Exploring the enablers and microfoundations of international knowledge transfer: A grounded theory framework

Abstract

Our research examines the influence of international knowledge transfer on product innovation in the context of an emerging market multinational corporation. By adopting a multiple case study and an interpretive research approach, we provide a grounded theory framework linking international knowledge transfer and product innovation. Particularly, we provide insights into the antecedents of international knowledge transfer enablers in terms of key activities that are performed at the individual/team-level. We therefore contribute to uncover the microfoundations of knowledge transfer enablers. Furthermore, we introduce empathy as novel enabler as well as moderator facilitating the international knowledge transfer process, leading to product innovation.

Keywords: International knowledge transfer; Microfoundations; Enablers; Grounded theorizing

INTRODUCTION

Previous research acknowledges that international knowledge transfer influences a multinational corporations' (MNCs) product innovation capability (Cavusgil, Calantone & Zhao, 2003; Kotabe, Dunlap-Hinkler, Parente & Mishra, 2007; Kotabe, Jiang & Murray, 2011; Lee, Chen, Kim & Johnson, 2008; Murray & Chao, 2005; Tsai, 2001). However, scarce empirical evidence exists in the context of emerging economies and particularly in Latin America (Aulakh, Kundu & Lahiri, 2016; Ode & Ayavoo, 2019). At the same time, subsidiary and organizational level of analysis has been the dominant focus of previous research at the expense of analyzing international knowledge transfer at the individual level (Andersson, Dasí, Mudambi & Pedersen, 2016; Foss & Pedersen, 2019; Michailova & Mustaffa, 2012; Song, 2014). Our study recognizes these gaps and tries to tackle them by addressing the following research question: How does knowledge transfer influence product innovation in the context of an emerging market MNC?

To answer this question, our paper presents an exploratory multiple case study (Eisenhardt, 1989) analyzing the interaction among four subsidiaries and the Corporate Office (headquarter) of a multinational insurance company headquartered in Colombia. Likewise, this paper adopts an interpretive research approach, "which gives voice in the interpretation of events in a first-order analysis, to the people actually experiencing those events" (Clark, Gioia, Ketchen & Thomas, 2010, p. 403) and creates rich opportunities for the discovery of new concepts to develop an emergent, grounded theory.

Our research makes three contributions to the literature on international knowledge transfer. *First*, it provides a grounded theory framework developed in the context of a MNC within Latin America (i.e. Multilatina), linking international knowledge transfer to product innovation. *Second*, it provides a detailed explanation of the enablers' microfoundational antecedents in terms of key activities that are performed at the individual/team-level, answering calls for more research on the microfoundations of knowledge sharing in MNCs (Foss & Pedersen, 2019). Third, we introduce empathy as a novel and overarching concept whose role does not only serve as a direct enabler for international knowledge transfer but also as a moderator able to diminish the negative effect that cultural differences and geographical barriers have on the knowledge transfer process, leading to product innovation.

The remaining of this paper is organized as follows. In the next section, we provide a review of the existent literature. We then present our research methodology followed by a description of the findings. Finally, we discuss our findings with extent research leading to the theoretical contributions, before we conclude.

ORGANIZATIONAL KNOWLEDGE TRANSFER: BARRIERS, ENABLERS, AND OUTCOMES

Previous research has emphasized on three major factors related to knowledge transfer: Enablers, barriers, and outcomes (Lee & Choi, 2003; Lin, 2007). Knowledge transfer enablers refer to a set of factors that foster individual and organizational learning and facilitates employee knowledge transfer within or across work units and teams (Li, 2007). Knowledge transfer barriers are the obstacles that hinder the creation of new knowledge and its appropriate transfer within an organization (Asrar-ul-Haq & Anwar, 2016). Additionally, knowledge transfer outcomes reveal the effects of the degree of knowledge transfer achieved on innovation capability (Lin, 2007).

Barriers for knowledge transfer

Previous research findings have revealed numerous barriers that affect knowledge transfer within MNCs. Based on extant literature, Gaur, Ma & Ge (2019) identified a set of country-level, firm-level, and individual-level factors that affect knowledge flows in MNCs. Country-level factors include institutional and cultural differences as well as geographical distance. Differences in formal institutions increases the fear of knowledge misappropriation, thus hampering knowledge transfer in MNCs (Gaur, Ma & Ge, 2019). Likewise, cultural differences and geographical dispersion affect the effectiveness and quality of communication channels, which are critical components for knowledge transfer (Baaij & Slangen, 2013; Gaur, Ma & Ge, 2019; Malhotra & Gaur, 2014; Minbaeva, Park, Vertinsky & Cho, 2018; Vlajcic, Marzi, Caputo & Dabic, 2019), hence, acting as barriers in this process. In terms of firm-level factors, the lack or limitation of information technology also hinders the successful transfer of knowledge (Gaur, Ma & Ge, 2019).

At the individual level, interpersonal distrust hinders inter and intra-organizational knowledge sharing (Asrar-ul-Haq & Anwar, 2016). In addition, lack of incentives and rewards systems (Gaur, Ma & Ge, 2019) as well as lack of absorptive capacity –i.e. the ability of an individual to exploit the external sources of knowledge (Cohen & Levinthal, 1990), have also been identified as knowledge transfer barriers. Other research confirmed that when there is lack of communication or socialization among colleagues, lack of time, and heavy workload, transfer of knowledge becomes more difficult, since this limits people's ability to engage in knowledge-sharing activities (Asrar-ul-Haq & Anwar, 2016) In terms of knowledge characteristics, ambiguity in the content along with the degree of tacitness has been identified as a significant barrier to knowledge transfer (Minbaeva, 2007). Lastly, in terms of the transfer context, goal

incongruence between different units involved in a knowledge transfer can also hamper the process (Andersson, Gaur, Mudambi & Persson, 2015).

Enablers for knowledge transfer

Ajmal, Helo & Kekäle (2010) examined critical success factors for knowledge management initiatives in project-based organizations. Drawing on the suggestions of other researchers, the study proposes a conceptual model including six enablers: familiarity with knowledge management; coordination among employees and departments; incentive for knowledge efforts; authority to perform knowledge activities; system for handling knowledge; and organizational culture. Likewise,Asrar-ul-Haq & Anwar (2016) conducted a meta-review related to antecedents and barriers of knowledge transfer. According to this review, social relations, network ties, and regular communication increases the amount of knowledge transfer (Michailova & Mustaffa, 2012; Song, 2014), whereas emotions like interpersonal trust and empathy of the sharer influence people's willingness to transfer knowledge (Van den Hooff, Schouten & Simonovski, 2012; Von Krogh, 1998; Zárraga & Bonache, 2003). Additionally, the presence of interpersonal trust and shared goals between employees also contributes to a person's willingness to share knowledge (Akhavan & Hosseini, 2016; Chow & Chan, 2008; Fathi, Eze & Goh, 2011). The presence of rewards and motivation also act as knowledge transfer enabler (Asrar-ul-Haq & Anwar, 2016; Song, 2014).

Regarding knowledge sources, expatriates has been well recognized as facilitators of knowledge transfer between the parent HQ and foreign subsidiaries (Asrar-ul-Haq & Anwar, 2016; Gaur, Ma & Ge, 2019). At the same time, organizational structure influences knowledge transfer through the accessibility of knowledge sources. In this sense, even if the structure of the organization is hierarchical, if it is possible to identify the individuals that possess the relevant knowledge, then the transfer of knowledge becomes easier (Asrar-ul-Haq & Anwar, 2016).

The role of information technology in knowledge transfer has grown significantly due to the advancement in technologies, becoming a major knowledge-sharing enabler (Asrar-ul-Haq & Anwar, 2016; Mitchell, 2003; Song, 2001). Lastly, top management support as well as leadership have been recognized as important enablers of knowledge transfer. Authors like McNichols (2010) & Cavaliere & Lombardi (2015) state that optimal knowledge transfer requires visible and participative management involvement.

Even though knowledge transfer enablers and barriers have been widely studied as shown in this review, there is a prevalence for research at the country and firm-level. Hence, the focus

on individual actors is a rather recent phenomena in studies on innovation, technology, and knowledge management (Foss & Pedersen, 2019; Andersson, Dasí, Mudambi & Pedersen, 2016).

Outcomes of knowledge transfer

Several previous studies provide support for the positive impact of knowledge transfer on an MNCs' innovative performance (Cavusgil, Calantone & Zhao, 2003; Cohen & Levinthal, 1990; Kotabe, Dunlap-Hinkler, Parente & Mishra, 2007; Kotabe, Jiang & Murray, 2011; Lee, Chen, Kim, & Johnson, 2008; Phene & Almeida, 2008; Ode & Ayavoo, 2019; Tsai, 2001).

Cohen & Levinthal (1990) found that a firm's absorptive capacity, that is the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends, is critical to its innovative capabilities. Likewise, Tsai (2001) suggests that intra-organizational knowledge transfer between units contributes to the unit's ability to innovate. Consequently, a subsidiary obtains relevant knowledge from other units of the MNC, and this enhances its innovativeness. Kotabe, Dunlap-Hinkler, Parente & Mishra (2007) found empirical support for this idea putting forward that international knowledge transfer benefits firms' innovative performance in an inverted U-shaped relationship. Additionally, Phene & Almeida (2008) found that knowledge assimilation not only has a positive impact in the scale of innovation but also on its quality. Furthermore, Cavusgil, Calantone & Zhao (2003) suggest that as tacit knowledge is rarer and more difficult to replicate by others, the greater the extent of its transmission, the more likely the firm is able to innovate.

Lee & Choi (2003) and Lin (2007) propose and integrative framework to link knowledge enablers and processes with organizational performance. Their research results confirmed that enablers of organizational culture (i.e. collaboration, trust, and top management support) and individual factors (i.e. helping others and knowledge self-efficacy) are essential for knowledge transfer, which in turn is positively related to firm innovation.

Focusing on emerging markets, Kotabe, Jiang & Murray (2011) found that Chinese EMNCs' realized absorptive capacity plays a key role in enhancing the positive relationship between knowledge acquisition and new product market performance. However, the evidence for the impact of knowledge transfer on MNCs' innovative capabilities is limited, especially when considering emerging market scenarios (Asrar-ul-Haq & Anwar, 2016; Ode & Ayavoo,2019).

This review of the literature highlights an additional yet important gap: Subsidiary and organizational level of analysis has been the predominant focus of previous research at the expense of analyzing knowledge flows at the individual or team-level (Andersson, Dasí,

Mudambi & Pedersen, 2016; Foss & Pedersen, 2019; Michailova & Mustaffa, 2012; Song, 2014). However, as knowledge is a multilevel construct, our research tries to close this gap by integrating the individual/team level of analysis with the aggregate, firm-level (Andersson, Dasí, Mudambi & Pedersen, 2016; Foss & Pedersen, 2019).

METHODOLGY

Case firm description

This paper presents an exploratory multiple case study (Eisenhardt, 1989) of the interaction within and among four subsidiaries and the Corporate Office (headquarter) of a Multilatina insurance company in order to untackle how knowledge transfer influences product innovation in the context of an emerging market MNC. Multiple case studies enable a comprehensive exploration of complex social processes and are particularly useful for developing new insights and propositions grounded in varied empirical evidence, thus providing a strong base for theory building (Eisenhardt & Graebner, 2007).

The Multilatina we are focusing on is headquartered in Colombia and operates in nine countries throughout Latin America offering a wide portfolio including property and casualty, professional risks, life, auto, and health insurance products. With more than 13.600 employees and 11 million customers, this multinational insurance company is consolidating itself as one of the leading insurance companies in the region.

Four subsidiaries (El Salvador, Chile, Argentina, and Colombia) as well as the Corporate Office served as our research sites. Two factors motivated the selection of these cases. First, the subsidiaries were actively engaged with the Corporate Office or with other subsidiaries in the transfer of a new product, process, or technology, allowing us to learn from the successful collaboration experiences and failures from these projects. Second, this multiple case selection provided an opportunity to contrast various cultural perspectives (four different countries) on the processes of knowledge transfer and product innovation, thus enhancing the generalizability of the findings (Eisenhardt & Graebner, 2007).

Data collection and analysis

Data were gathered primarily through in-depth interviews with participants from each subsidiary and from the Corporate Office that were actively participating in international knowledge transfer projects either to adopt new products or processes. In total, 17 interviews with key informants were conducted in the four subsidiaries, including managers, directors, coordinators, and analyst from three different business units (i.e. Life, Auto, and Health

Insurance Units). Interviewees were mostly identified by snowball sampling, where key informants were asked to recommend people who had an active role in these types of international knowledge transfer projects (Sjödin, Parida, Kohtamäki & Wincent, 2020).

Respondents were asked open-ended questions with the support of an interview protocol. The protocol was developed based on themes regarding product innovation and portfolio transfer from international subsidiaries, considering the influence that knowledge transfer has on such processes. The interviews ranged between 45 and 110 minutes in length and were conducted face-to-face or via online conference calls.

Similar to Clark, Gioia, Ketchen, & Thomas (2010) and Sjödin, Parida, Kohtamäki & Wincent (2020), we followed an interpretive research approach, which "gives voice in the interpretation of events in a first-order analysis to the people actually experiencing those events" (Sjödin et al., 2020 p. 5). The analysis was based on a thematic approach that provides ways to identify, analyze, and report patterns in large data sets (Braun & Clarke, 2006). Therefore, a three-step process was followed, similar to that proposed in the literature by Gioia, Corley & Hamilton (2013).

The first step in the process was the transcription and preliminary analysis of verbal data. After coding and reviewing every interview, common words, key phrases, and frequent terms mentioned by informants were identified acknowledging first-order categories of quotes that reflect the respondents' views of the phenomena of interest, expressed in their own words.

From these first-order quotations, connections and patterns were identified and categorized into more aggregated concepts, hence, reducing the number of quotes into a more manageable number of first-order concepts, which were labelled maintaining informants' terms. These concepts relate to actors, activities, and routines that facilitate international knowledge transfer and thus product innovation processes.

The second step of the analysis was to further examine the first-order categories to detect links and patterns among them. Therefore, to identify big aggregating themes, we applied a second-order analysis to view the data at a higher level of theoretical abstraction by sorting the different first-order concepts into integrated themes. This iterative process yielded second-order themes that represent new theoretical concepts created by combining first-order concepts. At this point, we started developing tentative answers to the research question. However, to validate the accuracy of such answers, subsequent interviews were undertaken focusing on validating the emerging themes and the tentative relationships among them, via "theoretical sampling" (Gioia, Corley, & Hamilton, 2013).

As soon as the theme and concept development process led to theoretical saturation, that is, when the relevant informants' quotes and phrases lead to no new concepts and themes, the third step was undertaken. This step involved aggregating the emergent 2nd-order themes even further into 2nd-order aggregate dimensions. To form more theoretically rooted dimensions, insights from the literature were incorporated in this process. Hence, the aggregate dimensions, which are built upon first-order categories and second-order themes, exhibit a theoretically and empirically grounded categorization. Once the full set of first-order concepts, second-order themes, and aggregate dimensions was finished, the data structure was built (see Figure 1).

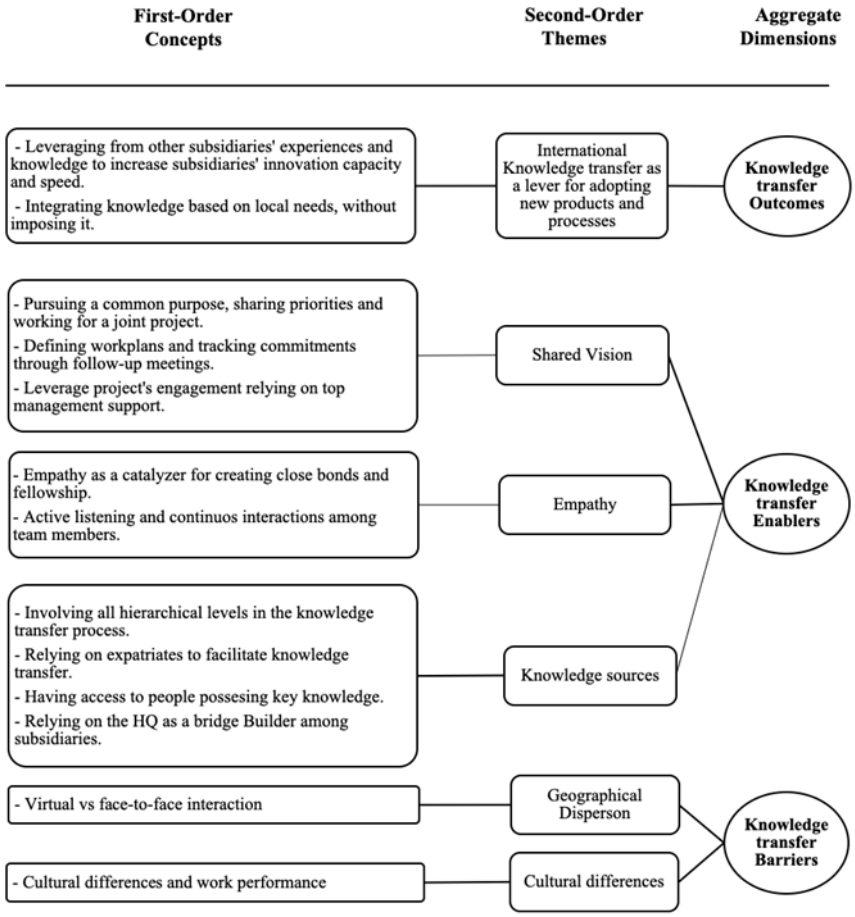

Figure 1. Data structure

FINDINGS

Figure 1 shows the data structure of the research findings. It depicts the three main dimensions that emerged from the analyses (right side of the figure), as well as their constituent second-order themes, and the first-order concepts that led to the formation of these themes (middle and left side of the figure, respectively). The aggregate dimensions include knowledge transfer outcomes, enablers and barriers. 'Knowledge Transfer Outcomes' refer to the role knowledge transfer plays in the adoption of products and processes that were already implemented in other subsidiaries. 'Knowledge Transfer Enablers' refer to the favoring conditions that facilitates the international transfer of new products, process, and technologies. 'Knowledge Transfer Barriers' refer to the obstacles faced by subsidiaries when undertaking knowledge transfer. Taken together, these elements describe the way knowledge transfer influences firm innovation in the context of an MNC.

Outcome of knowledge transfer: Subsidiaries' innovation

Respondents agreed that adopting products and processes that were already developed and implemented in other international units facilitated subsidiary's innovation capacity and speed. As stated by the Health Insurance Unit Director of the Corporate Office, "With the knowledge that was transferred back in 2012 from the Colombian subsidiary, the Salvadorian subsidiary was able to implement a new technological server as well as to automate and standardize its claims payment process" (Health Insurance Unit Director, Corporate Headquarter, Personal Interview, 13 January 2020). In addition, as explained by the Chilean Manager, when there is a portfolio transfer and thus a joint project for accomplishing this matter, the knowledge receiver unit can leverage from the other subsidiary's empirical knowledge and market experience as well as on the tools and technologies developed by them, "Manuela came 5 months ago to help us launch a life insurance product because we did not have that product in our portfolio. To do so we created a work plan to leverage from the (technological) platforms and tools developed in Colombia, to implement them in Chile based on their experience" (Agents' distribution channel Manager, Chilean Subsidiary, Personal Interview, 29 November 2019). He also stated that when transferring a product portfolio, "we define concrete projects to work along with multi-disciplinary teams, which allows us to establish a more intimate level of communication and helps us innovate faster" (Agents' distribution channel Manager, Chilean Subsidiary, Personal Interview, 29 November 2019). In a nutshell, the adoption of new products, processes, and technologies in international subsidiaries are considered an outcome of international knowledge transfer.

Knowledge transfer enablers: Shared vision, empathy, and knowledge sources

Our findings indicate that there are three enabling conditions that play a crucial role in the knowledge transfer process: having a shared vision, building empathy among team members, and identifying and having access to relevant knowledge sources.

Shared vision

As stated by informants, the starting point when working with international subsidiaries or with the Corporate Office in the transfer of key knowledge is defining a common goal or a shared vision that all team members can relate to and pursue, to make sure all members are working in a coordinated manner towards a common purpose and that they are all share the same priorities and commitments. As stated by the Colombian Auto Insurance Unit Director, "everyone must be united around a common purpose. If my needs and pain points are not the same as the ones pursued by others, nothing will bring us together" (Director of Service Provision, Chilean Subsidiary, Personal Interview, 5 December 2019). Apart from having a common goal, defining work plans and tracking commitments through follow-up meetings is a key activity that allows team members stay committed with the projects' milestones while ensuring project's successful implementation. Another activity that is performed at the individual/team level to leverage project's engagement among team members is relying on top management support. This increases people motivation and pushes them to keep performing well: "Every 15 days they have meetings with Enzo -their CEO, to assess the progress of the project's work plan and I do believe this influences their engagement level, motivating them to keep going and perform better" (Health Insurance Unit Director, Corporate Headquarter, Personal Interview, 13 January 2020).

Empathy

Respondents also recognize that building empathy among team members is an enabling condition for successfully transferring knowledge with the aim of adopting new products and processes in other subsidiaries. In this regard, empathy works as a catalyzer for creating close bonds and fellowship among project's team members. As described by an Auto Insurance Unit Analyst from the Corporate Office (Personal Interview, 16 March 2020), empathy is based on people's ability to understand the experiences and behavior of others, generating confidence, trust, and close bonds among each other, and improving the way people work together. Likewise, as the Manager of the Health and Life Insurance Unit at El Salvador recounted, "Empathy is an essential foundation for effective teamwork. We are not robots, so I believe there needs to be fellowship, proximity, collaboration, and trust" (Life and Health Insurance Unit Manager, Salvadorian Subsidiary, Personal Interview, 6 December 2019).

Active listening and continuous interaction are useful mechanisms to generate close bonds and develop empathic attitudes among team members even when they are located in geographically distant subsidiaries. Additionally, active listening helps team members overcome cultural and geographical clashes, as acknowledged by a Salvadorian Manager, “I don't think being physically located in different countries is the greatest problem; what's key here is that we listen to each other and that we promote proximity through continuous interaction. This is not like I visit you once and then we see each other again in 8 months" (Life and Health Insurance Unit Manager, Salvadorian Subsidiary, Personal Interview, 6 December 2019).

Knowledge sources

As stated by informants, identifying and having access to relevant knowledge sources is also an enabler condition that facilitates the knowledge transfers process. The essence of this premise is explained by the Health Insurance Unit Director of the Corporate Office (Personal Interview, 13 January 2020), “What we do with the Salvadorian team is arranging training session every 15 days, with different healthcare experts from the Colombian team, to enhance transfer of key knowledge from one team to another. To do so, we schedule videoconferences and we set a specific topic each time. Then, we gather the Colombian experts on that topic and we put them in contact with the Salvadorian team.”

Furthermore, according to respondents, not only identifying and having access to people with key knowledge but also involving people from all hierarchical levels (managers, directors, coordinators, and analysts) and relying on expatriates are crucial activities that are performed at the individual/team level to also facilitate knowledge transfer.

However, finding people possessing key knowledge might turn challenging, especially when direct communication between international subsidiaries is non-existent. As the Technical Director at the Chilean subsidiary illustrated, “I am still trying to understand how people work in Colombia. I don’t know who is doing what. There is not a primary point of contact to talk to for a specific topic” (Technical Director, Chilean Subsidiary, Personal Interview, 31 October 2019). In such cases, relying on the Corporate Office as a bridge Builder among subsidiaries might help smooth the knowledge sourcing process.

Knowledge transfer barriers: Cultural differences and geographical dispersion

Our analysis identified two main barriers that hinder the international transfer of knowledge: Geographical dispersion and cultural differences.

Geographical dispersion

Geographical dispersion increases the complexity that must be managed by members participating in international knowledge transfer projects, since there is a high reliance on virtual communication instead of face-to-face interactions, which might hinder people's engagement level. Also, as described by the Technical Director in Chile, relying on virtual interactions when working with people located in distant countries affects the way information is exchanged and understood, "I am only able to decodify the message of a conversation if I am facing the person. Cameras help a lot, but if I don't see the gestures, I feel I am missing half of what the other person is saying" (Technical Director, Chilean Subsidiary, Personal Interview, 31 October 2019). At the same time, geographic distance also challenges people's capacity and speed for exchanging information, as people need to rely on intermediaries who might either alter the real meaning of the information exchanged or hinder the speed at which it is transferred.

As stated above, key activity that might help overcome the geographical barrier is promoting continuous interaction among team members and subsidiaries. Likewise, as face-to-face interactions are better than virtual when it comes to building relationships and fostering trust, bringing together subsidiaries' team members at least one or twice a year is also a helpful activity that is performed at the individual/team level.

Cultural differences

Regarding cultural barriers, respondents agreed on the fact that different national and organizational cultures, influences the way people perform and interact with others in working environments. As stated by a Corporate Office's Director, "In cultural terms, we have seen that Salvadorian people are very submissive. Generally, they wait until you give them guidelines to execute their job. It is very different when compared to other subsidiaries in which people have a stronger criteria, like in Argentina for example, where people are very curious but they are very closed minded regarding their ideas so it is difficult to settle conversations with them. And there are other subsidiaries like Mexico and Chile where hierarchy is taken to an extreme; people are scared of their bosses" (Technical Director, Corporate Headquarter, Personal Interview, 13 November 2019).

However, understanding each other's realities by developing empathic attitudes to put oneself in someone else's situation, listening actively to what other are saying and clarifying the information exchanged are some activities performed at the individual/team level that helps overcome intercultural differences when communicating with others, as explained by an Auto Insurance Unit Analyst from the Corporate Office (Personal Interview, 16 March 2020),

"People from northern countries, like Mexico, El Salvador, and the Dominican Republic require more guidance and patience, so breaking down and simplifying the information transferred to them is key. I also try to validate and clarify all the messages we exchange when we communicate, and it works well for us."

DISCUSSION AND THEORETICAL IMPLICATIONS

A grounded theory framework linking knowledge transfer with product innovation

Whereas Figure 1 displays the static data structure for the key dimensions that emerged from the study (i.e. knowledge transfer barriers, enablers, and outcomes), Figure 2 displays the relationships among them, which are the basis for building a grounded theory framework relating international knowledge transfer and product innovation.

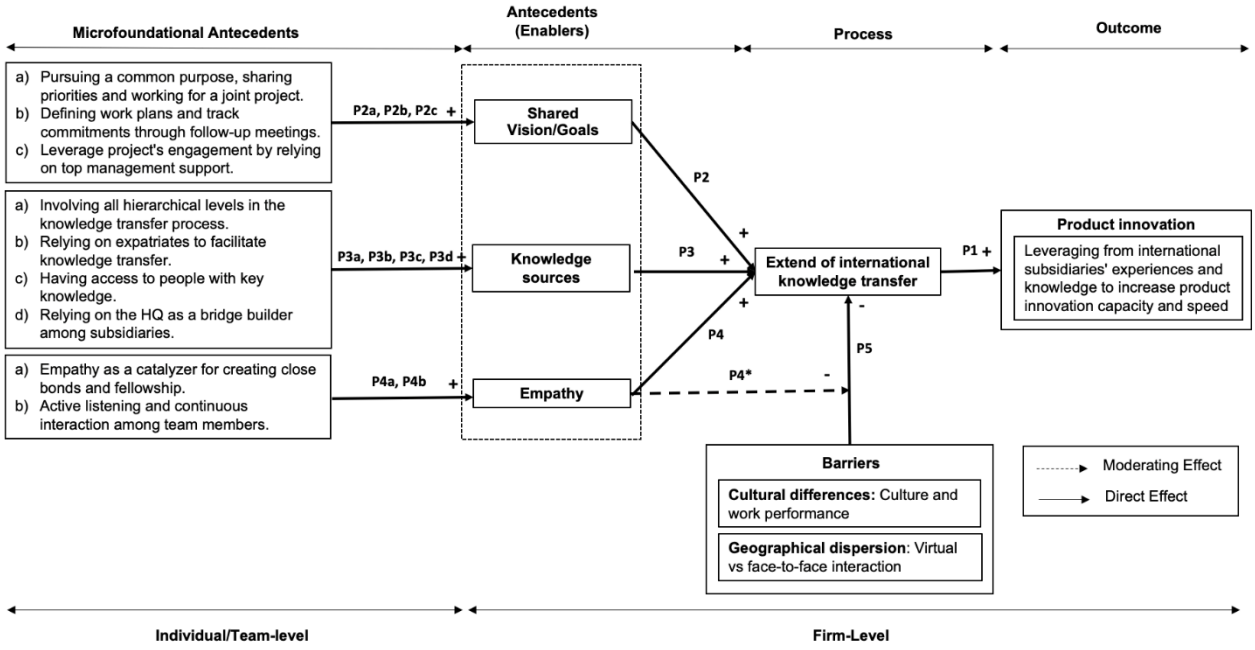

Figure 2. A framework for testing propositions about international knowledge transfer

The effect of international knowledge transfer on product innovation

As our findings confirm, using international knowledge transfer as a mechanism for rapidly adopting products and processes that were already developed and implemented in other international units, facilitates subsidiary's innovation capacity and speed (see corresponding quotes in the findings section). Hence, our observations lead us to suggest the following:

Proposition 1 (P1): *The greater the extend of international knowledge transfer between subsidiaries, the greater their product innovation.*

This relationship has also been acknowledged by extant literature. Numerous studies confirmed that international knowledge flows positively influence MNCs' innovative performance

(Cavusgil, Calantone & Zhao, 2003; Kotabe, Dunlap-Hinkler, Parente & Mishra, 2007; Kotabe, Jiang & Murray, 2011; Phene & Almeida, 2008; Tsai, 2001). However, scarce empirical evidence exists in the context of emerging economies and particularly from Latin America (Aulakh, Kundu & Lahiri, 2016; Ode & Ayavoo, 2019). By providing a grounded theory framework developed in the context of a Multilatina company, linking international knowledge transfer and product innovation, our study is able to close this gap (see Figure 2).

The effect of a shared vision on the extend of international knowledge transfer

According to respondents, sharing the same vision, pursuing common goals, and jointly working under a common project facilitates international knowledge transfer (see corresponding quotes in the Findings Section). This leads us to propose:

Proposition 2 (P2): *The greater the existence of a shared vision among team members, the greater the extend of international knowledge transferred between subsidiaries.*

More specifically, as stated in Figure 1, pursuing common goals and sharing priorities, defining work plans and tracking commitments through follow-up meetings, and relying on top management support are key activities that are performed at the individual/team-level to leverage project's engagement and to align goals and priorities among team members. Thus, influencing international knowledge sharing. Such activities then, are considered microfoundational antecedents of both shared vision (enabler) and international knowledge transfer (process), which lead us to state three additional sub-propositions:

Proposition 2a (P2a): *The greater the degree to which team members pursue a common purpose, share priorities, and work under a common project, the greater the shared vision they developed among them, thus facilitating the international knowledge transfer process.*

Proposition 2b (P2b): *The greater the degree to which team members define work plans and track commitments through follow-up meetings, the greater the shared vision they develop among them, thus facilitating the international knowledge transfer process.*

Proposition 2c (P2c): *The greater the degree to which team members leverage project's engagement by relying on top management support, the greater the shared vision they develop among them, thus facilitating the international knowledge transfer process.*

Authors like Akhavan & Hosseini (2016), Chow & Chan (2008), and Fathi, Eze, & Goh (2011), have acknowledged that sharing goals and interests within teams enhance members' intention and attitude towards sharing knowledge. Therefore, Proposition 2 receives support from extant research on knowledge transfer in organizational contexts. However, our sub-propositions contribute to research on knowledge transfer in multinational firms by providing a nuanced perspective on the microfoundational antecedents of the enablers for international knowledge

transfer (Tippmann, Scott & Mangematin, 2014; Foss & Pedersen, 2019). These microfoundational antecedents answer the call for building knowledge processes up from a micro-level perspective (Tippmann, Scott & Mangematin, 2014; Foss & Pedersen, 2019).

The effect of knowledge sources on the extend of international knowledge transfer

Identifying and having access to relevant knowledge sources was also identified as a critical factor for succeeding in the process of knowledge transfer (see corresponding quotes in the findings section). Based on these observations, we therefore suggest:

Proposition 3 (P3): *The greater the access to relevant knowledge sources, the greater the international knowledge transfer between subsidiaries.*

Furthermore, according to our empirical evidence, not only identifying and having access to people possessing key knowledge, but also relying on expatriates and successfully integrating all hierarchical levels in the process are key activities performed at the individual/team level that facilitate international knowledge transfer (see Figure 2). Hence, we propose:

Proposition 3a (P3a): *The greater the degree to which all hierarchical levels (managers, directors, coordinator, and analysts) are included knowledge transfer process, the greater the access to relevant knowledge sources and thus, the greater the extend of international knowledge transferred.*

Proposition 3b (P3b): *The greater the reliance on expatriates, the greater the access to relevant knowledge sources between subsidiaries and thus, the greater the extend of international knowledge transferred.*

Proposition 3c (P3c): *The greater the ability to identify and having access to people possessing key knowledge, the greater the access to relevant knowledge sources and thus, the greater the extend of international knowledge transferred.*

Nonetheless, finding people possessing key knowledge might turn challenging, especially when direct communication between international subsidiaries is non-existent. In such cases, relying on the MNC's headquarter as a bridge builder between subsidiaries easies the knowledge sourcing process. We therefore propose an additional sub-proposition:

Proposition 3d (P3d): *The greater the reliance on the corporate headquarter as a bridge builder between subsidiaries, the greater the access to relevant knowledge sources and thus, the greater the extend of international knowledge transferred.*

The general literature on knowledge management recognizes that if individuals can easily access and locate those who have the knowledge they require, then knowledge transfer becomes easier (Asrar-ul-Haq & Anwar, 2016). Likewise, expatriates have been recognized by the literature as facilitators of knowledge flows between corporate headquarters and foreign subsidiaries (Asrar-ul-Haq & Anwar, 2016; Gaur, Ma & Ge, 2019; Vlajcic, Marzi, Caputo &

Dabic, 2019). In addition, Tippman, Scott & Mangematin (2014) found in the context of knowledge transfer, that managers mostly rely on front-line employees who possess relevant ground level knowledge to obtain advice and find solutions to non-routine problems, thus, highlighting the importance of involving all hierarchical levels in the knowledge transfer process.

Consequently, Proposition 3 and its sub-propositions, find support in extant research. However, we are able to provide a more fine-grained understanding on individual/team level actions relating to knowledge sources that can be perform to facilitate international knowledge transfer, linked to product innovation.

The effect of empathy on the extend of international knowledge transfer

Informants highlighted the enabling role played by empathy when working in international knowledge transfer projects (see corresponding quotes in the findings section). Based on this statement, we therefore propose:

Proposition 4 (P4): *The greater the degree of empathy developed among team members, the greater the extend of international knowledge transfer between subsidiaries.*

According to respondents, empathy works as a catalyzer for creating close bonds and fellowship among projects' team members. In addition, active listening and continuous interactions are crucial activities that help team members develop empathy among each other, even when they are located in geographically dispersed subsidiaries (see Figure 2). Hence, empathy facilitates people's willingness to transfer knowledge, which lead us to propose:

Proposition 4a (P4a): *The greater the degree of close bonds and fellowship among team members, the greater the empathy they develop among them and thus, the greater the extend of international knowledge transferred.*

Proposition 4b (P4b): *The greater the degree of active listening and continuous interaction among team members, the greater the empathy they develop among them and thus, the greater the extend of international knowledge transferred.*

Previous research acknowledges that emotions like trust, courage, and empathy, influence people's willingness to share knowledge (Van den Hooff, Schouten & Simonovski, 2012; Von Krogh, 1998; Zárraga & Bonache, 2003). These propositions then, confirm the enabling role played by empathy in helping make knowledge transfer happen. Furthermore, in this paper we consider empathy as "the capacity to resonate with another person's emotions, understand his/her thoughts and feelings, and respond with the appropriate prosocial and helpful behavior" (Oliveira-Silva & Gonçalves, 2011). Accordingly, empathy may foster mutual understanding and successful communication among parties, especially when interacting in intercultural

contexts, due to the capacity it provides to put oneself in someone else's situation (Zhu, 2011). In this context, our empirical evidence also indicates that empathy moderates the negative effect that cultural and geographical barriers have on knowledge transfer, hence diminishing the negative impact such barriers have on the extend of international knowledge transfer. Consequently, we propose:

Proposition 4 (P4*): *The greater the degree of empathy developed among team members, the lesser the effect that cultural and geographical barriers have on international knowledge transfer.*

Regarding the above, research in the fields of counseling and education research have emphasized on the fact that empathy is able to enhance intercultural understanding at the individual level (DeTurk, 2001; Heimgärtner, Tiede & Windl, 2011). Likewise, as stated by Chung & Bemak (2002) and Zhu (2011), the concept of 'cultural empathy' is an important capacity for coping with intercultural problems adequately and satisfactorily. Nonetheless, none of these studies has explored the joint influence that empathy has on moderating the negative effects of cultural and geographical barriers and promoting international knowledge transfer process in the context of product innovation.

In short, this set of propositions contributes to our understanding on international knowledge transfer by introducing empathy as a novel and overarching concept whose role does not only serve as a direct enabler of international knowledge transfer but also as a moderator able to diminish the negative effect that cultural and geographical barriers have on the knowledge transfer process, leading to product innovation. Likewise, our findings reveal key activities, such as continuous interaction and active listening that are performed at the individual/team-level with the aim of facilitating international knowledge transfer.

The effect of cultural and geographical barriers on the extend of international knowledge transfer

Geographical dispersion and cultural differences act as barriers hampering international knowledge transfer. This happens because distant places and unfamiliar cultures increase the difficulty of communicating and exchanging knowledge between headquarters and subsidiaries (Vlajcic, Marzi, Caputo & Dabic, 2019). This leads us to suggest the following:

Proposition 5 (P5): *The greater the cultural differences and geographical dispersion, the lesser the extend of international knowledge transfer between subsidiaries.*

Proposition 5 receives support from research in international knowledge transfer that found that geographical dispersion and cultural differences hamper knowledge transfer among

subsidiaries located in different countries (Baaij & Slangen, 2013; Gaur, Ma & Ge, 2019; Vlajcic, Marzi, Caputo & Dabic, 2019). However, in instances of geographical dispersion and cultural disparity, team members' empathy acts as a moderator and helps overcome such barriers, easing the knowledge transfer process.

CONCLUSIONS

Our study makes three main contributions to the extant literature. First, it provides a grounded theory framework developed in the context of a Multilatina company, linking international knowledge transfer and product innovation. Second, it provides a detailed explanation of the enablers' microfoundational antecedents in terms of key activities that are performed at the individual/team-level. Third, our paper introduces empathy as a novel and overarching concept whose role does not only serve as a direct enabler for international knowledge transfer but also as a moderator able to diminish the negative effect that cultural differences and geographical barriers have on the knowledge transfer process, leading to product innovation.

Likewise, our study, suggests a set of enabling conditions and activities that should be adopted by managers of MNCs to improve international knowledge transfer with the aim of triggering product innovation. In this regard, managers should focus on building and strengthening empathy among team members working in geographically distributed teams. This could include organizing initial face-to-face meetings of community members and providing opportunities for regular live videoconferences, aimed at creating close bonds and a sense of community and belonging, in which participants could get more familiar with each other's preferences, working styles, and nonverbal communication clues. This is particularly important, especially nowadays when several MNCs have been forced to rearrange their workplace by replacing face-to-face interactions with virtual work dynamics due to the COVID-19 pandemic.

Our research allowed us to lay a foundation for future inquiry by developing testable hypotheses linking the microfoundational antecedents of knowledge transfer enablers to product innovation. Hence, the propositions that we put forward in our framework should be tested through survey research in the future. Likewise, this study has limitations that should be addressed in subsequent research. The research model was build based on data collected in a single firm associated with a particular industry and region context. Hence, our proposed model should be tested through quantitative research in the context of MNCs from different sectors and countries in order to validate the generalizability of our findings.

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