found that in fact organizations perform an M&A with the objective of gaining knowledge, access to resources, and new capabilities (Zhang and Stening, 2014), in a shorter time than would be required when developing them internally (Karim & Mitchel, 2000). Others even call the act of gaining knowledge from the acquired firm and transferring the new knowledge among the parts of the organization as the major reason for applying this strategy (Bresman, Birkinshaw & Nobel, 1999). Zhang and Stening (2014) revealed in their work that cross-border M&As have a significant positive influence on the growth and prosperity of an organization. Shimizu, Hitt, Vaidyanath, & Pisano

(2004) further indicate that cross-border M&As represent a chance to enter new markets while diversifying the product lines, without the risk involved when innovating internally, (Hitt, Hoskisson, & Ireland, 1990) which yields in new knowledge and competences for the acquiring company.

To materialize the full potential of an M&A, the critical capabilities must be transferred to the organization that is not in possession of them. For the transfer of said capabilities and knowledge to be successful the nature of knowledge must be considered (Ranft, 1997). Following Ranft (1997), this chapter focuses on the socially complex character of knowledge. This concept refers to the means knowledge is distributed among members of an organization. Socially complex knowledge does not reside in a sole individual but in the way many members of the group cooperate. Therefore, the knowledge of the group is greater than the sum of the individual members' knowledge. Scholars have argued, that the more socially complex the knowledge, the more difficult it is for competitors to imitate and the slower it the process of transferring it (Zander and Kogut, 1996). Casal and Fontela (2007) did a study on the nature of the transfer of socially complex knowledge and found that the transfer of knowledge is greater, the larger the acquiring firm's knowledge base. Furthermore, when a M&A takes place in organizations of the same industry, which is the case in this paper, it can be assumed that the knowledge base of the acquiring firm is high. Lastly, the authors found contrary results than the literature had indicated. They found a positive relationship between the socially complex nature of knowledge and the transfer of this knowledge. They explain it by how firms perceive the socially complex nature and see it as strategically more valuable, since it is more difficult to imitate, and therefore they make an effort to perform a successful transfer (Casal and Fontela, 2007).

3 Methodology

This chapter discusses the research process that will be followed in this study. The general research approach, research philosophy, the process of data collection, the chosen MNE, the interview process, and the data analysis and presentation will be explained. Following that, the credibility and reliability are presented. Finally, the quality criteria and the ethical considerations are presented and discussed.

3.1 Research Philosophy

Case studies are the most popular strategy for qualitative research in IB journals, due to its potential to generate groundbreaking theoretical insights into various phenomenon (Piekkari, Welch, & Paavilainen, 2009). Wilson (2014) stated it is crucial to understand the research philosophy, as it is the foundation of the research approach. This case study follows the positivism approach. In this approach the researcher assumes that the reality as objective and can be measured independently. The positivism approach explains a phenomenon accurately scientifically while assuming the phenomenon is a construct with examinable fixed relationships (Crotty, 1998). For this study the positivism approach is applicable since the phenomenon of required knowledge types in a company is being examined.

3.2 Research Strategy

This paper aims to conduct data about the different types of knowledge required by a MNC when entering a new market.

The common approaches for conducting research are quantitative, qualitative, and mixed methods (Williams, 2007). The goal of quantitative research is to be able to project the findings on the population and therefore create generalizability which is why large samples are needed often acquired through online questionnaires (Bryman & Bell, 2015). Qualitative research on the other hand leads to contextual and descriptive insights of a phenomenon. The data of a qualitative approach is used for theory-building purposes while the data of the quantitative approach is used for theory-testing purposes (Poulis, Poulis, & Plakoyiannaki, 2013; Piekkari, Plakoyiannaki & Welch, 2010).

This paper set the goal to conduct data of the types of knowledge needed for a MNE when entering a market, comparing developed and emerging markets. This represents a contextual phenomenon, since it depends on various factors such as different countries, markets, and human experiences. Phenomenon studied in IB tend to require descriptive and contextual approaches (Poulis et al., 2013). Therefore, the data in this study will be collected and analyzed with a qualitative research approach in form of a single case study.

3.3 Single Case Study

In this part the reasons for choosing the single case study and the approach will be explained and the company as well as the reasons for choosing the firm will be presented.

Just as for the philosophy and approach of a research, there are various kinds of case studies. These can either be single or multiple case studies. The multiple case study design has been highlighted as the best approach to gain informative qualitative data by positivistic oriented authors, while the classical qualitative research has been said to lack of appreciation for single case studies (Dyer & Wilkins, 1991).

Depending on the research approach, various types of case studies can be selected. For this study the single case study shows to be the best fit. Dyer and Wilkins (1991) emphasize that single case studies have the advantage of unveiling undiscovered phenomenon especially in organizations. Stake (1994) states that case studies with its narrative nature offer the reader an experience, and furthermore specifies that single case studies offer naturalistic generalization. The reader of single case studies can compare his own situation with the situation on paper and transfer his own tacit knowledge to generalize the case study to his own surroundings (Stake, 1994). Furthermore, single case studies offer rich description and support for existing theory (Easton, 1995, Dubois and Gadde, 2002).

Since this paper contains a phenomenon and a research question allocable to the IB spectrum, which, as previously mentioned, is dependent of context, the author will be conducting a single case study. Even though traditional qualitative research scholars may argue for multiple case studies, case studies in renowned IB journals have shown, that the single case study is a regularly used method (Piekkari, Plakoyiannaki, & Welch, 2010).

3.3.1 Case Firm

This section contains information about the chosen company for this case study and the context of the company for the underlying phenomenon of this paper. For the sake of the anonymity of the firm and its interviewed employees the company being analyzed in this case study will be named COMP in this paper. COMP is a multinational company in the tech-based food-delivery service industry. COMP was founded in 2011 and has its headquarters in Berlin, Germany. It is active in over 50 countries all over the world with 22.000 employees, which qualifies the firm as an MNE. Therefore, the chosen MNE is suitable for this case study due to its international experience. During their international expansion COMP has noticed that the behavior of the consumers differs between different countries. This speaks for this firm since data can be gathered which is crucial for answering the research question.

COMP has two major segments of customers: consumers and restaurants. COMP provides the platform and marketplace that allows consumers to order food from their technical device of choice. Restaurants can sign up and become partner of the COMP network and be listed on the platform, so consumers can order food from that restaurant and have it delivered either by the restaurant or by one of the riders employed at COMP.

COMPs internationalization strategy consists of either creating a subsidiary from the ground up (greenfield investment) or by M&A, merging with or acquiring existing firms with strong local brands. In the first years of COMPs existence the company focused on greenfield investments and took advantage of its unique business concept which is built on a digital app algorithm. The standardized platform allowed COMP to easily modify the service according to the requirements of the target market. COMP changed their internationalization strategy over the years and concentrated more on equity participations and acquisitions. The reason was that food is a personal and region-specific product, for which the brand reputation is crucial. Building up COMP as a brand in foreign markets through greenfield investments costs both time and money. Since the industry of digital food delivery services has thin margins and regular technological revolutions, being cost efficient is crucial to be able to survive.

3.3.2 Case Firm Selection

The MNE chosen for this case study is considered as being able to fulfill the criteria to give insights into the underlying phenomenon. COMP is operating in over 50 countries around the globe, including countries in South America, Asia, Europe, Middle East, and North Africa, and has 25.000 employees. Therefore, COMP fulfils the criteria of being an MNE. COMP has furthermore the experience of internationalizing various markets. Due to the subsidiaries being in different continents and various markets, they have institutional differences depending on if they are in emerging or developed markets. As Silverman (2000) put it, purposeful sampling means that the selected case is most likely to be able to serve the theoretical purpose of a research. COMP is a purposeful sample by the criteria of Poulis et al. (2013) who presented to organizational context, consisting of the company's size, its business experience, and the subsidiaries autonomy. Therefore, COMP has the characteristics to address the underlying phenomenon of this study.

Since COMP is operating in various markets, they have learned over the years to study the foreign countries environment before entering the market. The information gathered for this study comes from the managerial level of COMP where the employees are directly involved in the internationalization process and its requirement of knowledge. Therefore, the selection of the case firm and its employees as interviewees is considered reasonable since latter possess relevant information about the phenomenon of knowledge types required when entering a new market. Furthermore, the author paid attention to selection possible interviewees with experience in either or both emerging and developed markets, to be sure that the results of both markets are comparable, and the research question can be answered.

3.4 Data Collection

Interviews are one of the most effective way to achieve an understanding of fellow individuals (Fontana & Frey, 1994) and the most common way to collect data in qualitative research is qualitative interviews (Rapley, 2001; Roulston, 2010). Especially within organization and workplace are qualitative interviews a central method and is frequently employed (Crouch & McKenzie, 2006). Alvesson and Ashcraft (2012) described qualitative interviews as a "reliable gateway" into the research of organizations (Alvesson and Ashcraft, 2012, p. 240). (Fontana and Frey (1994) describe the face-to-face verbal interview as the preferred way of conducting it. Due to geographic distances and the Covid-19 pandemic the method of conducting interviews for this study had to be moved to digital solutions. An interview is an encounter between individuals and the interviewer and interviewee can gain something from it and help constructing new social norms (Rapley, 2001). Interviews are reliable when examining organizations and offer insights into the realities of those organizations (Saunders & Townsend, 2016).

When conducting qualitative research there is a wide range of ways different methods. Scholars (Alvesson, 2003; Fontana & Frey, 2000; Silverman, 1993) differentiate between romantic and neo-positivist interviews. The romantic concept allows the interview to be a social interaction and allows the establishment of trust and commitment between interviewer and interviewee. In that setting the interviewer can be more genuine and open with the responses (Alvesson, 2003). The neo-positivist position of interviewing tries to establish a context-free truth by following a protocol and minimizing researcher influence and bias (Welch & Piekkari, 2006; Alvesson, 2003). This approach furthermore relies on an interviewer who aims to generate facts in form of data by taking an objective stance (Foddy, 1994).

For the aim of this study the neo-positivistic approach is more adequate, since by following the interview guide the information can be gathered to gain insights about the phenomenon this paper is studying. Therefore, the interviewer uses the semi-structured interview guideline which enables him to ask neutral questions in a particular sequence and minimizing researcher bias by taking a neutral role as the interviewer. To further minimize any bias and to meet the requirements for a skilled interview, the interviewer tried to be authentic and non-judgmental, and to follow the interview guide by asking open-ended questions and follow-up questions. By following the interview guide the data gathered is more systematic while leading the interview to be more of a conversation. The open-ended questions created for this research approach prevents big variation in the different interviewees answers and ensures comparability (Patton, 2015).

Other IB peers, such as Stoian (et al. 2018), have conducted their research with semi-structured interviews. In their paper, Stoian (et al. 2018) started the interviews with a discussion and followed with the semi-structured interview with open-ended questions. Through the open-ended questions the interviewees had space for describing their reasoning and thoughts (Stoian et al., 2018), while structured interviews leave less space for variation. Fontana and Frey (1994) described structured interviews as the method with less errors due to the structured questionnaires, but on the downside, it leads to less socially desirable answers. They name the trustworthy relation between the humans as an advantage of the unstructured approach, as with this method more information is accessible.

The author and interviewer of this paper works part-time for the company the case study is researching. The semi-structured interview approach that the author followed with the prior prepared interview guide made it possible to have interviews with for this approach typical rapport and freedom. Following Roulston's (2010) criteria for qualitative interviews, main errors of interviewing were avoided such as lies and misinformation.

The interviews in this study were held in English. For the interviewer himself and some of the interviewees, English is not the native language. There has been recognition by researchers in the IB context that language is more than a translation issue in qualitative research interviews (Welch & Piekkari, 2006). Chapman, Gajewska-De Mattos, and Antoniou (2004) figured that the research phenomenon, formulation if research questions, and selection appropriate interviewees is determined by the researcher' language skills. Furthermore, the dynamics and course of the interview are affected by the language chosen for the interview (Chapman et al., 2004). Welch and Piekkari (2006) argue that a risk to data accuracy can be found in organizational settings, such as this paper's circumstances, where the language of the MNE is English despite it is not the native language for most employees. Interviews conducted in the mother tongue of both participants would lead to them being able to express themselves better and establish a good rapport.

Since some of the interviewees are native in English, the language chosen for this project is English. Furthermore, post-interview translation issues are avoided when carrying them out in English. From the romantic approach, foreign languages can help building rapport and access authentic information. Welch and Piekkari explain this by finding that an interviewee may feel as an outsider when being interviewed in another language that the mother tongue, and therefore "say more than they would to someone in their own culture" (Welch & Piekkari, 2006, p. 430).

3.4.1 Development of the Interview Guide

As mentioned in the chapter above, the interviews for this study are semi-structured and will therefore be following an interview guide. The interview guide in form of a list of topics and questions around the paper's studied phenomenon. The guide provides the possibility for the interview to be systematic while remaining conversational (Patton, 2015). Furthermore, the guide ensures that the interviewer covers every relevant topic while obtaining the vital detail about the studied phenomenon. The guide should therefore contain all interview items in the order the interviewer has decided. A wording of the questions should be given, while the interviewer may depart from the exact wording (Magnusson & Marecek, 2015).

Since this study will use semi-structured interviews, the interviewer phrased the questions in an open-ended form. In that way the participant are invited to answer in form of experiences, memories, and reflections or opinions. These questions are not about specific facts that call for agreement or disagreement, rather than leaving the interviewee free to answer in the way he or she chooses to. This results in full, rich, and complex answers from the participants (Magnusson & Marecek, 2015). Magnusson & Marecek defined "rich talk" in interviews as stories and opinions by the interviewee that interpretative researchers are looking for, as it refers to information people give when they are free to speak in their own way (Magnusson & Marecek, 2015, p. 48).

To choose interview topics the general researchable questions of this paper must be considered. These researchable questions need to be split up in several specific topics which relate to elements of aspects of the research questions. Having this in mind the author considered ways to ask interviewees for relevant stories and experiences (Magnusson & Marecek, 2015).

The interview guide for this study was divided in four segments. In the first part the topic and question of the paper was introduced and explained, and the participants gave insight about their work background. In the second part the questions revolved around the KBV and IB, finding out about the internationalizing process of the MNE. In the third part the types of knowledge were in focus, with open-end questions around the topic of knowledge types and the potential differences of these aspects between emerging and developing markets. The next section of the guide included questions about knowledge transfer from MNEs to subsidiaries. The last section focused on the pandemic and if or how it has had an effect on the internationalization of the company. Depending on the interviewee and his position in the company the questions that were used for the interview varied.

3.4.2 Interviewees

When it comes to choosing interview participants, IB scholars distinguish between two sampling methods. The convenience sampling describes a convenient sampling method where resource constraints influence the selection of participants. The purposeful sampling method on the other hand results in participants and collected data to be reliable (Koerber & McMichael, 2008). For this study the purposeful sampling method was chosen and determined as adequate. Since the aim of this paper is to determine which types of knowledge are required when entering a new market, and therefore to collect data from suitable employees of COMP, the sample will fit the purpose of this study (Fletcher et. al, 2018).

Since this study is detecting the knowledge types a MNE requires when entering a new market, employees with experience in launching market entries or in similar ways are engaged in internationalization strategies were considered for the interviews. With the focus on the difference between emerging and developed markets, it is furthermore beneficial for the findings if their experience included market entries in both stages of market development.

From the initially considered participants some had to cancel due to personal or time reasons, which is why the final sample consists of ten employees of COMP. Scholars have determined that the sample size of a single case study should exceed 15 participants (Saunders & Townsend, 2016). Yin (2014) argues that an adequate sample size for case studies is relative and depends on the study purpose and the availability of resources. Fletcher et al. (2018) sates that in qualitative research it depends more on the richness of the information gathered than on the sample size. Patton (2015) affirms this by arguing that if the individual sources are rich in information, the in-depth information from a smaller sample size can be very valuable.

The author of this paper works part-time at the company being in focus of this case study. Therefore, the authors insider knowledge of how the company operates and which employees are responsible for which tasks helped ensuring the high quality of the data. Additionally, the proximity of the author to the company and its industry was helpful when interviewees were using company-specific terms, such as names of subsidiaries or software, the hardware that is used by all subsidiaries around the world, and even names of competitors.

Furthermore, the author used archival research to support or interpret the findings from the interviews. To get an overview of the internationalization strategy of COMP and to get an exact insight into which markets the firm has expanded the author used website data. Welch (2000) states that the relevance of archive data is often ignored, and it can be helpful to strengthen the data gathered through interviews.

Since the author is employed at the company in the focus of this case study, he had the possibility to write emails to those who came in question of being sampled for the interviews. In the email the author shortly introduced himself and explained the reason of contact. Here is an example of how the emails were worded:

Hi X
I hope You are doing well. I am a Customer Care Agent at [Subsidiary of COMP] in Austria and I am studying Business Administration at the University of Vienna. For my master thesis I am doing a case study on Market Entries of COMP, and to collect my data I am expert doing interviews.
The topic is of my thesis is the knowledge that is required when a MNE enters a new market and how that knowledge differs in different markets.
Would you be up for a 45-60 min call this week for an interview via google meet? Looking forward to hearing from You and have a great start in the week!

Thanks, Mathias

Most of the sampled individuals approached by the author responded positively and were interested in the topic and in helping with the thesis. The Author and the participant then agreed on a date for the interview and the author set up a virtual meeting on Google Meet.

In the first round of interviews, the author held seven interviews, of which all of them were recorded with the permission of the interviewee, which led to seven interviews that could be transcribed and analyzed. After transcribing and analyzing these seven interviews, some of the participants were contacted again who had cancelled due to time issues. Of these, another three participants responded positively and agreed on being interviewed. The transcripts of the three interviews conducted in the second round were coded and analyzed and that resulted a total sample of ten participants. In the second round the transcripts were coded with a deductive approach, since the seven previously conducted interviews had already been analyzed. The author coded the last three transcripts while sticking to the developed categories which resulted in findings from the last three interviews that either confirmed or denied the already existing findings.

All participants have experience in the topic of the thesis, meaning that the findings from each interview can be considered valuable for the analysis.

The sampled participants positions at COMP are:

Participant	**Job title and international experience**
1	Manager of q-commerce in Europe, experience in overall strategy for COMP in South America
2	Sales manager for Europe, experience in launching business operations in South America and Germany
3	Regional expansion manager, in charge of launching countries in Latin America and Europe
4	Director in the strategy and M&A team
5	Regional expansion manager, experience in European countries
6	Sales manager in the M&A team, experience with launching operation in Latin America
7	Sales manager for Europe and South America, experience in launching operation in both areas

8	Regional expansion Team, experience in Europe (Germany, Sweden)
9	Sales Manager, experience in South America
10	M&A Team, experience in launching markets in South America and Asia

3.4.3 Studied Developed and Emerging Markets

The set of participants in this case study as presented above and their experience in various markets has led to a sample of markets that can be categorized in developed or emerging markets. For developed markets, the researcher has taken insights of participants having experience in Germany, Sweden, USA, Japan, and most of the European countries. By the annual market classification review by MSCI (Morgan Stanley Capital International), these markets are categorized as developed markets. On the side of emerging markets, insights were given by experiences in South American markets such as Chile, Peru, and Mexico. By MSCI, these are defined as emerging markets (MSCI, 2021).

3.5 Data analysis

This chapter describes the basis of qualitative analysis on which the semi-structured interviews were analyzed. By analyzing using distinct steps to understand the types of knowledge required when entering a market this study aligns with prior interpretive studies by Shinkle and Spencer (2012).

The goal of analyzing qualitative data is to simplify the material by breaking the collected data down. The data in qualitative studies are text rather than numbers as in quantitative studies. Therefore, in the first step of the data analysis, scholars break down the qualitative data of their studies by dissecting, splitting, reducing, and sorting the results (Spiggle, 1994; Rietjens, 2015). To be able to execute the steps of simplifying the data, the documentation of the qualitative data must be carried out. This means in the case of interviews that the interview audiotapes must be transcribed into text. The data must then be further manipulated to achieve theories and conclusions (Spiggle, 1994). Then a familiarization with the transcripts must be conducted, which involves reading each transcript multiple times. This gives the author the possibility to grasp the individual interviewees interpretations of the topic.

Following Gioia, Corley, and Hamilton (2013) the author started by finding 1st-order codes from the interviews. During the first round of coding the codes are descriptive and help categorize bundles in the interviews that are the same or similar. The coding method with descriptive nature was chosen, which means that the author summarized a data bundle from the interviews in a short phrase. For this step the author read each interview multiple times and picked out the sentences where interviewees spoke about the topics relevant for answering the research question. For the coding a deductive approach was chosen and implemented. This means that the analyzing of the qualitative data was based on a structure that the author had predetermined in the interview guide which is based on previously read literature. The interview guide was taken to set the categories for the coding process, which means that the two main categories of the interview guide were giving the framework for the coding. These categories were *types of knowledge* and *difference in required knowledge types between developed and emerging markets*. The author then started by reading the interviews multiple times to get a feeling of the data, to then be able to start the coding of the data. In this step all the paragraphs where the participants had given information about *types of knowledge required by an MNE to enter a new market* were coded.

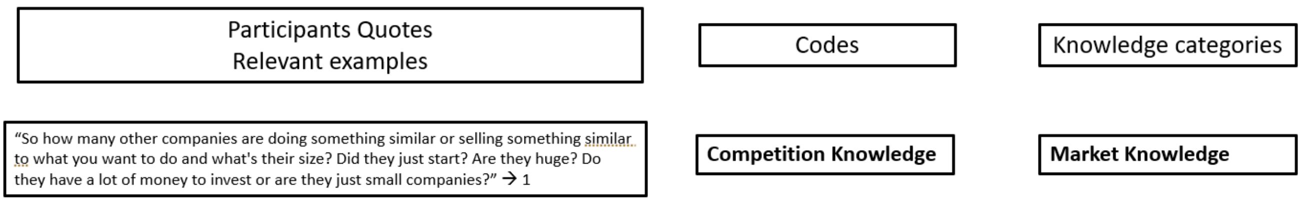

Figure 4: Data structure

The data structure in figure 4 shows the process of conducting the coding, were as it starts with an example of a quote and is then coded to a type of knowledge, and finally associated with a knowledge category.

For the purpose of illustrating how the coding was conducted, following sentence of interviewee 1 will be used as an example:

Interviewee 1: *"So how many other companies are doing something similar or selling something similar to what we want to do and what's their size? Did they just start? Are they huge? Do they have a lot of money to invest or are they just small companies?"*

Here the participant spoke about one of the knowledge types that is needed when entering a market. He mentions that COMP is figuring out how many other companies are offering the same service as COMP, and what size they are and how their possibilities of investing are. The author therefore further broke down that sentence to the following:

Interviewee 1: *"How many competing companies are in that market and what is their size?"*

Since it is the competition, the participant is referring to, the sentence could be coded as the following:

"Number and size of Competition"

Therefore, the initial phrase was paraphrased as above and coded as *Knowledge Type – Competition knowledge*.

During the coding circle for the category knowledge types, the author ended up with various codes, and chose the by the participants most frequent mentioned codes. Therefore, nine 1st-order codes based on the collective interpretations were detected. These codes were:

Competition knowledge, consumer knowledge, institutional knowledge, local knowledge, knowledge from experience individuals' expertise, technical knowledge, timing / priority knowledge, and human resources knowledge.

In the next step of the analysis, the author followed Gioia et al. (2013) and reread the transcript thoroughly and grouped the nine 1st-order codes into three broader categories, which are: *Market knowledge, internationalization knowledge, and operational knowledge.* Next, the interpretations where cross-checked until it could be certainly said that each of the category remains stable.

3.6 Quality criteria

To ensure credibility and trustworthiness for a qualitative research, scholars consider systematic planning, detailed transcription, and systematic and accurate coding (Gunawan, 2015). For this study the detailed transcription of the interviews could be ensured. The information shared in the interviews can be considered as true and reliable, since the interviews were told that they will be anonymized for the elaboration of this study, and they were answering the interviewer voluntarily. The questions during the interviews were asked as non-leading as possible to avoid a biased data collection.

3.7 Ethical considerations

The author followed research ethics while gathering the data for the case study. Interviews were conducted with employees of the organization with highly sensitive information since COMP is in a very competitive industry. Every interview started with asking for verbal permission to record the interview. The participants were furthermore told to answer only those questions they feel comfortable with and to skip those where they do not feel like answering. The names of the participants and the company were anonymized, to assure that there identification or the gathered information does not get leaked. The insights given by the participants is handled with caution. Therefore, during the following findings and discussion, the MNE is referred to as “COMP” and the participants will be numbered numerically.

4 Findings

The following chapter will show the findings of the analysis of the qualitative data. First, the findings are presented to the reader, including a chart with the categories and codes. Following the presentation, the findings are discussed. Following Leppäaho, Plakoyiannaki, and Dimitros (2016), quotes from the interviews are included in the presentation and discussion of the findings, so the reader has the chance to follow the interpretation or to interpret the data for themselves. The research question of this study is presented below.

What types of knowledge are required for a MNE to internationalize? Do the required knowledge types differ between emerging markets and developed markets, and if yes, how?

4.1 Presentation

To conduct the data of this paper ten interviews were conducted with employees of a MNE in the online food-delivery industry. The MNE has subsidiaries in over 50 countries around the world, and the interviews were held with employees with long-term experience in launching multiple markets, both developed and emerging markets. To be able to answer the research question, the interview guide involved questions that guided the interviewees to name crucial knowledge types and how these types can be different in developed and emerging markets.

The interviews resulted in nine codes and three categories. Since the research question focusses on *knowledge types* and the *difference between emerging and developed markets*, these are the two categories that the presentation of the findings will evolve around. Therefore, this chapter will show which knowledge types are required when a MNE enters a market and to what extent emerging markets and developing markets differ from each other. To be able to draw a conclusion, first the relevant knowledge types are presented.

4.1.1 Knowledge Types

In this chapter the knowledge types that were identified as crucial when entering a new market are presented. The knowledge categories which were identified from the qualitative data are *Market knowledge, internationalization knowledge, and operational knowledge*. Figure 4 shows the categories and which types of knowledge they consist of. The knowledge categories are presented, as well as each knowledge type, with the help of quotes from the interviews to give the reader a better understanding.

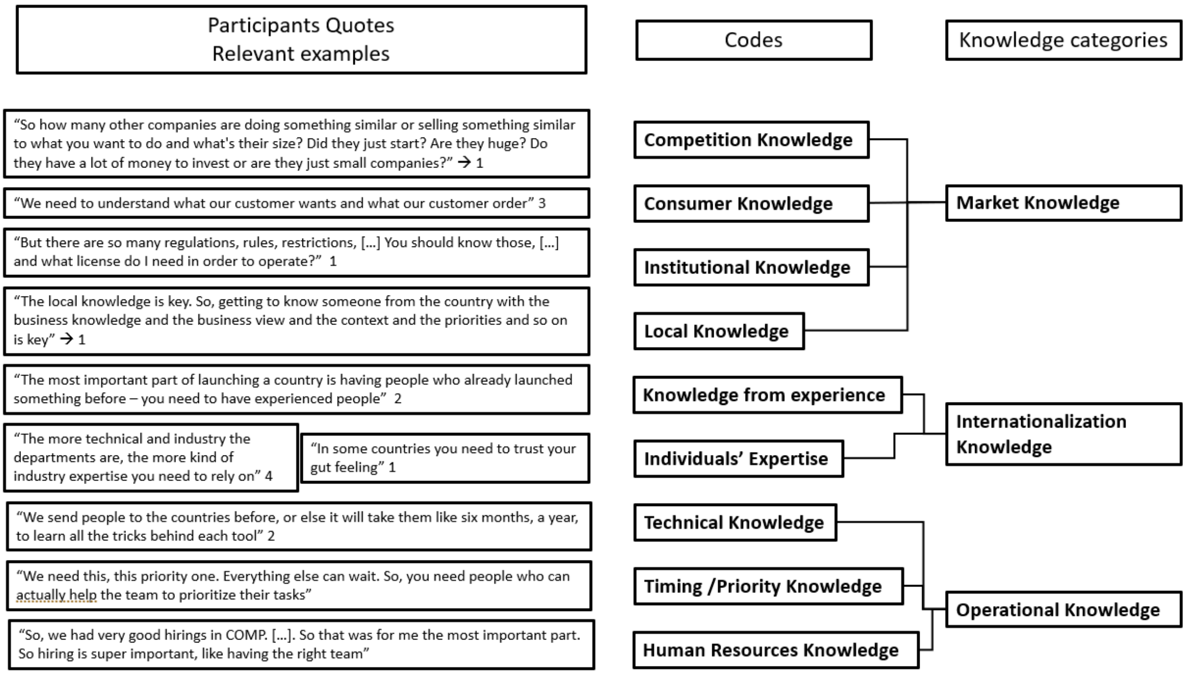

Figure 5: Knowledge types and categories

Market knowledge

Market knowledge is the first category identified as required for an MNE when entering a new market. For this category the author identified four knowledge types that were coded most frequently during the interviews. These knowledge types are furthermore mentioned as crucial to internationalization in various studies.

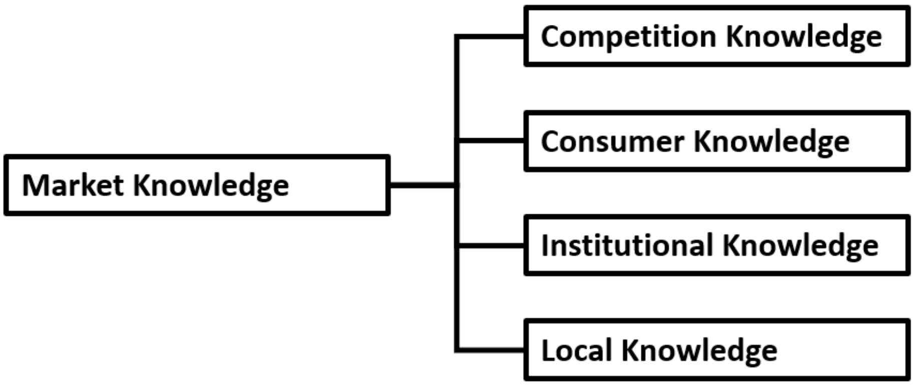

Figure 6: Market Knowledge

Competition Knowledge

The competition in a market plays a significant role when COMP is preparing to enter a market. It is crucial for the company to know the competitive situation in that country, in terms of how many players are in the market and how big they are. Li et al. (2004) mentioned market competitors as one of the key knowledge types that a company has to consider when identifying a market as an opportunity. Furthermore, the company needs to gain information on what exactly the competing firms are offering and at what prices. Participant 1 mentioned these factors and their significance:

> **Participant 1:** "You should start digging a bit more into potential competition research. So how many other companies are doing something similar or selling something similar to what you want to do and what's their size? Did they just start? Are they huge? Do they have a lot of money to invest or are they just small companies?"

Participant 8 stated that this kind of information about the competition can also come from public data:

> **Participant 8:** You can get that [knowledge about competition] from public data.

Participant 3 demonstrates that now only the number and size of the competition is relevant, but furthermore what they are offering, so COMP can see if they even can meet or exceed the competitors promises.

> **Participant 3:** “You have to understand, where are my competitors? […] Where are they present, what delivery promise are they offering?”

Consumer Knowledge

Consumer knowledge is another knowledge type that was mentioned frequently during the interview process. This is confirmed by IB studies, where needs and tastes of customers in the market of interest are stated as knowledge that MNEs need to consider (Johanson & Vahlne, 2006). During the interview process two types of consumer knowledge where identified. The first is the needs of consumers, as participant 3 stated:

> **Participant 3:** “We need to understand what our consumers want and what our consumer orders”

The second type is the demographics of the possible consumers in the market, participant 1 put it as follows:

> **Participant 5:** “So assessing the market, let’s say firstly to know some super high demographics. So, how many people do we got there? How much money they got? What’s the internet penetration? How many of them live in the city and so on?”

COMP considers where in the market how many potential customers live to create heatmaps, as stated by participant 9.

> **Participant 9:** We create heatmaps to understand like the super hot spots in the super hot places we want to be.

By creating these heatmaps the company can consider in which parts of a market they want to be active. The participant goes on an further describes that while it being important to know how penetrated the market is, there are more factors to decide if the market is interesting for the company.

Participant 9: “how penetrated is it [the market]? And even if it is underpenetrated, it does not mean we have to enter. For instance, take the case of, I don't know, North Korea, maybe North Korea, for most of the companies in the world, is an under-penetrated market where whatever you launch there, you will be the only player doing that. And I guess that's the case for 95 percent of the industries. But there are so many regulations, rules, restrictions and so on. So even though it's 100 percent under-penetrated country, I don't see many companies going there. So, you have to know if it is penetrated but also if it is underpenetrated, why it is underpenetrated."

Participant 10 highlighted the importance of the consumer knowledge and further stated that it is important in all kinds of markets.

Participant 10: "Of course when considering to enter a market, we first want to know a lot about the consumers in that country, this goes for all kinds of market. First, we ask how many people, what are their preferences, how much money they got etc."

Institutional knowledge

Institutional knowledge is another knowledge type which was named by most of the interviewees. Casillas et al. (2009) confirms that when MNEs have access to institutional knowledge it has a positive effect on the firms' financial investments, and that firms may cooperate with local entities to overcome the institutional liabilities. Institutional knowledge is a term for various specific issues a MNE has to deal with when planning an internationalization. For COMP it includes specific taxes, licensing and registration, market restrictions, customs, and antitrust considerations.

> **Participant 3:** "a key piece of information is that you have to subject to local licensing and registration and all of that. Also, you have to be compliant with the tax affairs"

This was confirmed by participant 8 who mentioned the amount of bureaucracy is to be noted.

> **Participant 8:** Is there a lot of bureaucracy for a company when entering the market?

Participant 3 confirmed the importance of this knowledge and stated further that COMP corporates with local experts to overcome these liabilities:

> **Participant 3:** "We always work with external lawyers or external accountants"

Participant 9 confirms this and further mentions the differences in taxes around the globe.

Participant 9: "So the local accounting team has a very detailed analysis on the different types of invoices we need to do, the different type or how we are going to pay our taxes or the different taxes we are subject to when opening a new store in a specific country"

Another institutional issue when operating in foreign markets are antitrust considerations, which must be considered, as participant 4 put it:

> **Participant 4:** "There are also antitrust considerations that need to be looked at. […]. So oftentimes in a particular in this case, in the U.S., if you already have a significant market position and you are, then oftentimes, you'll have to submit to the antitrust regulator justification to say that you're not kind of altering the competitive dynamics in the market".

The institutional knowledge is a mayor knowledge type since the institutional regulations and rules have an influence on the speed of internationalization. If COMP does not have access to this knowledge, it can postpone the market launch, which leads to higher costs and lost revenue.

Local knowledge

Local knowledge is the last type which falls in the category market knowledge. The importance of the local knowledge was mentioned continuously during the interview process, and some participants stated that it is key to a successful market entry.

> **Participant 5:** "The local knowledge is key. So, getting to know someone from the country with the business knowledge and the business view and the context and the priorities and so on is key. […] And if you don't get that local knowledge, that could be from one individual or from a group of people from that country, you will never win"

As latter participant stated the local knowledge can come from external individuals or groups. Participant 2 further added the reason for the local individuals to be so crucial, which is that they are familiar with the language, the culture, and everything else which could be relevant for COMP.

> **Participant 2:** "So you need a combination of local teams, people who know the market, people who are from there. They know the language they know like, everything you can know, like culture, everything and you need"

Furthermore, local knowledge can consist of specific and business-related information, as well as experience with technology which only exists in that specific market:

> **Participant 6:** "we need the super specific technical and local knowledge in order to understand different parts of the business. […] We use them a lot in their local knowledge because I mean, they know the local better. And for this kind of business, we have like a local saying that is "local is king""

As mentioned above, getting access to the regulation knowledge in a market is often dependent on an external and local entity. Therefore, COMP usually benefits from local experts who hold specific knowledge about the market, to be sure that no surprises get in the way of the market entry.

Internationalization Knowledge

The second category of knowledge types is the internationalization knowledge, which consists of two, during the interview process frequently mentioned, knowledge types, namely *knowledge from experience* and *individual's expertise.* Therefore, internationalization knowledge can either be held by groups of individuals, who have worked on market entries before and therefore possess the required experience, or by individuals, in which case the knowledge is tacit and therefore internal to the individual and firm.

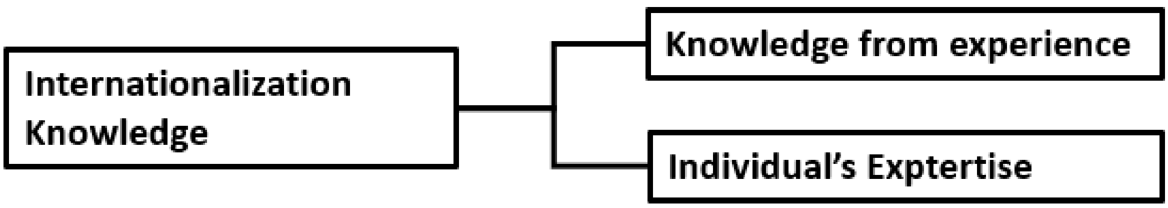

Figure 7: Internationalization Knowledge

Knowledge from experience

When launching a market, the experience from prior launches is crucial for the market entry success. Fletcher et al. (2013) emphasized the relevance of this type of knowledge and named direct experience of the firm and internal experts as well as indirect advisors as the main source of the experience. Participant 1 confirmed this:

> **Participant 1:** I think the experience from launching in another country helps a lot in defining the playbook. […] for sure the experience of another country helps. Also, you might adjust based on the mistakes that you have made. So, if I knew that we usually fail doing one thing, then we start with that this time"

Another interviewee mentioned that it takes a long time for a company to gain the knowledge from experience, which indicates that the experience reinforces the acquired knowledge a firm holds:

> **Participant 2:** "it takes a lot of time to build all that knowledge and a lot of pain"

By referring the process of gathering required knowledge to pain, participant 2 indicates that failing is a part of the learning process, which complies with what participant 1 said about adjusting based on mistakes. Therefore, the knowledge from experiences a company and its internationalization divisions holds, seems to rely on the mistakes that have made in prior market entries.
Participant 3 also highlighted the importance of experience, without indicating that it comes from prior mistakes, and furthermore references his statement to MNEs:

> **Participant 3:** "My role is having experience launching and then using that experience in the next ones. I think it's very important and it enables a lot of things. Especially when you are dealing with multinational companies. […] and what we originally know, is mostly given by prior launches, so we use that information a lot".

Lastly, participant 10 shared the role of experience in the field when internationalizing.

> **Participant 10:** "We have to know how to do things and how things work when we are working on a market entry. If we did such a thing for the first time there would be so many hurdles which we can expect and work against since we have done it before."

Individual's Expertise

When asked about the importance of the experience and expertise of individual employees at COMP, the participants made clear that that source of knowledge is crucial for a market entry, while emphasizing that the experience does not necessarily have been made at COMP.

> **Participant 2:** "Having people with very specific experience and knowledge are very important, they need to be on the ground. There is no other way to do it"

In this case participant 2 says that the only way to perform a market entry is by having individuals with specific launching experience. Furthermore, the interviewee is of the opinion that this individual must be on site in the country where the launch is going being executed. Since COMP is in the online-food delivery service and relies on various technological factors, the company needs industry expertise:

> **Participant 7:** "The more technical an industry is, the more industry expertise you need to rely on"

Furthermore, participant 4 speaks out of own experience and highlights the importance of own and other individuals' knowledge:

> **Participant 4**: "I have relied on previous knowledge. It usually helps to look at something on how things have been done before and speaking to people who have done it right"

Operational Knowledge

The third category of knowledge types is operational knowledge. This consists of types of knowledge which are necessary for a trouble-free execution of a market entry on the operational side: *Technical knowledge, timing / priority knowledge*, and *human resources knowledge*.

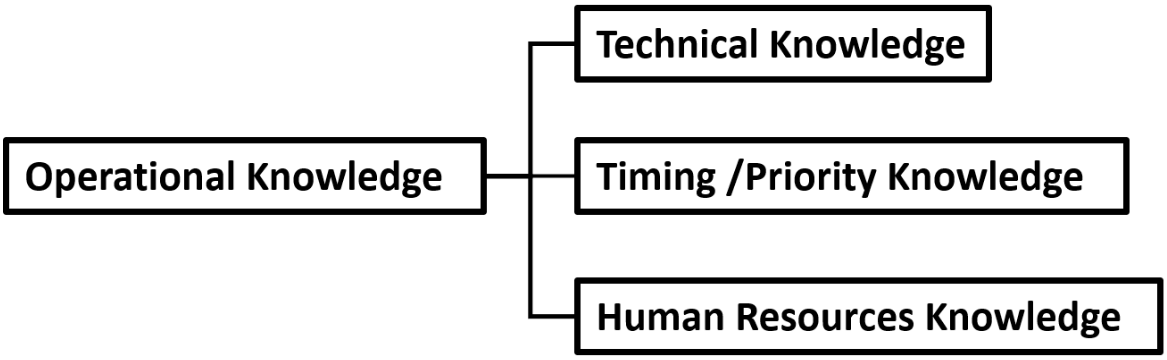

Figure 8: Operational Knowledge

Technical Knowledge

Technical knowledge refers to the skills and know-how a company and its individuals have regarding to context-specific matters (Nonaka, 1994). For COMP these matters are their platform, their devices that the restaurant partners use for receiving orders (further referred to as "Tablet"), and various technical tools for carrying out the daily business. Participant 2 experienced the role of technical knowledge while preparing to enter Costa Rica:

> **Participant 2:** "I also had experience in the tech part of the migration of users, vendors, et cetera. […]. Because when I was in the middle of Costa Rica, all the Tablets were like completely messed up because someone forgot got upload them into the system. And then You realize there is a platform called PLAT. But for me, it didn't exist yet. And by being in the middle of the battleground, you learn a lot. And then when I moved to Germany, I was the only guy who actually had launched a country"

In this case participant 2 had worked on a launch in Costa Rica where he learnt the role of the technical knowledge, which he had to get familiar with first. But then when a launch in Germany was being prepared, he could use that technical knowledge he now had. Later in the interview participant 2 explained how COMP assures that the technical knowledge is being passed on to the employees on site of a market entry.

> **Participant 2:** "Before we actually launch these countries in Latin America, we send for two months to each country five people who are familiar with the tools

[…] because otherwise it will take them like six months, one year to learn all the tricks behind each tool".

Participant 8 mentioned the importance of having knowledge about tools and how or if these can be applied.

> **Participant 8:** The question is, the tools, the knowledge, how easily can it be applied?

Therefore, it is not only crucial to know about each tool but also how these are applicable in various markets, further confirmed by participant 10.

> **Participant 10:** For us, it is very important to know if our technologies can be applied in the environment

Timing / Priority Knowledge

The knowledge and experience that revolves around the timing and prioritizing during a market entry was mentioned by almost every participant of the interviews. The importance results from the possible consequences of a bad planned internationalization, which costs money and resources. Therefore, COMP needs employees who know how to prioritize tasks, regardless from which industry they originally come.

> **Participant 2:** It doesn't matter where they come from. […] It's only about what you actually did and how you prioritize things. […] So, you need people who can actually help the team to prioritize their tasks."

To be able to plan the time-sensitive market entry and to know what and how to prioritize, the interviewees mentioned that they have a playbook, which is a framework of how to enter a market. This playbook is defined by launching experience.

> **Participant 1:** The experience from launching in another country first, they help a lot in defining the playbook or the framework"

Although the circumstances and requirements of each market are different, this playbook defines in what order the different tasks must be sorted out.

> **Participant 5:** “The setup would be different the geography would be different, but at least you know: first I need to check this, then I need to check that and then I need that. Here for sure the experience of another country helps.”

Participant 2 confirms the indifference in markets when applying the playbook:

> **Participant 2:** “I have a playbook that if I apply this to Venezuela, Germany, Japan, Malaysia, whatever, is the same thing”

Human Resource Knowledge

The last knowledge type in the category of operational knowledge is human resource knowledge. When COMP is preparing to enter a new market, the human resources are crucial for a successful execution. Therefore, the quality of hirings is highlighted by the participants.

> **Participant 2**: “So we have very good hirings in *subsidiary*. […] So that was for me the most important part. Hiring is super important, like having the right team super important”.

It appears that it matters where people COMP is doing business with come from, since one participant drew a geographical line where he could differ between business partners and how trustworthy they are.

> **Participant 7:** “Some countries have more skeletons in the closet than others. Obviously, if you’re in a jurisdiction like the U.S. or Europe, things are pretty squeaky clean. But you know, Africa and some Middle Eastern countries, South Asia, you come across some pretty interesting things and I think also characters”.

The latter participant indicates that COMP has had experience with partners or individuals, that has shown them the importance of human resource knowledge.

4.1.2 Differences in Required Knowledge Types

It has now been answered which types of knowledge a MNE requires when entering a new market. But it is still to be figured out if those knowledge types are different for different markets, as stated in the research question: **“What types of knowledge are required for a MNE to internationalize? Do the required knowledge types differ between emerging and developed markets, and if yes, how?”.**

To be able to answer the second part of the research question, the author made sure that the participants of the case study were qualified to answer that question. Participants were chosen who have experiences with internationalization in both emerging and developing markets, to assure that they can differentiate and determine possible differences.

Market Knowledge

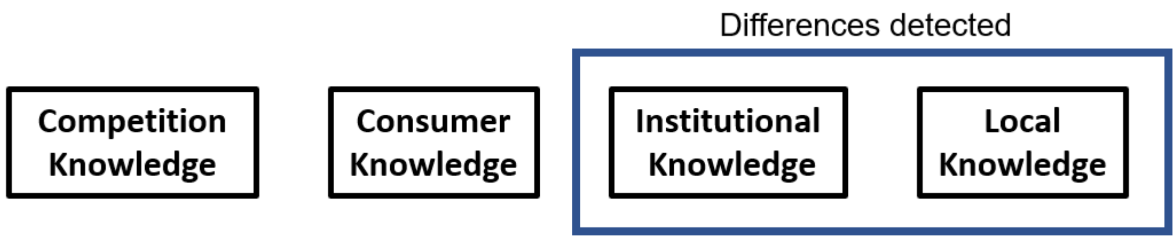

Figure 9: Differences in Market Knowledge

The four discovered knowledge types required for an MNE when entering a new market in the category market knowledge are *competition knowledge, consumer knowledge, institutional knowledge*, and *local knowledge*. Out of these knowledge types, *institutional knowledge* was mentioned the most by the participants as being different for emerging and developed markets. Participant 1 stated that for developed markets the company requires more complex institutional knowledge, participant 5 had similar experiences, and participant 8 stated that some markets are quicker with licenses than others.

> **Participant 1**: “The developed countries have more regulations and more rules. Think of all the EU rules that maybe you don’t have that thing in Africa or in South America. […]

Participant 5: “if you need to get a license in Europe, you might get in a couple of days, while in some regions you might need months even more than that. […] Again, maybe I adjust some certain timelines. So maybe I know that maybe in a country, I need a license that are getting a couple of days and in that country, I need a license and it’s taking months”.

Participant 8: Is there a lot of bureaucracy? For example, in Latin America you have to consider other things than in Europe, where you get licenses much quicker”.

These three quotes show two things. Firstly, developed markets have more regulations and rules, and therefore COMP requires more institutional knowledge for those markets, since it is more complex to comply with the regulations. Secondly, in the developed markets COMP gets the licenses that they need quicker than in emerging markets. These two resolutions were consistent through all the interviews, another example is participant 2 using Germany as an example for developed markets with more regulations:

Participant 2: “[In] Germany you need to be more like paying attention to the GDPR (General Data Protection Regulation), Cookies and all those stuffs. So, the tech part and the legal part, they become more important because everything has to be in place.”

Another factor is the uncertainty of countries in Latin America, as Participant 9 has experienced.

Participant 9: “Look, I have in mind one of Chiles stores, which we have to close it now because, like the government just doesn't want us to operate there. Why they don't want that and you start seeing like small rocks in your way, like you have to open the public, you have to avoid having no more than two riders on the door. Yeah. And that kind of escalates into we are not going to let you operate anymore here. And changing regulations. Latin America happens a lot. It's a very big burden on your business because it adds a lot of risk”

In developed markets COMP meets more regulations, rules, and licenses that must be considered, than in emerging markets. But as the participants stated, in the developed markets these processes are quicker and therefore it is easier to foresee when those formalities will be completed, which makes the process of launching the business steadier. Emerging markets have less of those formalities, but it is more complicated to get those, and it is uncertain when these will be completed.

Therefore, institutional knowledge is crucial for COMP in both emerging and developed markets, but the knowledge itself varies. In developed markets the knowledge revolves around a higher quantity of regulations, rules, and licenses. In emerging markets, the knowledge concentrates on the difficulty of getting them and on the uncertain timeline of finishing the formalities.

Local knowledge was the second knowledge type of this category that was mentioned to differ between the level of development in the markets. One difference is the level of information available by official authorities, which leads to COMP having to fall back to local knowledge.

> **Participant 1:** "What You can find is that in some developed countries, the level of information or granularity that you can find from official authorized sources is a lot. While in some underdeveloped countries or developing countries, sometimes you don't have information, so you need to trust the local knowledge or a gut feeling"

This means that in developed markets it is easier for COMP to get access to market knowledge, since the authorities can give access to them. In emerging markets, it is more complicated, or this access is not given, and therefore local entities must be contacted for the information. The knowledge may be the same for both markets, which is confirmed by participant 5.

> **Participant 5:** "The information that you need in our case, it's kind of similar",

but in developing markets it comes from authorities, and in emerging markets it comes from local individuals or entities. Participant 7 further claims that the local knowledge is therefore more needed in emerging markets:

> **Participant 7:** So, you need that local knowledge, mostly in those type of countries [speaking of emerging countries].

Local knowledge plays a bigger role in emerging markets. This is due to the fact that the crucial knowledge is not accessible at the institutions of those markets.

Consumer knowledge and competition knowledge were either not mentioned as being different for emerging and developed markets or it was stated that they do not differ, as for example the quote by participant 2 demonstrates:

> **Participant 2:** [after mentioning the institutional differences] “So those are small things differ from one to each other. But then the rest is pretty much the same thing.”

In the category of market knowledge, the findings show that the role local knowledge and institutional knowledge differ between emerging markets and developing markets for COMP when entering a new market.

Internationalization knowledge

The second detected category of knowledge types required when entering a new market is the internationalization knowledge which consists of *knowledge from experience* and *individuals’ expertise*.

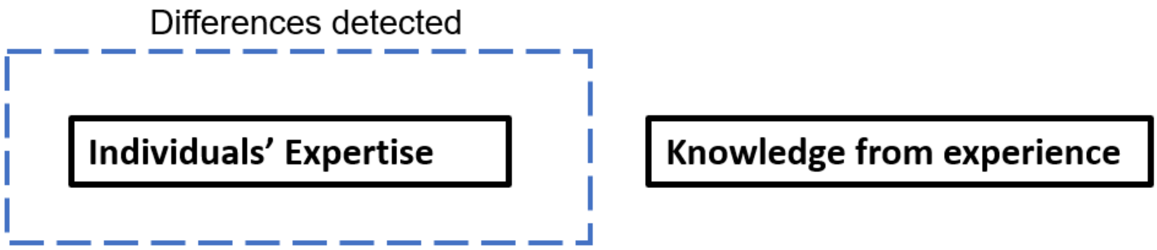

Figure 10: Differences in Internationalization Knowledge

For the internationalization knowledge it is to be mentioned that various participants of the interview process mentioned a *playbook* or *framework* that they or their teams have developed during prior market entries. This playbook consists of a plan on how to launch a market entry in a foreign country, and it is builds on their and COMPs experience in various internationalization operations. Interviewees stated that they apply this framework on a market entry, no matter what type of market or how developed it is:

> **Participant 1:** “In our case, the playbook on how to launch once we decided we wanted to launch. It's exactly the same, it's exactly the same”.

This indicates that the internationalization knowledge of COMP can be applied on every market, not distinguishing between the development stages. Therefore, the importance and application of internationalization knowledge does not differ between emerging and developed markets. Participant 5 confirms that statement:

> **Participant 5:** “the playbook on how to launch is the same. […] If the economics work and if we're going to get the licenses that we need to operate and how to roll it out is the same”.

Participant 2 claims the same usage of the playbook, indicating there being no difference in the countries when COMP is in possession of said playbook:

> **Participant 2:** “I have a playbook that if I apply this to Venezuela, Germany. Japan, Malaysia, whatever, is the same thing. I will go with my same questions, my same Google's slide template. I will only change the flag of the country and there will be like the same questions”.

These quotes indicate that the Internationalization knowledge does not differ between different markets, and that the playbooks COMP has gathered by internationalization experience can be applied in both emerging and developed markets.

Individuals’ expertise was not detected in the data analysis as being a knowledge type that differs between various markets. The author believes that each market, no matter if emerging or developed, has its own special features and therefore each market needs individuals’ expertise. There seems to be no difference between the two market types in the requirement of individuals’ expertise. Though is to be mentioned that local knowledge, which was detected as being required more in emerging markets, often is provided by individuals and their expertise. This means that individuals’ expertise plays a bigger role in emerging markets than in developed markets, when the individuals are providing local knowledge.

Operational Knowledge

In the category of operational knowledge differences between emerging and developed markets were detected for two of the three knowledge types. Timing / Priority knowledge could not be noted as being different, although it was mentioned as being highly crucial for the internationalization.

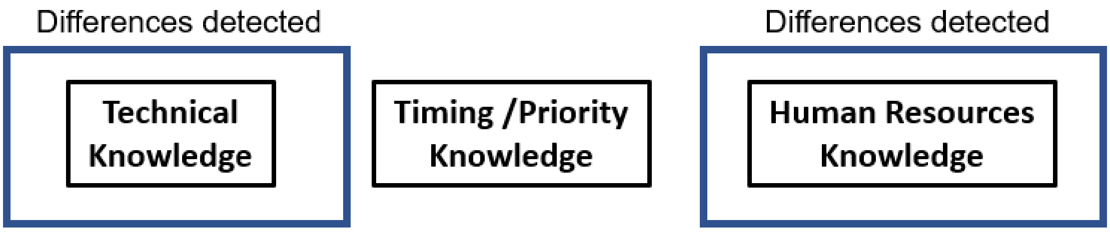

Figure 11: Differences in Operational Knowledge

Technical knowledge was detected as being rather more important in emerging markets. Participant 7 stated that this results from technologies in emerging markets being so different than in emerging markets:

> **Participant 7:** "and technical stuff, you need a bit more of the technical information and knowledge in those [emerging] markets, but that is maybe because their technology is so different that what we are used to in highly developed markets, European countries for example. So, you need to know for example exactly what the technology can and cannot in the market, so you can adjust."

Participant 2 also highlighted the importance of technical issues, although he/she stated this when speaking of developed markets, emphasizing that in developed markets more attention has to be paid to GDPR:

> **Participant 2:** [speaking of Germany] "So the tech part […], becomes more important because everything has to be in place."

Also, participant 10 had experience in emerging markets that showed that for the technical knowledge it is easier to be sure in developed markets.

> **Participant 10:** For us, it is very important to know if our technologies can be applied in the environment of a country. And usually, we can be sure of that in countries such as Germany and Austria, since we know the technical features there, rather than in a market that is let's say less developed.

These quotes highlight the importance of technical knowledge for different reasons, demonstrating that technical knowledge is a broad knowledge type covering various different parts of a firm and market entry.

Therefore, technical knowledge is equally important in both emerging and developed markets, and COMP requires technical knowledge for both market entries, but the emphasis is on different territories. While in developing countries COMP has to focus more on technical issues like GPDR, emerging markets need more attention on their technology, as it often is different than in developed markets.

Human resources knowledge was determined as an important knowledge type for COMPs internationalization processes, and participants saw differences in the need of that knowledge for the different markets. Interviewer 6 for example stated that finding talent in less emerging markets is a challenge.

> **Participant 6:** “There can be a difference in people and talent because, for example, talent is very different. It’s very difficult to find good talent in like Central American countries, because the percentage of the population that went to college in Nicaragua, Honduras, Costa Rica is very, very, very small. […] setting up a business in Central America, for example, and getting the right talent would be super hard. And then I think that this would be different if you launch in German or Austria or United States for example”.

Participant 6 shares that it is more difficult to find good employees in emerging markets, naming examples such as Honduras, and further states that it is easier in developing markets such as Austria or United States. This demonstrates that human resource knowledge plays a bigger role in emerging markets than in developed markets, since it is more needed there.

Another statement on this knowledge type was given by participant 7, saying that it some markets firms come across issues with their human resources.

> **Participant 7:** “In Africa, […] middle eastern countries, southeast Asia […] you come across some pretty interesting things and also characters.”

This quote indicates that the human resource knowledge required is different in the regions of Africa and southeast Asia, where less developed countries can be found, than in developed markets.
Therefore, it was detected that the human resources knowledge is more important in emerging markets than it is in developed markets, since it is more challenging to find good employees in emerging markets and the knowledge COMP needs in those markets is so different than what it needs in developed markets.

In the category of operational knowledge, the need and role of the knowledge types technical knowledge and human resources knowledge differ between emerging and developed markets.

4.2 Discussion

This chapter will compare the findings from the latter subsection to the findings illustrated in the theoretical background earlier in this study, and the empirical findings of this case study are linked to previous research. The aim of this chapter is to answer the research question of this paper:

"What types of knowledge are required for a MNE to internationalize? Do the required knowledge types differ between emerging and developed markets, and if yes, how?"

This chapter is divided into two subchapters. The first is going to discuss the empirical findings in comparison to prior research, to finally present the knowledge types required for a MNE to internationalize. The second subchapter is dedicated to the second half of the research question. With the help of the findings from the data analysis and prior research the aim is to discuss the differences in knowledge types when entering emerging versus developed markets.

4.3 Discussion of knowledge types

The data gathered from the interviews in this case study allows the author to illustrate what types of knowledge a MNE requires when entering a new market.

Market knowledge

The first category of knowledge types is *market knowledge*. Scholars have highlighted the relevance of knowledge regarding the new market, naming competitors, suppliers, legal aspects, and customers as the main aspects of market knowledge (Jonsson & Elg, 2006). Johnson and Elg furthermore divided market knowledge into objective market knowledge and experiential market knowledge. The *objective market* knowledge consists of governmental requirements, market statistics, competition, consumers' taste etc. These types were all mentioned frequently during the interview process, and in the analysis put into the subcategory's *competition knowledge, consumer knowledge, and institutional knowledge*, as shown in figure 8.

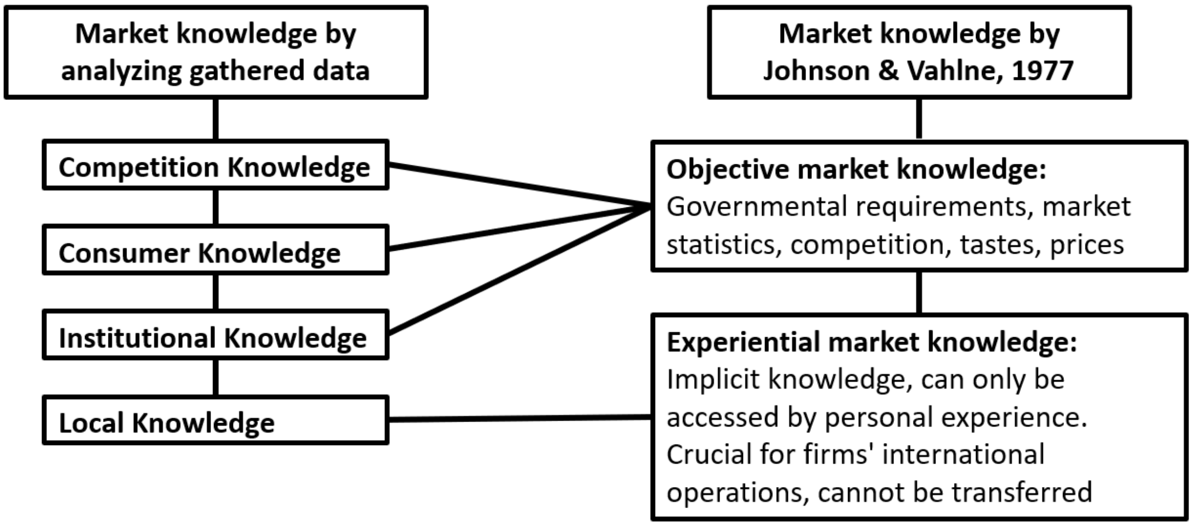

Figure 12: Market Knowledge

Figure 8 shows that the market knowledge which the participant of this papers' case study emphasized is comparable to the market knowledge indicated by scholars (Johnson & Vahlne, 1977; Hutzenschreuter & Matt, 2017). It is noticeable, that competition knowledge, consumer knowledge, and institutional knowledge all fall under the by Johnson & Vahlne defined category *objective market knowledge*, which is explicit knowledge, while this study only puts local knowledge in the *category of experiential* market knowledge. Local knowledge was one of the most often mentioned knowledge types during the interviews, which indicates that it is one of the most important knowledge types for COMP. The local knowledge was furthermore frequently brought together with information and knowledge, for which COMP usually insists on getting help from local individuals or entities, as participant 5 recollected:

> **Participant 5**. "The local knowledge is key. So, getting to know someone from the country with the business knowledge and the business view and the context and the priorities and so on is key"

This quote by participant 2 indicates that local knowledge is indeed experiential market knowledge, which explains why it is connected to the second category of Johnson and Vahlnes market knowledge, which consists of tacit knowledge. Hislop, Bosua, and Helms (2013) defined tacit knowledge as context-specific, personal, and complicated to share, which are the attributes of the experiential market knowledge by Johnson & Vahlne (1977). This shows that the relevant market knowledge defined by scholars were also coded and detected in this case study on an MNE. It is to be mentioned, that the local knowledge also can consist of the other three knowledge types under the category *market knowledge*, but for this study a distinction was made, and it is to be seen as an individual knowledge type.

Since the in this case study detected required knowledge types are comparable with those in scholars, it can be stated that the most important types of market knowledge an MNE requires when entering a new market are competition knowledge, consumer knowledge, institutional knowledge, and local knowledge.

Internationalization knowledge

Fletcher et al. (2013) defined internationalization knowledge as "general knowledge about how to engage in international operations" (Fletcher, Harris, & Richey, 2013, p. 51). The categories that were conducted in the interview process of this study were *knowledge from experience* and *individuals' expertise*.

Knowledge from experience is a broad category, in which the author categorized general knowledge that COMP has from prior market entries, which helps to enter a market. The participants mentioned this type of knowledge as a result from prior mistakes, and three interviewees linked this type especially to multinational companies.

It can therefore be stated that knowledge from experience is a crucial type of knowledge, which MNEs gather from prior mistakes in the internationalization process, which helps them to avoid certain mistakes and therefore makes a market entry more likely to be successful.

Individuals' expertise is a tacit knowledge type which is a critical source of knowledge for a market entry. This falls under the category of internationalization knowledge since the expertise is linked to internationalization expertise. It differs from knowledge experience, since latter is general experience COMP gathers over time and with each market entry. Individuals' expertise is more specific and does not necessarily origin from COMP. As several participants stated, this expertise can come from another industry, since the focus is on the market entry itself and not on how COMP is entering a market. Individuals' expertise is a tacit knowledge, which Busch and Richards define as non-visible and subjective knowledge that is linked to a person's context-specific experiences and capabilities, as well as values and norms. (Busch & Richards, 2004).

Internationalization knowledge is therefore divided in the knowledge COMP has gathered from prior market entries, as well as the expertise of individuals on more specific details on the market entry.

Operational Knowledge

The category operational knowledge is composed of knowledge types which the participants of the interviews mentioned which assure a smooth execution of the internationalization execution. This category was not found as frequently as the previous presented knowledge types in other scholars and does therefore not appear in the theoretical background chapter of this study. Codes conducted from the interview transcripts which contain knowledge about processes and structures in COMP, as well as specific technical knowledge were put into this category. Operational knowledge consists of *technical knowledge, timing / priority knowledge, and human resources knowledge*.

Technical knowledge the author categorizes the knowledge that is required for all the technical tools that COMP relies on. Since COMP is an online-food delivery service it depends on many various platforms, tools, and devices. Each of the subsidiaries in over 50 countries has its own platform where the customer can find various restaurants to order from, and this platform must run faultless on both sides. Each restaurant partner of COMP around the world gets a Tablet, with which they can see all their orders, accept or reject them, see the customer details, change their menu, and perform other minor changes for their restaurant. It is crucial to get these tablets to all the restaurants when COMP launches its service in a new market, and more importantly to assure that the tablets are working and connected to the platform of COMP. In the findings chapter of this study, quotes were presented where the participants highlighted the importance of COMP knowing its way around the technical departments of the company. Grant (1996) determined technical knowledge as a key factor for successful internationalization. During the interviews it was not clearly stated from where this knowledge originates, since some participants said they learn from each other while others stated external expertise is needed. In their framework of

knowledge transfer Nonaka and Takeuchi (1995) stated that technical knowledge and technical skills can both be explicit and tacit.
Therefore, technical knowledge is a knowledge type for which is it not clearly defined from where it comes and how it can be transferred, but it is certain that it is an important knowledge type for COMPs internationalization processes.

Timing / priority knowledge was exposed often during the coding process, while not being found in the literature review. It seems that for a market entry of COMP it is of utter importance that the timeline is clearly defined and those responsible for the operation are sure of the priorities of each task. Participant 1 stated that having employees who are working on a market entry and know how to prioritize the tasks is the key for success.

Human resources knowledge is the last type of knowledge found in this case study. Interviewees highlighted that it is important for COMP to be sure to hire the right people, since it effects the progress of a market entry. This includes knowledge about how people from different countries and cultures may behave during the partnership, as participant 7 pointed out “you come across interesting characters”. Additionally participant 2 claimed that “hiring is super important”, which indicates that COMP requires human resources knowledge to assure that the right people are being hired.

4.3.1 Discussion of Differences in Emerging vs. Developed Markets

In all three categories of knowledge types, it could be detected that the requirement of knowledge differs between emerging markets and developed markets. The literature review of this study showed that it can be assumed that emerging markets and developed markets require different knowledge types for a successful market entry, since knowledge is market specific (Stoian et al, 2018; Jonsson & Elg, 2006). Bruton et al. (2007) found that little research exists on the knowledge management of firms in emerging economies. This subchapter aims to answer the second half of the research question which is as follows:

“What types of knowledge are required for a MNE to internationalize? Do the required knowledge types differ between emerging and developed markets, and if yes, how?”

By going through the three categories the knowledge types will be presented which COMP requires differently in emerging and developed markets. As figure 11 shows, five knowledge types were detected as being different when applied in emerging versus developed market.

Knowledge Types	Emerging markets	Developed markets
Institutional Knowledge	Less rules, licenses, and regulations, but harder and more time consuming	More rules and regulations but less problematic to abide them, licenses are processed quicker
Local Knowledge	Very much required	Less required
(Individuals' Expertise)	Required in form of local knowledge	Less required
Technical Knowledge	Emphasis on unknown technologies	Emphasis on technicalities like GDPR
Human Resources Knowledge	Much required	Less required

Figure 13:Differences in the knowledge Types

Market knowledge

In the category market knowledge differences were detected for the knowledge types *institutional knowledge* and *local knowledge*.

This case study found that in developed markets COMP faces more regulations, rules, and licenses than in emerging markets, although these are processed quicker in developed markets. This leads to COMP having less problems in developed markets to plan the launch in terms of regulations and licenses, while in emerging markets it can be troublesome to know what rules are to abide and when licenses are being received.

Therefore, institutional knowledge is crucial for COMP in both emerging and developed markets, but the knowledge itself varies. In developed markets the knowledge revolves around a higher quantity of regulations, rules, and licenses. In emerging markets, the knowledge concentrates on the difficulty of abiding those rules and regulations and on the uncertain timeline of finishing the formalities.

Local knowledge is the second market knowledge that was perceived by the participants as being differently required in the two types of markets. The data analysis shows that it is more required in emerging markets. This results from crucial knowledge not being accessible in the markets so MNEs have to make use of local knowledge.

Internationalization knowledge

In the category of internationalization knowledge one knowledge type was detected as varying depending on the market, which was individuals' expertise, though only in combination with another knowledge type. Internationalization knowledge on the other hand was exposed as not being different depending on the markets, but COMP having playbooks based on their internationalization experience which they can apply in every economy.

Although individuals' expertise was not detected as a knowledge type that differs between various markets, this knowledge type does play a role when local knowledge is in demand, since individuals' expertise often is originated in local entities or individuals. Furthermore, scholars have shown that each market is in its own way special and requires expertise, since knowledge is market very specific (Stoian et al, 2018; Jonsson & Elg, 2006). Therefore, even though individuals' expertise was not directly detected as one of the knowledge types where COMP differs between emerging and developed markets, this study demonstrates that there is a difference in the market. Firstly, when local knowledge is required, which appears more frequently in emerging markets, expertise is demanded which often comes in form of local knowledge. Secondly, as the mentioned scholars have stated, does each market have its own knowledge since markets are so specific, showing that every market, no matter if developed or emerging, has the demand for local knowledge (Jonsson & Elg, 2006).

Operational knowledge

Technical knowledge and human resources knowledge are the knowledge types in this category where the data analysis shows varying requirement depending on the market. Technical knowledge covers various sections of a company, leading to this knowledge type being needed in both emerging and developed markets, but in other ways. In emerging markets, the technical knowledge is required more on the technological side of the business, while in developed markets the focus is on technicalities like the GDPR in Germany.

Human resource knowledge is a very crucial knowledge type for COMPs operations abroad, and the analysis showed that it is differently required in different countries. In emerging markets, the human resource knowledge is required more, since differences in culture and people leads to it being an issue for COMP to find employees in comparison to developed markets.

4.4 Comparison Between Emerging and Developed Markets

The aim of this study is to clarify if and to what extent differences are to be found between the knowledge types a MNE requires when entering developed and emerging markets. As mentioned above, differences were detected during this case study in the knowledge types institutional knowledge, local knowledge, individual's expertise, technological knowledge, and human resource knowledge. Following, the differences in knowledge types in developed and emerging markets will be highlighted to allow a comparison of the differences which leads to an answering of the research question. The findings show that both developed markets and emerging markets require knowledge when COMP is entering the market, but the knowledge types differ when it comes to what extent they are required and how easily they are accessible.

4.4.1 Knowledge Types in Emerging vs. Developed Markets

From the nine knowledge types that were coded during data analysis, the four knowledge types *competition knowledge, consumer knowledge, knowledge from experience, and timing / priority knowledge* were detected as knowledge types that are equally required in developed and emerging markets. The other five knowledge types were detected to be required differently in emerging and developed markets. They are either required differently in quality or quantity, as explained in the following.

Institutional knowledge is more required in emerging markets than in developed markets. This results from the fact that institutional knowledge such as knowledge of rules and regulations are harder to understand in emerging markets. In developed markets it is less problematic to abide those rules and regulations and therefore the firm needs less of the institutional knowledge when entering the market.

Local knowledge is detected to be more required in emerging markets, where it often is necessary to have that knowledge to have a chance of succeeding with the market entry. In developed markets local knowledge is less required due crucial knowledge often being accessible to the companies when entering developed markets.

Individuals' knowledge is demanded in emerging markets more frequently than in developed markets, which is related to the local knowledge mentioned above. When local knowledge is required in emerging markets, individuals' knowledge is drawn to help. This does not occur as often in developed markets.

Technical knowledge is required in both emerging and developed markets, but to different extents. In emerging markets, it is necessary for the unknown technologies in the countries, and in developed markets in is required for interests such as internet security.

Human resource technology was detected as being more required in emerging markets, where COMP finds it more difficult to find fitting employees, in comparison to developed markets.

These five knowledge types are required differently in emerging versus developed markets. To remind the reader of the research question, it will be presented below.

"What types of knowledge are required for a MNE to internationalize? Do the required knowledge types differ between emerging and developed markets, and if yes, how?"

The knowledge types a MNE requires when entering a new market do differ between emerging and developed markets, since they are required to varying degrees. As mentioned above, five of the nine knowledge types are required differently in emerging markets than in developed markets, either in quality or in quantity.

4.5 Discussion of findings against relevant literature

In this subchapter the results are discussed in relation to the relevant literature. Jonsson and Elg (2006) presented a framework of relevant knowledge types, and divided them into the categories market knowledge, internationalization knowledge, and corporate knowledge. The first to categories are identical to the first two categories that were detected in this study. The third category of Jonsson and Elg, corporate knowledge, which consists of knowledge types strategies and goals, organizational routines, and know-how within the company, could be partially detected during the data analysis of the present study. The know-how within the company is a similar knowledge type to individual's expertise which the author of the present study had categorized in internationalization knowledge, as this knowledge type was defined as being linked to individual employee's experience and know-how. Therefore, this study was able to partly confirm and further expand the knowledge types of Jonsson and Elg (2006).

Furthermore, the author could expand the theory of mentioned knowledge types by conducting a study on a MNE entering markets around the world, while Jonsson and Elg had focused on one MNE entering Russia, therefore resulting in findings not necessarily being generalizable on different markets than Russia. Jonsson and Elg therefore mentioned in their study that studies should be conducted to further explore the types of knowledge required for different types of markets, which is what this study attempted to do, as it expanded the model of Jonson and Elg and presented the differences of the knowledge types when emerging markets and developed markets are being entered. Also in other literature, there were no outcomes mentioned of studies were a difference was being made between emerging and developed markets. Within the RBV of the firm, international knowledge was further defined and researched by Fletcher et al. (2013), having defined localization international knowledge as one main knowledge for internationalization operations. They stated that localization international knowledge is the knowledge of the capabilities a firm requires when competing in a foreign market. This type of knowledge can encourage a company to choose a strategy that was successful in previous market entries. Hereby, the authors mention the differences markets may have, but they do not go into detail on specific differences. Having this theory as a framework, the author of this study could split up the differences in markets into the two types emerging and developed, to then present the differences in required knowledge types.

Peng (2000) found that firms operating in emerging markets require different knowledges than those operating in mature markets, which the author explains with the institutional factors in emerging markets. However, Peng focused more on the strategies of the firms than the required knowledge types. This study agrees on the findings by Peng that the institutional factors influence the required knowledge types and expands by explaining how these differ from developed markets.

As presented above, there was little research found on the topic of the requirement of knowledge types in different markets. Therefore, this study took existing frameworks of knowledge types required by MNEs and expanded these by dividing the target markets into the categories emerging and developed. Thereby this paper shows that the knowledge types detected by prior researchers are not generalizable or can be implemented on any market, but that MNEs should consider the type of market they are preparing to enter and keep in mind that the knowledge types they require depend on the development of the targeted market.

5 Conclusion

In this chapter the study is summarized, and the research question is answered based on the findings of the case study. Furthermore, the academic contributions are presented and how they can be implicated on a managerial level, followed by the limitations of the study and directions for future research.

5.1 Summary

The aim of this study was to analyze the knowledge types an MNE requires when entering a new market. This was conducted by a single case study on a MNE operating in both emerging and developed markets. Eight employees of the MNE with experience in launching business in various markets were interviewed and the transcripts were analyzed. These findings and the theoretical background enabled the author to find three categories of knowledge and nine knowledge types the company COMP requires when entering a market. Each category consists of two to four knowledge types, of which in total five knowledge types were found to be differently required in emerging versus developed markets. It is to mention that the findings of this study must be seen in the context of the company chosen for the case study and the findings are not generalizable.

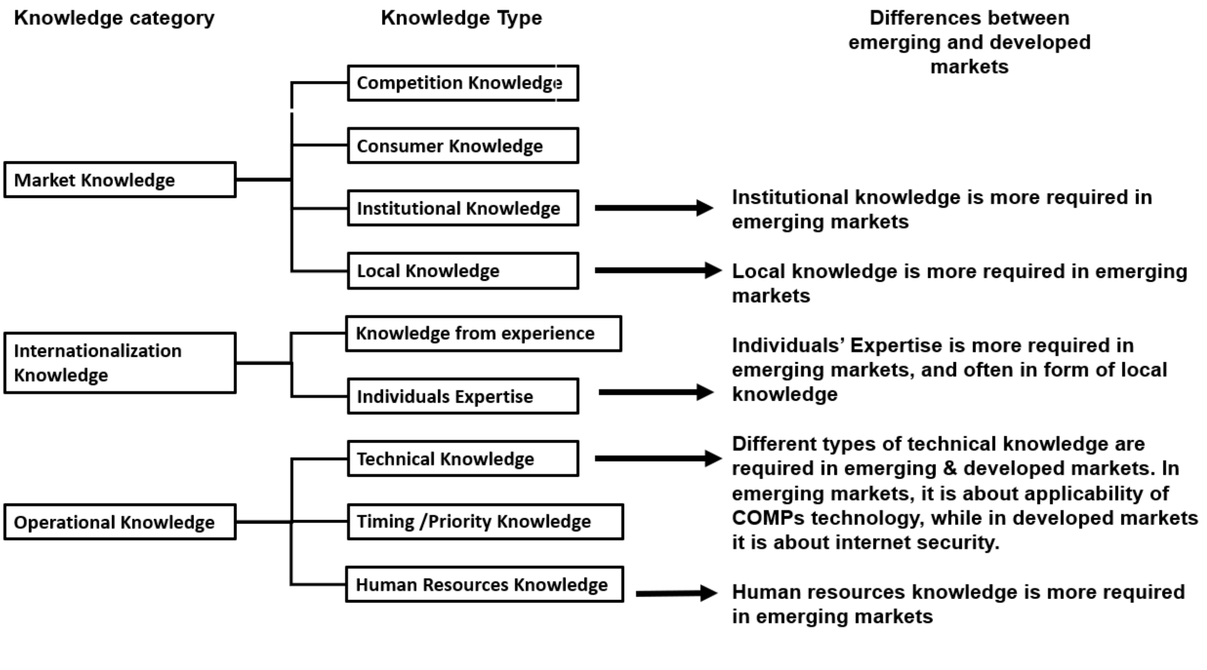

Figure 14: Knowledge types and detected differences in emerging and developed markets

Market knowledge was the first knowledge category that could be defined in the case study. Market knowledge contains the knowledge COMP needs about the market that is being considered to be entered. The most crucial knowledge types in this category are competition knowledge, consumer knowledge, institutional knowledge, and local knowledge. These are crucial knowledge types who also have an influence on whether the market is interesting for COMP. Competition knowledge and consumer knowledge are for example substantial factors for COMP, if the market has a lot of competition or not enough potential consumers, the market is not attractive to COMP. The analysis showed that these two knowledge types are equally important for emerging and developed markets, and COMP needs them in both markets equally much. Institutional knowledge and local knowledge on the other hand are differently required for the two types of market development. Institutional knowledge is required more in emerging markets. Although it is just as crucial in developed markets, in the institutions in these markets hand out a lot of the information COMP needs, whereas in emerging markets it is often an issue to know what rules and regulations are to be abided, and licenses are harder to get, or it takes longer. Therefore, institutional knowledge is a knowledge that is crucial for the market entries of COMP, but there are differences between emerging and developed markets. Same goes for local knowledge, which is also stronger needed in emerging markets. The findings demonstrate that the crucial local knowledge is often not accessible in emerging markets and therefore COMP has to make use of local knowledge, making it a very important type of market knowledge.

The second category of knowledge is internationalization knowledge. Numerous interviewees highlighted that COMP uses a playbook, which consists of the experience they have made in market entries, and the interviewees insisted on that the playbook can be applied in every market, no matter how developed or undeveloped it is. Therefore, internationalization knowledge is the knowledge type that stood out by being called out frequently not to be different between emerging and developed markets. The other knowledge type in this category is individuals' expertise. For this category the participants did not specifically highlight a different in the markets, but since the local knowledge is strongly different, which often is based on someone's expertise, the author coded individuals' expertise as a knowledge type that is differently required in emerging markets, where it is more needed than in developed markets.

The third and last category of knowledge types is operational knowledge. Timing / priority knowledge was one of the most frequently coded knowledge types, meaning it is very crucial for COMPs abroad operations, but the findings show that the requirement for it is required in equal quality and quantity for emerging markets and developed markets. Technical knowledge shows to be differently required though, since in emerging markets COMP needs more technological knowledge, and in developed markets the need is more on the IT section, in form of GDPR and Cookies. Human resources knowledge as the last knowledge type is required more in emerging markets. This results from the fact that it requires more of this knowledge in emerging markets, where finding fitting employees faces more problems and issues than in developed markets.

Therefore, the knowledge types that are required differently when comparing emerging markets and developed markets are institutional knowledge, local knowledge, individuals' expertise, technical knowledge, and human resources knowledge.

5.2 Contribution of the study

In this chapter the theoretical contribution and managerial implications of this thesis are demonstrated.

5.2.1 Theoretical contribution

This study aims to contribute theoretically by filling the research gap that could be found in the relevant scholarly articles. As businesses are going global and additionally are becoming more digitalized it is increasing the need of varying knowledge types and therefore the study of knowledge types and knowledge transfer processes. Furthermore, economies are growing, improving, and changing their development stages, as many emerging markets are blooming and becoming more and more relevant to developed markets. This study contributes to the managerial view of utilization and creation of knowledge for different markets. During the study, the author found that these aspects have not been discussed enough by researchers, since little research could be found on how different markets require different knowledge when a company is either preparing to launch in that market or when it is actually executing the launch. So far, researchers have concentrated on demonstrating what knowledge types exist. But this thesis focuses on showing what knowledge types must be gathered in what quality and quantity when preparing a market entry in emerging or developed economies. With the help of quotes by employees in relevant positions of one of the worldwide biggest online-food delivery services, this study demonstrate what knowledge types are relevant for market entries. It emphasizes the experience of the employees in form of successful or unsuccessful market entries around the globe, indicating the significance of the findings. Since the employees have experience in both emerging markets such as economies in South America, Southeast Asia, and Africa, and developed markets such as Germany, Austria, Sweden, and the United States, this study contributes significantly to the knowledge management research of MNEs in both types of markets.

The current study gives insights to the role of knowledge that have not been addressed in prior studies. In the KBV knowledge is highlighted as the crucial resource for sustainable competitive advantage (Grant, 1996), which also applies to the KBV in the context of international business. This study has put the focus on the knowledge and divided it into different knowledge types, to find out if the role of knowledge varies, depending on what kind of knowledge it is. The findings of this study has therefore the ability to get deeper insights into the KBV in international business than previous scholars have provided. Furthermore, this study contributes by indicating that knowledge is required differently in different markets. Therefore, it gives KBV a new layer and shows that the role of the KBV varies in different economies.

5.2.2 Managerial implications

This study focused on the managerial perspective of knowledge management in MNEs, which is why it can help managers of MNEs to consider the demonstrated aspects in the process of internationalization and transferring knowledge within a company. Furthermore, the key finding of this study, the different knowledge types for different markets, can directly help MNEs by showing them what knowledge types are to be considered when a market entry is being planned. The managers of MNEs who are either in the same industry or are internationalizing to the same kind of markets have the possibility to assess the findings and apply them to their operations. This can reduce risks of meeting surprising issues in various markets and be prepared for obstacles that the findings of this study demonstrate. Additionally, COMP can use the findings of this study and consider applying them for future internationalization processes of COMP and fill possible existing gaps in their portfolio.

5.3 Limitations

This study contains some limitations due to the limited resources of the author. COMP is an online-food delivery service, which provides specific services. Therefore, the findings cannot be applied to MNEs and their operations in industries far from that of COMP. The number of participants of the case study was limited due to the limited resources, which means the findings do not represent in-depth conclusions. To be able to offer generalizable results a multi-case study on companies in different industries could be helpful. The MNE in focus for this case study internationalizes by greenfield investments and M&A. Although these two market entry modes did not have an effect on the data gathered by the participants or the findings, the findings may be viewed as limited since this study cannot clarify if other market entry types require different knowledge types. Therefore, MNEs who internationalize with other market entry modes may not be able to apply the findings of this study. Another limitation is that the two market types that were chosen for this study were emerging markets and developed markets, although more stages of market development exist. The findings may not be applicable for markets which fall into another definition of market development. Due to the mentioned limitations resulting of the authors' limited resources and the scope of a master thesis, future research is crucial and demanded.

5.4 Future research and recommendation

With the mentioned limitations of this study and the rapid change in knowledge management and the industries, various aspects influencing knowledge management are evolving constantly. Firstly, this research could be conducted in terms of a multiple case study with MNEs throughout various industries to assure generalization. Furthermore, studies could concentrate on specific markets, and analyzes MNEs entering those markets and what knowledge types they required. This would result in representative findings for specific markets or groups of markets. As mentioned in the limitations, further research could furthermore include MNEs entering markets with different market entry modes than COMP, to be able to demonstrate the required knowledge for MNEs throughout all market entry modes. Furthermore, future studies with more resources available could focus on coding more specific knowledge categories, by for example focusing on only market knowledge, to find out more about consumer knowledge, as the participants of this study mentioned consumer knowledge as one knowledge type, but prior research has shown that consumer knowledge itself consists of various subcategories, resulting in more representative results. The participants in this case study stated that through the current pandemic it has become easier to be in contact with teams around the world, due to everyone being more depending on digital communication. But this topic was not the focus of this study, and the resources did not allow to shed more light on it. It could be interesting for future research to find out how Covid has affected the knowledge transfer in MNEs on a bigger scale and if or how it has helped or hindered the internationalization process of the companies. Apart from the pandemic, digitalization plays a role in the knowledge transfer of MNEs, further research could analyze to which extent digital communication and the evolving possibilities of digital tools has an impact on the knowledge transfer and the internationalization of MNEs itself.

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7 Appendix

7.1 Interview guide

Theory	Question	Follow-up question	Source
Introduction	*Interviewer presents topic and research question, and asks for consent to record interview*		
	The questions will be open-ended, so please try to elaborate your answers as much as you can		
	Do you have any questions or comments before we start?		
Background information	What is your position in the organization? Please describe your daily routine. Please provide an example for a regular day.		
	How long have you been working in this position?		
	What is your experience with MNEs entering new markets?		

Theory	Question	Follow-up question	Source
Knowledge-based view and IB	What is Your role in COMPs internationalization processes? Please describe your involvement.		Casillas, J. C., Moreno, A. M., Acedo, F. J., Gallego, M. A., & Ramos, E. (2009). An integrative model of the role of knowledge in the internationalization process. *Journal of World Business*, *44*(3), 311-322.
	Can you name some markets that COMP entered where you had an influence? Why were these markets chosen?		
	How would You describe the internationalization strategy of COMP?		
	What is the typical decision-making process when COMP chooses a market to enter?	Please provide an example.	
	What are the differences in the process when planning an entry in developed markets and emerging markets? Who is involved in the decision-making Process?		
	What is the most recent market COMP internationalized to where you had an influence on the process / How would You explain the decision-making process behind the last internationalization process?	*If not mentioned:* Which market was it?	Stoian, M. C., Dimitratos, P., & Plakoyiannaki, E. (2018). SME internationalization beyond exporting: A knowledge-based perspective across managers and advisers. *Journal of World Business*, *53*(5), 768-779.
	How do previous market entries of COMP have reflect on recent or upcoming market entries?		Erramilli, M. K. (1991). The experience factor in foreign market entry behavior of service firms. *Journal of international business studies*, *22*(3), 479-501
	Have you experienced a failed market entry since you started working at COMP?	If not named: did missing experience play a role?	Fletcher, M., Harris, S., & Richey, R. G. (2013). Internationalization Knowledge: What, Why, Where,andWhen? Journal of International Marketing, 21(3), 47–71.

	If yes, can you try to elaborate why you think the market entry failed?		

Thorey	**Question**	**Follow-up question**	**Source**
Types of knowledge	What factors are most important when entering a new market? Can you offer an example?	How does COMP manage these factors?	Fletcher, M., & Harris, S. (2012). Knowledge acquisition for the internationalization of the smaller firm: Content and sources. *International Business Review*, *21*(4), 631-647.
	What is knowledge to COMP? How do you define knowledge in the context for internationalization?		
	What key information about the chosen market are inevitable to be acquired before internationalizing?	What does COMP do if it does not have this information prior to the market entry?	
	Is there any kind of information (knowledge) that is so crucial that it affects the decision of which market is chosen?	Example?	
	What kind of experience is most suitable for applying to another market entry?	Can you provide examples?	Erramilli, M. K. (1991). The experience factor in foreign market entry behavior of service firms. *Journal of international business studies*, *22*(3), 479-501.
	What kind of information/experience (knowledge) from prior market entries can easily be applied to upcoming market entries? And which type is too market specific to be applied to various markets?		Stoian, M. C., Dimitratos, P., & Plakoyiannaki, E. (2018). SME internationalization beyond exporting: A knowledge-based perspective across managers and advisers. *Journal of World Business*, *53*(5), 768-779.
	If COMP is lacking experience on the type of market to be entered, how does FIRM proceed to still execute a successful internationalization?	How do you substitute for the lacking experience? Do you somehow gain it?	Scott-Kennel, J., & von Batenburg, Z. (2012). The role of knowledge and learning in the internationalisation of professional service firms. *The Service Industries Journal*, *32*(10), 1667-1690.
	(Tacit knowledge) What role does personal qualities of employees play and what can make an employee irreplaceable in regards of internationalization?		Nonaka, I. (1994). A dynamic theory of organizational knowledge creation. *Organization science*, *5*(1), 14-37.

	How relevant is this employer-specific experience and information (knowledge (tacit)) to COMP? How does It affect the market entries?		
Difference in required knowledge types between developed and emerging markets	Ho do You prepare for market entries in developed markets? How do You prepare for market entries in emerging markets? What are the differences?	Please provide an example	Dimitratos, P., Plakoyiannaki, E., Thanos, I., & Förbom, Y. (2014). The overlooked distinction of multinational enterprise subsidiary learning: Its managerial and entrepreneurial learning modes. International Business Review, 23(1), 102-114.
	What are the key advantages internationalizing into a developed market? What are the key barriers when internationalizing into a developed market?		Zander, U., & Kogut, B. (1995). Knowledge and the speed of the transfer and imitation of organizational capabilities: An empirical test. *Organization science*, *6*(1), 76-92.
	What are the key barriers when internationalizing into an emerging market?		Freeman, S., & Sandwell, M. (2008). Professional service firms entering emerging markets: the role of network relationships. *Journal of Services Marketing*.
	How can the experience of internationalizing in mature markets (developed markets) reduce uncertainties when internationalizing in emerging markets?	Can you back this up with an example?	Hilmersson, M., & Jansson, H. (2012). Reducing uncertainty in the emerging market entry process: On the relationship among international experiential knowledge, institutional distance, and uncertainty. *Journal of International Marketing*, *20*(4), 96-110.
	How can the experience of internationalizing in emerging markets reduce uncertainties when internationalizing in mature markets?		

Theory	Question	Follow-up question	Source
Knowledge transfer	How would You describe the communication process between the headquarter and the subsidiaries?	Please provide an example	Dimitratos, P., Plakoyiannaki, E., Thanos, I. C., & Förbom, Y. K. (2014). The overlooked distinction of multinational enterprise subsidiary learning: Its managerial and entrepreneurial learning modes. *International Business Review*, *23*(1), 102-114.
	What would you describe as the main factor influencing the communication between FIRMS headquarter and its subsidiaries?	What role does the distance have?	Contractor, F., Yang, Y., & Gaur, A. S. (2016). Firm-specific intangible assets and subsidiary profitability: The moderating role of distance, ownership strategy and subsidiary experience. *Journal of World Business*, *51*(6), 950-964.
	After a market entry, in what regularity does the headquarter communicate with the subsidiary? And how does the subsidiary initiate contact with the headquarter?		Dimitratos, P., Plakoyiannaki, E., Thanos, I. C., & Förbom, Y. K. (2014). The overlooked distinction of multinational enterprise subsidiary learning: Its managerial and entrepreneurial learning modes. International Business Review, 23(1), 102–114.
	What are the challenges when distributing relevant information across national boundaries?	Please provide an example	Minbaeva, D., Park, C., Vertinsky, I., & Cho, Y. S. (2018). Disseminative capacity and knowledge acquisition from foreign partners in international joint ventures. *Journal of World Business*, *53*(5), 712-724.

Theory	Question	Follow-up question	Source
Pandemic	How did the pandemic affect the global internationalization of COMP? What where the main threats?	Please provide an example	
	What where the opportunities due to the pandemic?		

	How did the pandemic situation affect the organization’s knowledge transfer process? Did it bring any opportunities or threats?	Please provide an example	
	How did You enter new markets during the pandemic?	Please provide an example	

7.2 Sample Interview

Participant 2

16.02.2022, 12:00 am, 43 minutes

Interviewer: [00:03:21] Thank you very much for taking time.

Participant 2: [00:03:25] No Problem. So, tell me, how can I help you?

Interviewer: [00:03:31] Okay. So, I have developed this interview guide where I'm going to ask you a few questions. You can just see if you know something you can answer.

It's more about the process and what how the like the planning looks and what COMP has to know about the market. And exactly, I'm going to record this because I have to transcribe it if that's OK for you?

Participant 2: [00:03:45] Yeah.

Interviewer: [00:03:47] And I'm going to anonymize the company and your name in my thesis, you can call it *COMP*, but I'm just going to call it company in the thesis, or whatever. Just so you know.

Participant 2: [00:03:57] Yeah. So, shoot.

Interviewer: [00:04:00] Perfect. What is your position in the company?

Participant 2: [00:04:09] At the moment, I am sales manager for Europe, but for the last two and a half years, I've been doing different stuff. So first, I was doing performance business operations like handling the operation Panama. Then I entered the Team called special projects in where I did the rebranding and migration of the Panama application to the platform. And after that, actually before that, we were launching Venezuela, I was helping in a specific workstream, in some workstreams and then after the App-migration I did the post-merger integration between the COMP Global for Latin America. After those six months, I moved to

Berlin to open *German COMP Subsidiary*. And now at the moment, I'm on the acquisition part – expansion - for all the European markets. So that's pretty much it.

Interviewer: [00:05:31] Ok. And while entering the markets in South America, what exactly was your role and your tasks?

Participant 2: [00:05:41] I was more hands on in the post-merger integration for global and COMP. And there I was leading the sales marketing operations, Tablet [name changed, tablets that restaurants use for managing orders] integration, I mean everything regarding the onboarding for five countries. Peru, Ecuador, Costa Rica, Honduras, and Guatemala. And then mainly project management and making sure that our tools match the existing tools that COMP had the time. And for those that do not match, we cannot adjust. We implement our ones.

Interviewer: [00:06:31] How would you describe the internationalization strategy of COMP?

Participant 2: [00:06:40] I think the strategy it's. It's coming from Berlin, and we only execute. When I say we, I say people not working in M&A, so the strategy of the company is coming HQ. COMP is, for me, a very it's a M&A company. They buy, they sell. They rebuy and resell, and they do all this stuff. For me, is good at buying something and making it grow from like one to hundreds. And then in our experience, when we launch big markets from like zero to one, we were not so successful. We have the Germany example, we have the Japan example, and we launch other countries in that time. But those are small countries. We always have to remember that. So, it's not the same investment of launching Venezuela, than launching Germany, it's a completely different market. So how it is when you actually propose to launch a market, you need to do an investment proposal and you say there is a huge opportunity here in X country. I do remember from Venezuela, so we went, and we say there is a very good business case for Venezuela, and this is what we see. This is how much value we can bring to the company. We thought about this many, many times you deliver a PnL, you deliver a deck like answering all the main questions how it's going to work, marketing wise, human resources, how many people you need to hire etc. How are the delivery services? How do you plan to also structure the entity? We have one entity, two entities legal size. Of course, at that moment you don't know everything, but you deliver like the deck. We need like, I want to bring. I don't know, one million euros to COMP, if you invest in me per 500k, something like that. That is how you planning to do it. This is our time frame. We are planning to execute this in six months. Now we have the OK. And these are all the resources that we need in order to do such a thing. I was more in the kitchen for the Venezuela launch. Then when I arrived to Germany, all the business plan was already done, and I was actually executing. Then, of course, we need to change our strategy because like whatever we pulled in and Google Sheets or excel, I can guarantee you it's going to change at least 50 percent of that. Yeah, I don't know if that's answering your question.

Interviewer: [00:09:50] It is. You mentioned Germany and was it Japan as markets where it wasn't successful? What happened there?

Participant 2: [00:10:01] I don't know. The word is not successful, but COMP closed those markets. Because like, I don't have the numbers, but I can imagine that entering a market as Japan or Germany, which is like very competitive, they costs, like operational costs, like salaries, then riders, drivers et cetera are like super huge. But then margins are super thin. You really need to be like number one for it to be like a very good business case, and you can do that. But not in one year, not in two years, not even in five years, I would say in 10 years. So, it's like, OK, how much time and money are we willing to spend in order to be number one in, let's say, 10 years? Maybe I don't know, because I was never involved in those conversations, but I think the decision was OK. We cannot be number one in five years. We need to shut down the platform. That's how I think it works. It's more about, okay, can we deliver our promise? Yes, no. And that's it.

Interviewer: [00:11:30] And how would you say could this experience, but also the experience from successful market entries in the countries where you were involved, help the company or the team when then later looking at another market entry?

Participant 2: [00:11:53] For me, the most important part of launching a country is having people who are already launched something before. It doesn't matter, if it is a small, different or whatever, but you need to have experienced people. I'm not saying that I'm the smartest guy in the room. I only had the experience of being exposed to certain occasions because then you have some teams that never did that before. And yeah, in theory or in a slide presentation, everything looks amazing. Everything is going to work. But then when you do it, just, you know, it's not going to be like that. It's not that you don't try and you, OK, we are going to change the plan. So why do we care about like doing a plan? No, we need to have a plan. It will change, but we need to adapt super-fast. Like when we launched Venezuela, we discovered everything. I do remember like, for me, it was a great exercise. Venezuela is a small country in comparison to other countries like in Europe, you know, like nothing against Germany. But then you find out all the problems that you can have. So, we know about so many Tablets, they're going to be blocked in the, I don't know, in the borders. Border control, et cetera. So, then you start to develop this kind of sense of idea of, there's something bad here. Something's going to crash at some point, and you develop a whole gang for all, all like workstreams or business departments.

Participant 2: [00:13:51] So you have logistics, what do we need? Sales, what do we need? Marketing, what do we need? And then it takes a lot of time to build all that knowledge and a lot of pain because you will crash the Ferrari. But if you don't have a Ferrari like Germany, you have like a, I don't know, small like bicycle like Venezuela. Crushing the bicycle is not that bad, you know? So, you can have just that and you learn a lot. In Venezuela, we were planning to launch I think it was in six months and then it was not six months at all. It was like changing, adapting and doing many stuff, changing entities. Then you realize that the financial systems that you were planning to be building, like, I don't know, like two months, it's actually taken six months because it's a mess and so on. Yeah. So, it's kind of like that. So, when then I when I then I moved to the post-merger integration, I was more in deep contact with sales, operations, sales, marketing, and I also had experience in the tech part of the migration of users, vendors, et cetera. And again, it was not from zero, but it was like, I mean, 30 percent knowledge to say from one hundred percent. So, then I increase my knowledge from 30 percent to 80 percent or 70 percent.

Participant 2: [00:15:27] And now nowadays, they know how to actually disable so many devices. Because I was in the middle of Costa Rica, all the Tablets were like completely messed up because someone forgot to upload them into the System. And then you realize there is a platform called PLAT [name changed]. But for me, it didn’t exist yet. And by being there in the middle of the battleground, you learn a lot. And then when I moved to Germany, I was the only guy who actually launched a country and being in a country. And it's a different it's a completely different mindset from the people who do slides and the people who execute. I'm more on executioner. I'm more like fixing the Tablet on the way and whatever. I also need to do slides and prepare a plan because otherwise it was never going to fly. But that's the main difference. So you need to have, for me, in order to succeed with launching a country you need to have like the people with the right mindset. They can be hired from zero. They can be hired from another industry. They can already like have launched, not a delivery company, maybe it's they were owners of a shop or a Späti, whatever, but they know the pain. They know they need to do it themselves or the way it's not going to work.

Participant 2: [00:17:11] So we had very good hirings in *Name of Subsidiary*. And the guys were up to the challenge to actually deliver. So that was more for me, the most important part. So hiring is super important, like having the right team super important and having someone who has experience on that before we actually launch these countries in Latin America, we send for two months to each country, five people who were familiar with the tools. Because you cannot expect that these like 50 people that they would hire like one month ago. They know how to use a tool because they deliver to them a presentation. It's impossible. It's never going to happen. So, we send three, sales guys, one ops guy, one logistic guy and everyone was there and they stay next to them for two months not to do babysitting or controlling actually to help them to buy, to catch up super-fast, because otherwise it will take them, you know, like six months, one year, to learn all the tricks behind each tool. But if you have one guy 24-7 next to you and he says, like, “Hey, I don't know how to do this” “OK, don't worry. This filter is never working. You actually need to do this work around”. So that's also super important. So I would say like having the right people with the right mindset, having someone familiar with doing that before, or at least something similar and having a good good plan and a realistic plan, not having a plan is the worst plan you can do.

Participant 2: [00:19:04] It will change. But like saying, OK, let's launch and do something not it's never going to fly. You need to plan. We were planning day by day what we were actually going to do when I say day by day, day by day and sometimes like hour by hour. So, the truck with all the Tablets is arriving at 10 a.m., then 12 a.m. All the riders are coming from 10 a.m. to two p.m. I don't know this is going to happen. And then we finish at 6pm and then we go for Beers at 7:00 p.m. Yeah, I really was like that. We had a very, very detailed plan. Day by day, what are we going to do? What is our goal? And we were always asking ourselves. What is the ultimate goal? So, at the end of the day, we need riders, we need users and we need vendors. So, what has to happen in order to fulfill all the expectations for all these three main stakeholders and then build a plan on that. What cannot happen? We need users and so on. And this is like how you actually build all the plans.

Interviewer: [00:20:35] Is that plan different when you are in an emerging market or a smaller market, then when, for example, Germany as a developed country, is there any difference on how you build this plan?

Participant 2: [00:21:01] No, I would say it's pretty much the same thing. Of course, some specific changes because than you had different regulations, so legal problems, et cetera, when you're actually dealing with Venezuela, which is in the blacklist of some countries, you need to be super specific and super careful about using the right entity for structure. And then where we are when you're doing that in Germany. Yes, you need to be more like paying attention to the GDPR, Cookies and all those stuffs. So, the tech part and the legal part, they become more important because everything has to be in place. It's not that if you're missing a link in Costa Rica, nothing will happen because there is no such a penalty for that. So those are small things differ from one to each other. But then the rest is pretty much the same thing. So, you need to think, how much are we going to pay to the people? Ok, so it's a calculation. It's like, yeah, like you can do it, like with Big Mac burgers. We need to pay like x amount of Big Macs. How much we need to. How can we incentivize our sales agents? How much fixed or variable cost? Then, yeah, and like at some point, it's only about the number FTs and how much money you want to invest. If you say, OK, I want to get I want to be at 100k vendors in one year. Ok. You need like 2000 people. There's not a way to do it. Ok, we cannot afford that many people. Ok, we only can afford like 300 people. Ok, we will be at fifteen thousand restaurants by the end of the year. So, it's more about the scalability, but the rest is like all the same. And of course, this minor changes particular to regulation that you need to do because at some point you don't know. But when you do the business plan or actually the business plan is different, but when you're doing like the project plan. You'll find out those things around. So, you start with this draft that everything you're asking yourself the right questions. And then at some point this actually triggers a new workstream that we need to find out with legal. We need that tech requirement, etc. And then you change it. But it's pretty much the same thing.

Interviewer: [00:24:21] Would you say from your experience that any market is easier, for example if an emerging market is easier or a developed, in the sense of like less barriers?

Participant 2: [00:24:36] Well, I would say something is easier or more difficult based on the competition. So, if you had a free landscape? Imagine if we were alone in Germany, no competition – easy peasy. It takes us like nothing, because you decide the like the rules of the market, you decide how much the commission that we are going to charge, how much it's like everything. But then if you have a competitor. You're actually competing. You need to. What are they offering, what are we offering? And then like, you're actually fighting for the same resources, like the same riders you're fighting for also the same vendors, the same customer. So, for me, like the difficulty of launching something like Venezuela or Germany, it's all about the scalability of this. Ok, how much money are you going to invest in? Some in some markets got more pressure because it's not the same as I would say, OK, Germany is not the same as Venezuela, but it's if the countries will be like the same population, same GDP per capita, like whatever, it will be more about do we have a strong competition, yes or no? Yes, legal regulations, they might change some tech requirements, they might change, but everything, everything like that, you can sort it out.

Interviewer: [00:26:30] So it's not that big of a difference if it’s let’s stay in your example, Venezuela and Germany, from the preparing and the information you need.

Participant 2: [00:26:49] I have a playbook that if I apply this to Venezuela, Germany. Japan, Malaysia, whatever, is the same thing. I will go with my same questions, my same Google's slide template. I will only change the flag of the country and there will be like the same questions. It will be like the same same same thing, same process, etc. And that's. don't get me wrong, that's only because we have the same technology. It’s not that different because like we have a product that works, we go there and we launch, it's like launching a new city with the extra complexity of hiring people like preparing entities and building the software for like dealing and all those stuffs like from scratch. So that's the most tricky part. But then the app is the same thing. Our business model is the same thing.

Interviewer: [00:27:59] Ok, so because of the technology is so strong and the infrastructure is so good, the groundwork, that you can just enter everywhere with that product.

Participant 2: [00:28:10] Yes.

Interviewer: [00:28:12] But you also mentioned before your experience that you have, and the personal qualities that employees can have from their previous experience. What role do these people play when then entering a market, these people that have like very specific experience?

Participant 2: [00:28:38] Very important, they need to be on the ground. There's no other way to do it. If I tell you that tomorrow, You and me will launch Laos, I don't know. And we are planning to do it from here. It's never going to work. And also, if we tell tomorrow a team in Laos that we hired yesterday that you need to launch this up, it's also never going to work. So, you need a combination of local teams, people who know the market, people who are from there. They know the language they know like, everything you can know, like culture, everything and you need, people experience people. At least in the industry and ideally someone who did it before, so someone who knows the tools and say, hey, Tablet problems, you know what you're talking about? Ok, we have this problem. I know how to actually solve it in two minutes and instead of like spending like two weeks of finding the problem. Maybe it was like a misconfiguration. So, this is for me why you need someone who did it before. A local team for sure because you need the manpower.

Interviewer: [00:30:14] And then again, when you have someone who is experienced, would it matter which country he has helped entering?

Participant 2: [00:30:25] No. It doesn't matter where they come from. And it's not only about how the system works. It's more about what you actually did and how to prioritize things. Because, like how the system works, we find out. I'm not an expert in SYSTEM all right, but I know that if we don't have Tablets, we don't have vendors. And maybe for someone who is new, they don't know that maybe they think they can actually send the order by WhatsApp or something like this. No, that's not the way to do it. So, it is like No, no. We need this, this priority one. Everything else can wait. So, you need people who can actually help the team to prioritize their tasks.

Interviewer: [00:31:24] And then when we take Laos as an example, when COMP has either like launched or acquired an entity there. How would you describe the transfer of knowledge between the subsidiary in Laos and the headquarter in Berlin?

Participant 2: [00:31:55] So how COMP is actually structured is that they have like local teams, regional teams, and central teams like three different layers. Local teams are the ones like doing day to day tasks. Then you have a regional team that for COMP EUROPE did not exist until two months ago. And this regional team is actually enabling all the countries to if they actually have a problem with SYSTEM, that they do not have to speak with the guy from Central for setting right because you don't have the time they don't have. So, they are like enablers and then central is developing the product. Yeah, they might help us with some stuff, but they will help us most with. And when you need to do like knowledge transfer, you need to send a SWAT team or a task force team to that country. And you need to be with them for two months. This is what we did for all the global countries. It is like, OK, you weren't from the same industry. Cool. But then our backend is different, our tools are different, our Salesforce different. Everything is different. If I'm planning, if I expect you to learn this from a Google presentation, it's never going to work.

Participant 2: [00:33.27] You need to have these people on site. And COMP is doing that, but not it's not the central teams are sending people there they are experiencing. Germany is different because like the Berlin office, like 10 minutes away walking distance. But when you're like in Latin America or when you're in Asia, you have the regional teams that are super strong and then the regional teams are the ones actually supporting that because they're more interested and you to succeed. Like central, someone sitting in Berlin, that they have like 50 countries receiving extra slack messages from someone who has like three days in the company in the middle of Laos. They would never answer to you. But then if you have the right person, a point of contact of someone who went to Laos that maybe like flying from Singapore, that's completely different because they know that the people from Singapore or the regional team, they're expecting your message like, “Hey, dude, send me that because I know you will have problems. I want to solve them, solve those with you”. So, it's also a lot about expectations and who is involved and who's not.

Interviewer: [00:34:56] Right, so there is less constant communication between subsidiary and headquarters, it's more like specific people?

Participant 2: [00:35:11] Subsidiary and Headquarter, they don't speak. It only happened in Germany. I would say, otherwise it's a regional team.

It will never happen that someone from Dominican Republic is writing someone in central. Yeah, it can happen for something super specific, but not on a daily basis, like no one from Central will tell you, no, you need to put this commission. Maybe they do it, but at the end of the day is a regional thing deciding, they have the power.

Interviewer: [00:35:58] Ok. And now to the pandemic, COMP is one of the lucky companies who could see some opportunities due to COVID. But how would you describe the effect of COVID on the internationalization process of COMP?

Participant 2: [00:36:19] I do remember the project we did for Latin America. It was five countries at the same time. And that project without Covid would have been us traveling, living abroad for six months. It's more like time consuming, and different, it can help. At some point you need to travel, there's no other way to do it, you need to be there on site. But will we realized that it was not impossible. So, what actually happened is that our team was based in Panama. Three people were based in in Buenos Aires. Then one guy was in Venezuela, and it helped us to actually select very good variety of different experts of certain topics. But if we were like doing a team from scratch, that team will have been all in Buenos Aires and then travelling to every country, and I was not going to be involved in that project. So, with Covid it was like, OK, we don't need to be actually in the same room. We were having meetings every single day. I don't get me wrong from eight a.m. to 10 p.m. every single day. And we were like all WhatsApp, email, phone, et cetera, but there was no need to be on person. Yeah, we were like different small groups like a small team in Panama, three people, small team in Buenos Aires, three people, and we were gathering together if necessary.

Participant 2: [00:38:26] But this pandemic helped in that sense to actually being able to have the best team you can have without actually caring where they are. You don't need that to happen. Yeah, at some point we all travel to Peru. We all travel to Costa Rica, and we met there after four months of working. We did a great job. I think so, yeah. But also, that's one point, you can get the experts from abroad, but you need a local team always. So, launching all those countries without a local team launching like Germany, without a local team or without me being there, it will be impossible. You need to be there so. I think it's only changed the idea of like having an expert from a different country. But then if all the teams are there, they're located on site, you cannot have that. Or you do hybrid model 100 percent. But all on site and one person abroad, forget it, it's not going to work. So, everyone has to be in the same idea, like 50 percent is going to be abroad, 50 percent on site and that can work, but having one percent abroad and 99 percent on site, forget it. But at least we have the chance now to.

Interviewer: [00:40.20] Did Covid change the information needed, or did you have to know different things about the market due to COVID?

Participant: [00:40:27] Only some regulations at some point. Like for Riders and clients, we cannot go to the office. I think nowadays as well, companies have to think more about the how big the office has to be. In COMP I don't think that like the office space changed, but in some companies yes. Like, the office was empty when we were in all those countries. It was only like few of us. But and then we decided that we don't need an office anymore. I mean, we need this small office. We are going to double our size. But we don't need a full-sized office, yeah, we can just only give this. And then we only change. But the office costs in comparison of this whole project. That's a different cost, very small cost.

Interviewer: [00:41:46] Good, that was actually my last question from my interview guide. You answered all my questions very, very nicely. Thank you for that.

Interviewer: [00:41:55] Always happy to help. If at any point you have any question, I'm happy to help.

Participant 2: [00:43:00] All right, thank You. Bye.

7.3 Abstract

The aim of this study is to examine the knowledge types a multinational enterprise requires when entering a new market and if there is a difference in the knowledge types when an emerging or developed market is being entered. A qualitative research approach in form of a case study was conducted and the data was collected with semi-structured interviews with participants of a multinational company with its headquarters in Berlin, Germany.

The findings show that the knowledge types a MNE requires when entering a new market can be divided into three categories. The categories are market knowledge, internationalization knowledge, and operational knowledge. In all three categories it could be detected that there are differences for a MNE when entering either an emerging market or a developed market, since the knowledge types are required in different qualities or quantities in the two types of markets.

Ziel dieser Studie ist es, zu untersuchen, welche Arten von Wissen ein multinationales Unternehmen benötigt, wenn es einen neuen Markt betritt, und ob es einen Unterschied zwischen diesen Wissenstypen gibt, wenn es sich um ein Entwicklungsland oder ein entwickeltes Land handelt. Es wurde ein qualitativer Forschungsansatz in Form einer Fallstudie durchgeführt und die Daten wurden mit halbstrukturierten Interviews mit Teilnehmern eines multinationalen Unternehmens mit Hauptsitz in Berlin, Deutschland, erhoben.

Die Ergebnisse zeigen, dass die Wissensarten, die ein multinationales Unternehmen beim Eintritt in einen neuen Markt benötigt, in drei Kategorien unterteilt werden können. Die Kategorien sind Marktwissen, Internationalisierungswissen und operatives Wissen. In allen drei Kategorien konnte festgestellt werden, dass es für ein multinationales Unternehmen Unterschiede gibt, wenn es entweder in ein Entwicklungsland oder einen entwickelten Markt eintritt, da die Wissensarten in den beiden Markttypen in unterschiedlicher Qualität oder Quantität benötigt werden.